

The Marketing Audit: A New Perspective on Library Services and Products

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ABSTRACT

A marketing audit enables a library to look at audiences, services, and products with a structured approach. The audit can be used to assess operations and to provide a framework for ongoing decision making, evaluation, and long-range planning. An approach to the audit process is presented and its application is demonstrated in a case study featuring the American Hospital Association Resource Center.

THE TERM MARKETING has appeared with increasing frequency in the library literature over the past several years. Although most libraries are not profit centers, library managers have come to realize, as have managers in nonprofit organizations, that the marketing concepts, tools, and models that have worked effectively in the profit sector are relevant to their situations. In their book *Marketing for Public and Nonprofit Managers*, Lovelock and Weinberg define marketing as follows:

... the management function that shapes an organization's relationship with its different publics. ... Marketing provides the link or bridge between the organization and its environment, moving the institution away from bureaucratic inertia toward responsiveness to customer needs and anticipation of continuing changes in the environment. In short, marketing helps an institution fulfill its mission, keeping it relevant in a dynamic world [1].

As libraries are called upon to demonstrate their value to parent institutions and as they compete with other organizational units for resources, marketing practices can provide a valuable framework for analysis and action to meet expectations in a rapidly changing environment. The marketing audit is a tool or process that enables a library to look at its audiences, services, and products in light

of current environmental influences. A successful marketing audit not only helps assess present operations but also provides a framework for ongoing decision making, evaluation, and long-range planning. According to Kotler and Andreasen,

A marketing audit is a comprehensive, systematic, independent, and periodic examination of an organization's marketing environment, objectives, strategies, and activities with a view of determining problem areas and opportunities and recommending a plan of action to improve the organization's strategic marketing performance [2].

In large organizations, with centralized marketing units, the entire unit is usually audited. In a library setting, where aspects of marketing are often handled in fragmented, unorganized ways, a formal review of the marketing process will reveal both problems and opportunities with this decentralized approach to marketing. Four areas are focused on during the marketing audit: the external environment, the internal environment, the marketing system, and the activities currently underway. The process of the marketing audit also has four steps: determination of the scope of the audit, preliminary review and final definition of scope, data gathering and analysis, and preparation of a final report. Approaches to the process are covered in detail in Kotler and Andreasen's *Strategic Marketing for Nonprofit Organizations* [3] and in Lovelock and Weinberg's *Marketing for Public and Nonprofit Managers* [4].

CASE STUDY

The American Hospital Association (AHA) Resource Center completed a comprehensive marketing audit in 1986 and continues to build on the results of that audit. Impetus for the audit came from a sense that the resource center staff needed a

shared framework against which to make decisions about services and products—a framework that reflected the particular vision of the AHA Resource Center but was also compatible with and supportive of the mission and goals of its parent institution. Working with staff from AHA's Division of Marketing Services and an outside consultant, management staff within the resource center defined goals for an audit and identified time frames and costs. These were shared with appropriate AHA senior executive staff, concurrence was received, and work was initiated.

Completion of the audit required a significant commitment of time from resource center management staff, the outside consultant, and marketing services staff comprising the audit team. As is anticipated in the four-step audit process, the scope of the audit was refined as work began and data collection and analysis were initiated. Following extensive discussion and review of the organization's mission and goals, the resource center's mission and goals, current and probable trends affecting AHA's service audiences, and types of data available for the audit, a final framework for analysis was determined. The team identified five basic questions to be answered for each service or product and for the resource center as a whole.

- Who are we?
- Where are we?
- Where do we want to go?
- How are we going to get there?
- How are we doing?

An assessment form was designed to facilitate recording and reporting of information and decisions about each service or product (Figure 1). While most of the headings are self-explanatory, the terms included under "Summary Assessments" are part of an analytical framework developed by the team during the course of the audit and require definition. The terms *new*, *midlife*, and *old* deal with the place of the service or product in its life cycle. The terms *customized* and *mass* distinguish services or products produced for individuals on demand, such as computer literature searches, from services or products produced in quantity for a broad audience, such as prepared bibliographies on topics of current interest. The third set of terms reflects the team's assessment of the current resources required to produce and deliver the service or product and the amount of growth experienced or revenue generated. This categorization is based loosely on the Boston Consulting Group's portfolio analysis matrix [5]. The categories are as follows:

