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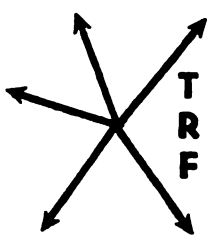
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# Marketing and the Transportation Administrator: Citizen Participation through the Action Plan

by James S. Sagner, Ph.D.\*

## ABSTRACT

This paper discusses the applicability of the marketing approach of business to the public sector in general and to transportation planning in particular. The citizen participation requirement of the Action Plan (FHWA PPM 90-4) may provide a suitable context for the potential implementation of this orientation to the needs and desires of transportation service recipients in the transportation planning process. Illustrative cases are provided of actual decision-making situations in a state Department of Transportation.

**T**HE RECENT Action Plan requirement of the Federal Highway Administration, as promulgated by PPM 90-4,<sup>1</sup> has focused public administrator interest on the role of the citizen in the transportation planning process. While such considerations as sociological, environmental, and economic impacts of Federal-aid highway projects and the institution of a long-range, interdisciplinary approach to planning are basic to the development of such Action Plans, another major component is the establishment of an open and interactive public participation process.

This concept of public involvement in the governmental decision-making process has been a fairly recent development, although certainly traces reach as far back as the New England town meeting of centuries ago. Widespread interest in citizen participation probably began after the "maximum feasible participation" clause was written into the Economic Opportunity Act of 1964, which encouraged the formation of anti-poverty councils of poor, black and elderly, and more recent activity has seen the emergence of such power groups as students, women, consumers, public employees, environmentalists, prisoners, etc.<sup>2</sup>

The recent management literature has encouraged the exploration of this activity, and has suggested that marketing concepts be applied to all organizational activity, public as well as private, to accomplish the satisfaction of public (consumer) service demands.<sup>3</sup> Professor Philip Kotler in particular has

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1 U.S. Department of Transportation, Federal Highway Administration, Policy and Procedure Memorandum 90-4, "Process Guidelines (Economic, Social, and Environmental Effects on Highway Projects)," September 21, 1972.

2 James V. Cunningham, "Citizen Participation in Public Affairs," *Public Administration Review*, Vol. 32 (October, 1972), pp. 589-602, at p. 593; John H. Strange, "Citizen Participation in Community Action and Model Cities Programs," *Public Administration Review*, Vol. 32 (October, 1972), pp. 655-669.

3 See, for example, David J. Luck, "Broadening the Concept of Marketing—Too Far," *Journal of Marketing*, Vol. 33 (July, 1969) pp. 53-55; Leslie Dawson, "Marketing Science in the Age of Aquarius," *Journal of Marketing*, Vol. 35 (July, 1971), pp. 66-72; and Daniel J. Sweeney, "Marketing: Management Technology or Social Process?" *Journal of Marketing*, Vol. 36 (October, 1972), pp. 3-10.

recognized the possibilities inherent in the development of a marketing viewpoint by the non-profits, and has explored this thesis in the pages of the *Journal of Marketing*.<sup>4,5</sup>

To review briefly, he postulates a three-stage consciousness level, based on a framework developed in Charles Reich's *The Greening of America*:<sup>6</sup>

1. Consciousness One. Marketing is a business subject, and market transactions accomplish the economic objectives of buyers and sellers.
2. Consciousness Two. Marketing is an administration subject, and organization—client transactions accomplish the socio-economic objectives of service providers and recipients.
3. Consciousness Three. Marketing is an administration subject, and interactions occur among all relevant (and not solely consuming) publics, with the implicit goal of improved creation, stimulation, and valuation (and not merely facilitation) of services provided and received.

The acceptance of the Consciousness Three concept would require a marketing viewpoint by public administrators, which is essentially a focus on the provision of consumer satisfactions with an understanding and recognition of the attitudes of all affected publics. The purpose of this paper is to review some of the developments in an actual (but unnamed) State transportation department to which the Kotler-Reich thesis might be applied as a sort of case example, and then to discuss the application of marketing principles to the real problems of the transportation administrator in the context of the Action Plan.

