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The Marketing Audit

Using Systems Analysis to Inform Market Research

Change is a constant in today's library environment. However, while creative and far-reaching mission and vision statements can chart present purpose and future direction, it is the marketing audit that will provide the data necessary to inform and reinforce this direction. In many ways, this is a typical "chicken and egg" scenario; it is debatable whether mission/vision precedes or follows the collection of data, and in most cases, the accurate answer may be "both." Certainly, whatever the library has in place as mission and vision statements must be subject to alteration once data have been collected and analyzed.

As a first step in initiating the marketing audit, it is important to recognize that the overall market is made up of many segments. *Market segmentation* is "the process of dividing customers into groups with unique characteristics and needs" and is central to an accurate definition of the market. All library customers (present and potential) can be divided into categories, each of which may require different kinds of service and support. The community that the library serves can be segmented by such factors as age, location, profession, department, and

technical competence plus any other characteristic that may help the library to identify service requirements. Such an analysis leads to interrelated groups of customers, for the total community can be subdivided in multiple ways, with individuals and groups potentially sharing more than one attribute. The evolving mission statement is influenced by this market segmentation of the overall community, and the process lends substance and form to the development of goals, objectives, and action statements that follow.

The Library and Its Environments

The term *environment* is a complex concept composed of both internal and external components, each of which can be further subdivided. Internal and external environments need to be routinely assessed. Three terms are used fairly interchangeably to describe the process that analyzes the customer groups to be served: needs assessment, community analysis, and marketing audit. However, it is the marketing audit introduced in chapter 1 as the mnemonic device Prelude that is the umbrella term and encompasses the other terms. Specifically, all three terms can be compared in the following manner:

Needs assessment addresses both customer-expressed (felt) and unexpressed needs, frequently using survey methodology or interview techniques to identify those needs. The needs of both internal and external environments should be researched.

Community analysis also examines needs, but in the context of the whole community picture. Secondary data concerning demographic statistics and growth patterns lend structure to this process, and primary data collection fleshes out the identified parameters.

Marketing audit covers both the assessment of customer needs and the attempt to understand community systems. Kotler defines the marketing audit as a "comprehensive, systematic, independent, and periodic examination of the library's total environment, objectives, strategies, ac-

> tivities, and resources in order to determine problem areas and opportunities and to recommend a plan of action."[1] Almost every word in this definition could be expanded upon and should be considered carefully by the planning team, with particular attention to the process words *comprehensive, systematic, independent,* and *periodic.*

In addition to the external environment, the marketing audit analyzes the internal environment of the library—identifying strengths, limitations, and present practice—thereby including the entire environment in its examination. Furthermore, the audit develops an "environmental scan" (see chapter 5) that identifies trends and projections in both external and internal environments to develop contingency plans that will relate to alternative future scenarios.

Before a marketing audit of the library's several environments is initiated, certain fundamental points need to be considered.

> As with the planning process, analysis of the environment is not an occasional activity. It must be ongoing so that trends and changing characteristics are detected as they bubble to the surface.
>
> Environmental analysis needs to be a collaborative effort among library staff, policy board members, and representatives of the target markets in the community. The formation of this partnership establishes a foundation for working together to merge the library into the mainstream of community life. It is a learning opportunity for all who are involved and a good time for sharing perspectives and ideas.[2]

In addition, there may be surprises in the forthcoming data that will affect present perceptions of the realities of population demographics, perceived needs, and attitudes toward the library. New population groups may have emerged with specific needs for information and learning. Attitudes about what programs the library provides may call for a change in programming. These surprises may require adjustments in expectations,

service emphases, and marketing strategies. It is vital that affected constituent groups, both internal and external to the library, be actively involved in the process and not be passive recipients of a final report.