MARKETING AUDIT ASSESSMENT

Service/Product:
 Description:
 Summary assessments:
 ___New ___Mid-life ___Old
 ___Customized ___Mass
 ___HR/HG ___LR/HG ___HR/LG ___LR/LG
 ___Emphasize ___Hold ___Harvest ___Drop
 Goals: (rank)

Data: (elements selected depend on goal)
 Inventory situation:
 Number sold/distributed:
 Price/unit:
 Gross revenue:
 Expense/unit:
 Number of inquiries:
 Number of participants:
 Number of documents delivered:
 Collection size:
 Projects completed:
 Description of market:
 Present promotional strategy:
 Recommendations:
 1.
 2.
 3.
 4.
 5.

FIG 1.—Marketing audit assessment form.

- HR/HG: high resources/high growth
- LR/HG: low resources/high growth
- HR/LG: high resources/low growth
- LR/LG: low resources/low growth

The fourth set of terms captures the team's assessment of appropriate action to take in the immediate future with the particular service or product. This assessment is based on all information gathered about the status of the service or product.

- Emphasize: invest more resources with the objective of achieving high growth.
- Hold: maintain the status quo by investing the same resources; expect the same amount of growth.
- Harvest: try to maximize short-term growth with minimal investment of resources.
- Drop: phase out the service or product as soon as possible.

A significant aspect of the marketing audit process was the definition of three primary goals for resource center services and products: membership service, name recognition, and revenue generation. Enumeration of these very straightforward goals

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TIME/TASK RECORD

Service or Product:
 Primary goal:
 Recommendation:
 Activity:
 Responsible:
 Days: Begin: End: Personnel \$: Other \$:
 Outcome:

FIG 2.—Time/task record.

was the culmination of considerable discussion and consensus building within the audit team; their delineation provided the basic framework from which all service and product decisions were made. If a service or product did not meet one of these primary goals, or if it met a goal other than its primary goal, then its viability was reassessed. The mix of services and products meeting one or more of the goals was another important consideration so that all three goals were addressed and appropriately balanced.

All services and products of the AHA Resource Center were assessed through the audit process. Summary assessments were prepared for each ser-

vice or product and for the resource center as a whole. These formed the basis for the final report of the marketing audit. In addition, resource center staff worked from the recommendations accompanying each assessment to develop specific action steps in time/task records (Figure 2). These were arranged as a database for ease of sorting, tracking, and updating. These time/task records have formed the basis of a number of service and product modifications and enhancements.

A draft report was presented for discussion and consensus building at a resource center staff meeting. The final report was shared with appropriate senior executive staff. Individual assessments and time/task records were reviewed in detail by managers and members of project teams. Action plan results were shared in individual or departmental reports and reported to senior executive staff through resource center reports. The audit results were extensively utilized in 1987 and 1988 budget planning.

The publication series, *Health Management Briefing*, provides an example of the audit process in action. At the time the audit was initiated, the resource center was already committed to the intro-

HEALTH MANAGEMENT BRIEFING

Description: An information package series providing an overview, bibliography, and reprints of selected articles on topics of current interest. Could become a subscription product.

Summary Assessments:

<u> </u> x New	<u> </u> Mid-life	<u> </u> Old
<u> </u> Customized		<u> </u> x Mass
<u> </u> HR/HG	<u> </u> LR/HG	<u> </u> x HR/LG
<u> </u> Emphasize	<u> </u> Hold	<u> </u> Harvest
		<u> </u> LR/LG
		<u> </u> Drop

Goals: 2 Membership service
 3 Name recognition for the Resource Center
 1 Generates revenue

Financial data:

Inventory situation: The three initial packages are in pre-print production approval stages now. Printing 300 of each. Price/unit: \$20/30 Expense/unit: unavailable

Description of market: Somewhat topic dependent. Department heads; AHA personal membership society members; students and faculty; trustees; librarians; consultants. Potential: CEOs, research, planning, and staff people at hospitals.