### THE ADMINISTRATION OF STATE TRANSPORTATION POLICY

The administration of State government is conducted through the traditional theories of organization: integration, with units of the organization linked under a single chief executive; hierarchy, with power exercised by successive lines of authority; legality, with the generation of legislation and administrative rulings from the top of the hierarchy; and political supremacy, with political control superceding the administrative hierarchy.<sup>7</sup> This arrangement typically responds slowly, if at all, to public needs. Rather, the decision-making process is calibrated to Federal regulations and funding requirements and to the State political process. Thus, the requisites of Consciousness Three are at best only partially fulfilled, and particularly missing from the administrative sphere of influence is the service recipient.

A State Department of Transportation provides transportation facilities to automobile drivers, transit and rail riders, airplane passengers, and freight carriers. In each case, the recipient ("consumer") of the service has tradi-

4 Philip Kotler and Sidney J. Levy, "Broadening the Concept of Marketing," *Journal of Marketing*, Vol. 33 (January, 1969), pp. 10-15.

5 Philip Kotler, "A Generic Concept of Marketing," *Journal of Marketing*, Vol. 36 (April, 1972), pp. 46-54.

6 To quote Kotler, this "... framework utilizes Reich's consciousness categories without his specific meanings." Same reference as footnote 3, at p. 47. Reich's book was published in New York, by Random House, 1970.

7 Adam W. Herbert, "Management Under Conditions of Decentralization and Citizen Participation," *Public Administration Review*, Vol. 32 (October, 1972), pp. 622-637, at pp. 625-626.

tionally had little input to the public administration decision-making process, except that his activities are interpreted in some manner in estimates of future capital improvement and operating needs. The actual determinants of service levels are publics other than the service recipient; i.e., Federal government policy-makers who determine Federal-aid formulae, members of Congress who legislate the specific transportation laws, local businessmen and politicians who exploit their vested interests in specific construction projects, and others.

The application of marketing principles to the public sector would involve many of the same techniques used in business marketing situations; i.e., analyses of markets and project, product development, pricing, distribution, and promotion; organizational design, staffing and motivation; and marketing costs and results measurement.<sup>8</sup> The marketing of a public good, then, such as transportation, would involve the same level of marketing effort as any private good. A specific transportation project would receive socio-economic, environmental and engineering analysis, comparison with other projects for selection of those with the highest cost-benefit payoff, promotion of the project to local officials and to the public, etc.

It is probably unfortunate the government does not operate under the same return-on-investment constraint as does the business firm. From where is the motivation to come to pursue such marketing principles? This is the great unanswered question of the practitioner who seeks to apply business skills to the problems of the public sector. Let us review a number of specific projects under the jurisdiction of an actual State Department of Transportation. Provided in each case is a brief statement of the facts, hypothetical responses by traditional and by marketing oriented public administrators, and the actual disposition of the problem by the appropriate government officials.

### CASE PROBLEMS ON HIGHWAYS AND BRIDGES

**CASE A:** A multi-million dollar Interstate Highway project in a rapidly growing urban area has been delayed for years due to opposition from elected officials, property owners, environmentalists, and other groups. The chief proponents have been the Federal and State Highway Departments, which are anxious to initiate the project as Federal rules regarding time cut-offs of funds will soon apply. Levels of transportation service are extremely poor in this particular corridor, and severe overcrowding is projected unless some reliever facilities are developed.

#### Hypothetical Public Administrative Responses:

**Traditional**—Build the road along the selected alignment if the opponents' legal actions fail to halt construction.

**Marketing**—Develop a regional study team to review all transportation alternatives within the corridor. Encourage citizen participation. Conduct public attitude, environmental, engineering and socio-economic surveys. Provide public forums for complete discussion of all factors.

**OUTCOME:** The traditional approach became impossible as the Federal

<sup>8</sup> Same reference as footnote 3, at p. 52.

government refused to accept State funding requests without a complete re-examination of the entire problem, following heated opposition from the anti-highway groups and local governments. The State was then forced to adopt the Marketing approach in order to retain its rights to the Federal money. The project is being conducted at the present time.