As the marketing audit identifies those portions of the community that are presently unserved, a natural next step involves outreach efforts specifically targeted to those unserved groups. A corollary benefit of routine planning and analysis is the monitoring capability that can assess the effectiveness of such outreach efforts. There is a symbiotic relationship between environmental analysis and outreach that is clear in demonstrable outcomes.[3]

Finally, while the analysis can admirably sketch in general terms, the full palette of library service is reflected in the library's ability to respond to individual human beings with unique perceptions and needs.

Change is with us. The audit data can never be regarded as static or planning be regarded as a linear process. Even as the environment is being analyzed, the community is reacting to political, economic, and social influences. The marketing audit provides snapshots in time, nothing more. The task is simultaneously necessary and never completed. This statement is not meant to be discouraging. Rather, it points out the dynamic milieu in which the public library functions. The challenge is to seek out effective avenues for identifying and responding to community needs.[4]

In terms of the library's internal environment, analysis of the marketing audit data should provide a profile of strengths and limitations that includes the library's planning objectives, strategies, activities, and resources (human, fiscal, and physical). The profile should also outline the organizational climate, patterns of communication, organizational structure, and whatever elements of marketing practice are in place.

When analyzing the library's external environment, the following elements need to be considered:

Demographics What are the attributes of the community, such as population, age, gender, educational background, income, employment, and so forth?

Geography What constitutes the library's setting, landscape, climate, transportation, and other physical attributes?

Sociology and Psychology Who are the individuals and groups that compose the target markets? What are their preferences and biases? What are the social patterns? How do members of the community behave under different sets of circumstances or levels of stress? Can probable behavior be anticipated? Where is the power in the community, and how does it flow?

Economics What is the overall fiscal health of the community? What major businesses/industries are in place or about to leave or enter the community? What is the current climate for business and growth?

Technology What brands and types of hardware do members of the community presently own or plan to purchase in the next two years? What is the status of cable television, satellite dishes, and computer networks? What use does the business (including farm) community make of different technologies?

Politics What is the library's relationship to funding sources, both public and private? How does political power relate to societal power? What kinds of lobbying/maneuvering have been done in the past? What worked, and what did not?

Culture What intellectual and artistic activities are present in the community? Are there gaps that the library should attempt to fill? What cooperative ventures with other agencies could be proposed?

Competition What agencies, businesses, vendors, organizations, or individuals provide similar products to those offered by the library? What areas of possible cooperation can be identified? Where do areas of duplication exist? (If the library cannot do it better, faster, or cheaper—and if the market cannot support both the library and the competitor[s] in this endeavor—then the library should consider reallocating its efforts into more unique and effective pursuits.)[5]

Figure 4-1 Examples of Data Elements in the Library's Internal and External Environments

Data Element	*Internal Environment*	*External Environment*
Demographic	Staff size, organizational structure, distribution, scheduling	Population, age, income level, educational background, employment
Geographical	Location of access points	Setting, landscape, climate, transportation
Physical	State of building(s), equipment, collection	Condition of facilities of parent organization, identification of scheduled repairs and construction
Sociological	Intergroup and intragroup staff relationships, patterns of communication	Target markets, preferences and biases, social patterns, power flow
Psychological	Staff mental health, aspirations, motivation	Behavior under different circumstances and stress, anticipation of probable behavior
Economic	Staff salaries, staff benefits, size of library's budget, alternative funding in-hand	Overall fiscal health, types of businesses and industry, incoming/departing businesses, climate for growth
Technological	Presently available, anticipated, desirable	Types of hardware owned and anticipated, status of cable television, Internet access, etc.
Political	Unions (if applicable), organizational climate, planning objectives	Relationship to public and private funding sources, power flow, lobbying efforts
Cultural	Artistic programs such as art shows and concerts, decorations	Current artistic activities, opportunities for cooperative ventures, gaps to be filled
Competition	Between individuals, groups on staff	Agencies and businesses offering similar products, areas of present and possible duplication and cooperation

SOURCE: Adapted from Darlene E. Weingand, *Managing Today's Public Library: Blueprint for Change* (Englewood, Colo.: Libraries Unlimited, 1994), 20–1.