**CASE B:** A bridge project costing in the hundreds of millions of dollars, financed by toll revenue bonds, has incurred tens of millions in cost overruns.

**Hypothetical Public Administration Responses:**

**Traditional**—Ignore the problem.

**Marketing**—Develop a public relations effort aimed at defending the cost overruns by citing peculiar engineering and weather problems during construction, and note the rapid inflation of construction costs throughout the country. Explain the need for the bridge facility and the relatively small impact of the overruns on the bondholders and motorists. Institute cost accounting and construction management procedures.

**OUTCOME:** The problem was ignored until a recent front page expose in a leading State newspaper forced public administrator reaction. Significant change in the management of the project has not occurred.

**CASE C:** Another multi-million dollar bridge project, financed by general transportation revenue bonds, is being constructed as an alleged political payoff to certain State legislators for their votes on key legislation.

**Hypothetical Public Administration Responses:**

**Traditional**—Ignore the problem.

**Marketing**—See Case A. Projections of future travel demands in the bridge corridor indicate no need for the bridge at this time.

**OUTCOME:** The problem has been ignored, although some opposition comments have been heard privately.

**CASE D:** A highway project of several million dollars was selected for a depressed county under a special Federal program, with the agreement of local officials. Upon public announcement of the project, local citizens formed *ad hoc* opposition groups and lobbied against the highway.

**Hypothetical Public Administration Responses:**

**Traditional**—Ignore the problem and build the highway.

**Marketing**—See Case A.

**OUTCOME:** Threats of legal actions forced the Department of Transportation to hold informal meetings with local residents, who were so vociferous in their opposition that the project was abandoned.

**CASE PROBLEMS ON RAIL AND PORT FACILITIES**

**CASE E:** A rapid transit system costing billions of dollars is planned for a

major city in the State. Federal financing has been tentatively approved for the first one-third of construction, and work will begin shortly. The consultants' reports supporting the project are at least six years out of date, during which time major socio-economic changes have occurred, indicating the folly of this project without extensive additional study.

**Hypothetical Public Administration Responses:**

Traditional—Ignore the problem and build the transit system.

Marketing—See Case A.

**OUTCOME:** Unknown. However, confidential revenue projections prepared for the Department indicate that massive operating deficits will occur throughout the life of the system, suggesting local taxpayer subsidy and the abandonment of the remainder of the transit construction plan.

**CASE F:** A multi-million dollar marine cargo terminal is being constructed in the port city of the State. Because the adjacent harbor channel is too shallow for safe passage of cargo ships, extensive dredging will be necessary. Such dredging requires both environmental and engineering approval from State and Federal agencies, which has not been obtained.

**Hypothetical Public Administration Responses:**

Traditional—Ignore the problem and finish construction.

Marketing—Ascertain that such dredging will be approved prior to the beginning of construction.

**OUTCOME:** Unknown. However, there is every possibility that the dredging will not be permitted, given the rigidity of Federal environmental and engineering controls on such activity.

**CASE G:** Three commuter railroad lines are operating significantly above capacity (i.e., with standees), but are experiencing deficits due to various uncontrollable factors. The railroads are contemplating the discontinuance of this service, which would force several thousand commuters to find alternate routes to work.

**Hypothetical Public Administration Responses:**

Traditional—Ignore the problem and allow the railroads to do as they please.

Marketing—Attempt to work with the railroads to develop a combined public-private program to ensure continued, and, if possible expanded, service.

**OUTCOME:** The problem was ignored until the railroads actually began to talk publicly of abandonment, at which time the commuters formed lobbying groups to force some State action. The Department of Transportation has obtained State legislative approval to permit the initiation of a minimal State subsidy program, but no program has as yet been implemented.

### TOWARD RESTRUCTURING TRANSPORTATION ADMINISTRATION

There is a major overriding factor in each case presented and likely to be present in a more complete list, which might be extended almost indefinitely to include examples from other State and local governments as well as the Federal government. Public administrators have not tended to implement marketing principles because service recipients do not tend to exert influence on the quality and characteristics of "product" offerings. In a business situation a seller must satisfy a buyer or eventually lose money; in government this pressure is absent, and the public administrator must satisfy others (i.e., legislators, lobbyists, etc.) who are not directly involved in the organization-client transaction.

A less perceptible but growing influence present in some of the transportation examples (Cases A, D and G) is citizen involvement in the decision-making process, which is changing the long-established separation between service providers and recipients. Such participation in the public administration process may stem from the American drive for participation in the democratic process and/or from strains of self-interest differences between the "ins" and the "outs." Regardless, it has become impossible, because of the requirements of the Action Plan, to ignore the role of transportation service recipients in the influencing of public decisions or to assume that such interests are transitory in nature.<sup>9</sup>

Community participation in transportation planning must become a process through which any citizen interested in or affected by transportation decisions or plans is brought into the planning process in such a way that his views and concerns become an integral part of the decision-making process. Certain concepts are implicit in this orientation to the demands of the consumer service recipients, as in marketing in the private sector:

1. The public administrator must identify that portion of the public which is concerned with and/or affected by transportation planning. These citizens must be supplied with information on the proposed projects and must be given the opportunity for review and comment.
2. Involvement in the community participation process must include elected officials, other governmental agencies, and public and private organizations and individuals. The process must permit and enable these diverse groups to work together to assist in the development of optimal solutions to transportation problems.
3. Community participation must be flexible, open and honest, if it is to be effective. It is not necessarily a vehicle by which substantial agreement or consensus of the participants can be gained.

<sup>9</sup> For additional background material, see for example, the entire issue of *Public Administration Review* containing the Herbert article (footnote 7), "Curriculum Essays on Citizens, Politics, and Administration in Urban Neighborhoods." For specific materials on citizen participation in transportation decisions, see Gunnar Hall and Robert Breuer, "User and Community Benefits in Intercity Freeway Corridor Evaluation," *Highway Research Record* #399: Planning Transportation Systems; Washington, 1972, pp. 27-39; Charles R. Ryan, Brian P. Nelwick, and Edward A. Beimbom, "An Evaluation of the Feasibility of Social Diagnostic Techniques in the Transportation Planning Process," *Highway Research Record* #410: Use of Economic, Social, and Environmental Indicators in Transportation Planning, Washington, 1972, pp. 8-23; and Marvin L. Manheim et al, *Community Values in Highway Location and Design: A Procedural Guide*, MIT Urban Systems Laboratory Report No. 71-4, Cambridge, Massachusetts, 1971.



Effective implementation of the Action Plan by State Departments of Transportation will require a comprehensive, integrated and interdisciplinary approach throughout the planning process. The implementation of a public communication and information program should be the responsibility of public affairs specialists, while the community participation process perhaps falls within the expertise of the planning discipline, with specific assignments dependent on the level of the planning effort.

### AN ILLUSTRATIVE EXAMPLE

The application of the marketing orientation to any given transportation situation has not occurred in full, because of the recent initiation of the citizen participation movement and the Action Plan requirement (which does not require implementation until November 1, 1974). However, at least two on-going highway planning activities have been developed on such a basis, for reasons related to the unusual nature of each project, and it would perhaps be useful to review the chronology of one of these.

A special Federal highway program, the Economic Growth Center Development Highway Project,<sup>10</sup> has made available to all of the States a twenty percent "sweetener" in addition to the normal fifty percent Federal participation in primary highway construction projects. The amount of these funds is extremely limited, so that only one Growth Center was designated in the State to receive the funds. Various criteria were established by the Federal Highway Administration to establish the eligible centers, but basically the Center cannot be in a Standard Metropolitan Statistical Area county and must be capable of experiencing economic growth through industrial, commercial, or recreational development.

The unusual aspect of this program is that the time frame for selection of the center—designation must occur by June 30, 1973 (or about two years after the announcement of the program)—required a more rapid project selection and review than the normal needs and scheduling cycle for highways would permit. Given this constraint, the State Department of Transportation established a procedure which became, in essence, a marketing approach to the solution of a public sector problem.