Figure 4-1 expands this conceptual frame and applies these data elements not only to the external environment but also to the internal environment.

Types of Market Research

Several roads into the external environment may be traveled. No single method is ideal, and each library must decide the most-appropriate strategy for assessing the local situation. The first stop on this journey is secondary-source data—those pieces of information that have already been collected by other organizations or units. It is important to not "reinvent the wheel," and data that are already available should be used to the fullest extent possible.

Once this avenue has been exhausted and the planning team has identified gaps in information that need to be addressed, it is both timely and appropriate to consider one or more options for primary-data collection—going directly to the community to gather data. Sampling methodology is generally used to establish an *N* (number to be surveyed) of reasonable size. Many basic books of statistics provide instruction on sampling procedures and a table of random numbers to use as a base. Research has repeatedly affirmed the use of sampling procedures (instead of surveying entire populations). The results of sampling stand up very well and save the library a good deal of effort and cost.

One of the most-often-used methods for collecting primary data is the questionnaire/survey. However, the questionnaire (or interview schedule) is only as useful as the questions it asks. Before the questionnaire is written, the library administration must determine what it wants to know. Seek only data required to aid in decision making; strenuously avoid the temptation to throw in questions because "it would be interesting to know."

No one is born knowing how to write a questionnaire. Therefore, unless someone on the library staff has had training in this skill, enlist a knowledgeable member of the community to assist in the questionnaire design. Such an individual might be found in local businesses or in high school or college/university departments such as business, education, or statistics.

The next step is to pretest the questionnaire with a small group of volunteers who share characteristics with the target sample. This pretest will pinpoint ambiguous statements and items that are unclear. The revised questionnaire is then ready to use. There are several approaches to surveying the individuals identified in the sample, including telephone survey, mail survey, interview, focus group, and community meeting.

Telephone Survey

The telephone survey is one of the easiest methods to use. Once a sampling frame is established, use the local telephone book as the source of names to call. However, this source imposes a bias that must be acknowledged because unlisted numbers are not part of the population to be sampled. A more valid method involves using the computer to randomly generate telephone numbers; many colleges or universities have research labs that are equipped to provide this service.

Those individuals who will be placing the calls must be trained in interview techniques. Depending on the design of the sample frame, the calls may be assigned different categories such as head of household, teenager, adult female, adult male, etc. If the completed call does not yield a person to be interviewed from the appropriate category, the caller must move on to the next telephone number. In addition, interview etiquette suggests that the opening phrase be something like, "This is the XYZ Library, and we are conducting a brief survey of our community. This will take approximately ten minutes of your time. Is this a good time to talk, or shall I call back later?" If the interview can proceed, the person to be surveyed must be asked the same questions in the same order as every other person called.

Mail Survey

The mail survey differs from the telephone survey in the language used and the structure of the responses. The questions are a bit more formal, since there is no opportunity for questioning the customer's intent—which is possible during the one-on-one exchange of the telephone interview. This method has the poorest return rate (30 to 50 percent). A self-addressed, stamped envelope must be enclosed to ensure any return rate of substance.

Interview

Another approach entirely is the in-person interview of library users (in the library), general community (in person, outside the library), or both. The interview strategies of the telephone survey also apply to the face-to-face interview situation.

This method is staff time-intensive in that a designated and trained staff member (paid or unpaid) conducts each in-depth interview, but the opportunity for individualized information gathering can have unique benefits. Many attitudes and perceptions may emerge that would not have surfaced in a simple questionnaire format.

Focus Group

An expansion of the interview is the focus group. A trained facilitator gathers a small group of invited participants (with shared knowledge, experience, or interest in predetermined areas) to explore needs and options. No interview schedule of questions is prepared; rather, the facilitator begins with broad, general questions and leads the group to focus more and more tightly on specifics as the exercise progresses. Because it is possible to probe more deeply, this method can be extremely helpful when charting future directions and gathering data for decision making.

Community Meeting

Although commonly used to encourage community involvement, the community meeting is not suggested as a means to reach the indifferent or the nonuser. Participants in such a meeting or hearing should be regarded as interested parties because they have made the effort to attend. Once participants have assembled, the following procedure may be used to structure the event:

Introductions This opening provides for a sharing of personal information among members of the group/audience (depending on size) that may include names, addresses, occupations, or other information that may be of significance or interest in a particular community.

Brainstorming During brainstorming the participants propose ideas in rapid succession with no judgment or

evaluation of their merit. Ideas may incorporate citizen concerns, needs, wishes, hopes, and dreams for library service and operation. A designated recorder lists all ideas as they occur on large flip charts, attaching completed sheets to the walls around the room with masking tape. Formal nominal group methodology can be a very useful structure for this stage. The nominal group technique enables all good ideas to be presented, as it levels the playing field between the very vocal and the more reticent team members. All team members are instructed to silently write down all their ideas regarding a designated topic. When all ideas have been written down, each team member (one at a time) states one idea—which is then written on a flip chart. Each team member is polled in turn and the circuit is continued until all ideas have been placed on the flip chart and numbered. No judgments as to the merits of an idea are allowed at this point. Once all ideas are collected, the team members are instructed to "choose their favorite five." Once again, the team is polled, and hash marks are placed next to each selected idea. The top "vote-getting" ideas are to be considered first by the team; however, all ideas are retained for future discussions.[6]

Social hour Social hour provides an opportunity for participants to discuss proposed ideas informally over coffee. During this time, the recorder arranges (and recopies where necessary) the suggestions into logical categories—funding, hours of service, service to target markets, use of technology, etc.

Discussion The discussion period is a collective sharing of ideas and opinions by the reassembled group.

Ranking In this final step the group, either together through discussion or independently on paper, ranks the suggestions in priority order. (A "quick and dirty" method is for each person to select their "favorite five" from each category.) The recorder tallies all responses and highlights the top vote-getters. (Note: In communities where interactive cable TV or community computer bulletin boards are available, an alternative possibility for this step would be to allow citizens to provide input

electronically. This would add depth to the exercise and encourage wider participation.)

A combination of these methods may be effective. The individual library staff decides what seems both reasonable and appropriate to the local situation. Certainly, the more input that can be gathered, the more community involvement has taken place and there will be a heightened sense of ownership among community members.

In summary, to analyze the library's environments, assets, and limitations, a four-step process is indicated:

1. Determine what data elements will be covered. Consider depth of coverage, amount and type of resources available to conduct the audit, and planning team/staff expectations of outcomes.
2. Develop procedures for collecting data and monitoring the process.
3. Collect and analyze the data. Use secondary sources first and supplement with primary-source data collection where gaps are identified.
4. Prepare reports and presentations of the results. Use both written and oral reports, incorporating summaries and graphics.[7]

Futures Strategy: Systems Analysis

The simplest conceptualization of an entity defined by its organizational invariance is that of a system. A system in this definition is a collection of parts conserving some identifiable set of (internal) relations, with the summed relations (that is, the system itself) conserving some identifiable set of (external) relations to other entities (systems).[8]

In library terms, the library is a collection of parts (staff, collection, services, programs, and physical facilities) that relate to each other internally, yet also relate as a whole to other entities/systems in the external environment. Such external systems could include the city/town, university campus, school, or corporation. Still other systems would consist of the library's multiple segmented markets and customer groups.

Figure 4-2 Comparison of System Hierarchies

*SOURCE: Adapted from Abraham H. Maslow, *Motivation and Personality* (New York: Harper and Row, 1970).

Graphically, the entire concept could be drawn as circles within circles.

Brought down to the level of the individual, a human being is also an open system that interacts with the environment and, ultimately, with society. Maslow, Piaget, Bruner, and Koestler have developed hierarchies that describe those system interactions. Figure 4-2 illustrates an inclusive hierarchy of the individual in the top pyramid and a corresponding interpretation of the library's system hierarchy in the bottom pyramid. The examples given in figure 4-2 are representative only, and many more examples (such as funding level, autonomy, etc.) could have been listed. The meaning to be grasped here is that the library, like the individual, has levels of needs within an overall system. It is to this overall system that the interpretation of marketing audit data must relate.