Upon receipt of the announcement of the program, a statement was prepared by the Department outlining the basic facts and selection criteria. Letters containing the statement were distributed to the State agencies responsible for economic development, land-use planning, natural resources, and transportation activities, requesting their consideration of and suggestions on the matter. Such suggestions were received, and their thoughtful and intelligent nature convinced the State Department of Transportation to limit the list of projects to be studied to those suggested by these various agencies.

Further study reduced the list of potential projects to three—a bridge in a recreational area, a thoroughfare in an industrial-commercial area, and a highway into a small, fishing industry town. All three projects were studied in depth, with field visits and analysis of economic growth potential. The final selection of the project, the bridge in the recreational area, was based on dis-

<sup>10</sup> U.S. Department of Transportation, Federal Highway Administration, "Instructional Memorandum 50-6-71, "Selection of Economic Growth Centers and Development Highway Demonstration Projects as Authorized by the Federal-Aid Highway Act of 1970," July 12, 1971.

cussions with regional planning agencies, the county's legislative delegation, and top officials of the Department.

This choice was then presented to the elected and appointed officials of the county, and ample opportunity was made available for their consideration of and suggestions on the proposal. With their agreement, a public information meeting was held to announce the project and to elicit public comment. Again, ample opportunity was made available for response and criticism, and modification in the project was permitted and, in fact, did occur, as the result of these meetings. Finally, the project was finalized and a proposal to the Federal Highway Administration was prepared and submitted.

This rather elaborate procedure preceded any formal public hearings or the preparation of environmental (or other) impact statements or engineering studies. Complete and open discussion and a real attempt to develop a desirable and needed transportation project, as implied in a public sector marketing effort, enabled State transportation administrators to establish a true Consciousness Three orientation as suggested by Kotler and Reich. However, it should be noted that the procedure described is not necessarily the best or only set of public contact activities which might have been implemented for this purpose.

### CONCLUSIONS

The adoption by public administrators of a marketing orientation, as suggested in some of the recent management literature, assumes a motivation to satisfy the service recipient which is generally unrealistic given the nature of the public sector. Development in national transportation policy, however, may force such a posture by transportation officials, and may lead to new methods of dealing with the growing demand for citizen involvement in the decision-making processes of government.

When considered together with such other previous Federal requirements as the public hearing process and environmental impact statements,<sup>11</sup> the Action Plan should ". . . assume that the final decisions on the project are made in the best overall public interest . . .,"<sup>12</sup> rather than merely to satisfy the desires of those groups traditionally vested with public sector influence.<sup>13</sup> The era of marketing in the public sector—certainly in transportation—lies directly ahead.

11 Federal Highway Administration Policy and Procedure Memorandum 20-8, "Public Hearings and Location Approval," dated January 14, 1969, as authorized by the Federal-Aid Highway Act of 1968, and by Sections 2(a), 2(b)(2), and 9(e)(1) of the Department of Transportation Act of 1966, Federal Highway Administration Policy and Procedure Memorandum 90-1, "Environmental Impact and Related Statements," dated September 7, 1972, as authorized by Section 102(2)(c) of the National Environmental Policy Act of 1969, and by Section 309 of the Clean Air Act of 1970.

12 From an address by the Deputy Federal Highway Administrator (and Acting Administrator) Ralph R. Bartelsmeyer to the 1972 Convention of the Association of Highway Officials of North Atlantic States, Burlington, Vermont, May 4, 1972. Reprinted in U.S. Department of Transportation News, undated, page 8.

13 It should also be noted that this may be indirectly accomplished by the revenue-sharing concept of providing Federal funds to local governments without any control on the types of expenditure. Enacted in the General Revenue Sharing Act of 1972, and proposed for transportation in President Nixon's "Special Revenue Sharing for Transportation" message of March 18, 1971, and in the U.S. Department of Transportation proposal, "National Highway Needs Report—Single Urban Fund," dated March, 1972 (originally incorporated in the Federal-Aid Highway and Mass Transportation Act of 1972).