The application of systems analysis to marketing and planning involves the choice of policies and the design of action programs to carry out the plan. Further, if these actions are to be practical and useful rather than just an exercise of the imagination, available resources and expected payoffs must be taken into consideration.[9] In other words, the entire system of the library and its interactions with various environments must be part of the analysis process, and decisions must be made that are based on a careful appraisal of the library's functions and cost-effectiveness. When the lens through which decision makers look is focused on the complete system rather than on a fragment, the quality of those decisions is enhanced. Questions to be addressed include systems costs, systems benefits, and representative scenarios.

Systems Costs

For each decision, what are the nonmonetary social costs that must be considered? How do these costs relate to identified monetary costs?

How can future costs be estimated with reliability? How should future costs be compared with present costs?

How should expenditures be compared with investments?

Since future costs depend in part on today's realities, can a cross-impact model be designed in which the impacts of events and trend changes on costs are systematically analyzed? (For further discussion, see chapter 7.)

Systems Benefits

Given a library product for the future of which plans are to be made, what is an appropriate set of social or other indicators by which a future condition of that product can be described and different future conditions can be compared?

What are the customer groups whose needs/wants regarding the future condition of that product must be considered?

What rational methods are there for assigning weights to these different groups?

What dimensions of satisfaction relative to the future condition of this product can be identified and measured?

How does this future product relate to the library's goals and objectives?

Can the cross-impact model be extended to include benefit cross impacts (as well as costs) or a second model be developed? (Both diminished or enhanced benefits should be reflected in such a model.)

Representative Scenarios

Considering the multiple possible scenarios of the future, is it possible to identify a small, manageable set of "representative" scenarios for planning purposes? (See chapter 6 for further discussion on scenario building.)

Can the planning team then focus decision making based on the contingencies depicted in the representative scenarios—and still be reasonably confident that these decisions could be generalized to unanticipated scenarios?[10]

If the data from the marketing audit is approached from a systems perspective and also incorporates futurist thinking, the data become more dynamic and less static. However, the temptation to quantify everything in an objective frame must be resisted. Systems analysis in the library setting more successfully resides in philosophy than in statistics. Its primary contribution lies in developing a vision of the library within larger and larger circles of influence and activity.

The next chapter takes a closer look at environmental scanning with particular emphasis on the Delphi Method as a means for gathering data.

THOUGHTS AND MUSINGS

Has my library ever done a marketing audit? When was the last time? Is it time to do another?

In previous marketing audits, did we omit any important parts?

In terms of the internal environment, what are my library's strengths and limitations?

What are the attributes of the external environment within which my library operates?

As we begin our marketing audit, what secondary sources are available in our community? in the library? What agencies in my community can provide data regarding future trends?

What method(s) should we use to gather primary data?

Notes

1. Philip Kotler, *Marketing for Nonprofit Organizations* (Englewood Cliffs, N.J.: Prentice-Hall, 1982), 185.
2. Darlene E. Weingand, *Managing Today's Public Library: Blueprint for Change* (Englewood, Colo.: Libraries Unlimited, 1994), 21–2.
3. Weingand, 22.
4. Weingand, 22.
5. Weingand, 20–1.
6. Darlene E. Weingand, *Customer Service Excellence: A Concise Guide for Librarians* (Chicago: ALA, 1997), 53.
7. Weingand, *Managing Today's Public Library,* 22–3.
8. Ervin Laszlo, *A Strategy for the Future: The Systems Approach to World Order* (New York: George Braziller, 1974), 17–18.
9. Olaf Helmer, "The Research Tasks before Us," in *Handbook of Futures Research,* ed. Jib Fowles (Westport, Conn.: Greenwood, 1978), 773.
10. Helmer, 773.