Present promotional strategy: In the Resource Center Publications Catalog. A promotional letter to target audiences offering a discount if all three are purchased is being prepared. May need more money to promote to wider audiences. Recommendations:

1. Decide if this is a viable "current information" product with a shelf life of six months given the present 15 month production cycle. Can this cycle be shortened to six to nine months? Is that sufficient?
2. Do financial calculations to determine break even point as a basis for considering raising the price.
3. Track customers carefully to understand who is purchasing the product and how the product is used by purchasers in preparation for deciding whether it should be converted into a subscription product or whether the purchaser's needs can be met in some other way. Some of this information will be obtained from the insert card.
4. Determine if this is a cutting edge product and whether the Resource Center should be producing it. Consult with the Office of Public Policy Analysis, Educational Programs, and *Informed Sources* before making future topic decisions in the interests of conducting joint promotions and perhaps having them share some of the development and production costs.

FIG 3.—Completed market audit assessment for *Health Management Briefing*.

duction of three publications in this series directed to health care administrators, and production was under way. Figure 3 shows the market audit assessment for this publication series. Recommendations were acted on and plans were initiated for the production of additional publications in the series. Additional market research and analysis of sales data indicated that the series could not be expected to meet its primary goal of revenue generation. Production and promotion costs required charging a higher price; market research indicated that a higher price was not acceptable to the target audience. The publication was reassessed against the membership services objective. Because of the high production costs, this was not a cost-effective approach to meeting this goal.

Therefore, production of additional issues was stopped, and efforts devoted to eliminating the inventory of the three in-print *Briefings*. While it was difficult for staff committed to the product to recommend its discontinuation, the audit process provided a clear and rational framework within which to make that decision.

Another example of the use of the audit process is a service that many libraries provide, the preparation and distribution of bibliographies on high-interest topics. The resource center had sporadically produced these in several formats but lacked mechanisms to track distribution or user satisfac-

tion, a system for topic development and assessment, information about production costs, and an "identity" for the service. During the audit, this service was defined as meeting the membership service goal (Figure 4). A distribution history was developed and production costs were defined. User feedback and distribution patterns indicated that this service was well received and effectively met selected information needs. Based on the audit, the service was given an identity with its own masthead, "Selected Resources." Annual production schedules were established and a content development and review mechanism implemented. Periodic user satisfaction assessments continued. In 1987, fifteen "Selected Resources" lists were introduced and approximately 11,000 copies were distributed. Again, the audit process provided a framework within which to assess and extend this service.

While the documentation, action plans, and reports that resulted from the marketing audit are important, perhaps the most significant result of the audit has been a change in the way resource center staff evaluate new and existing services and products, make decisions about them, and establish success criteria. As a result of the audit, staff routinely measure service and product ideas against the three goals, determine the resource/growth ratio, set measurable objectives, and evalu-

BIBLIOGRAPHIC PRODUCTS

Description: Bibliographies produced by the AHA Resource Center in response to frequent questions from members, AHA staff/operating unit requests, and frequent literature searches.

Summary Assessments:

<input type="checkbox"/> New	<input checked="" type="checkbox"/> Mid-life	<input type="checkbox"/> Old	
<input type="checkbox"/> Customized		<input checked="" type="checkbox"/> Mass	
<input type="checkbox"/> HR/HG	<input type="checkbox"/> LR/HG	<input type="checkbox"/> HR/LG	<input checked="" type="checkbox"/> LR/LG
<input type="checkbox"/> Emphasize	<input checked="" type="checkbox"/> Hold	<input type="checkbox"/> Harvest	<input type="checkbox"/> Drop

Goals: 1 Membership service
2 Name recognition for the Resource Center
 Generates revenue

Financial data:

Inventory situation: Duplicated as needed.

Total number distributed 1985: Approximately 10,000. Price: no charge

Expense/bibliography: unavailable

Description of market: Hospital administrators, department heads; students, faculty; librarians; trustees; AHA staff. Present promotional strategy: Complimentary product request form; display at exhibits; include in Friday mailings and announce in *Happenings*; some journal announcements.

Recommendations:

1. To support decisions about the future of free bibliographic products, develop a framework for analysis including costs to develop, produce and distribute a bibliography, and tracking requests for copies (where does the most demand come from).
2. Devise a system for topic development and review.
3. Determine how to work with other areas of AHA to eliminate duplicative efforts and unintended competition.
4. Solicit user feedback on usefulness of bibliographic products.

FIG 4.—Completed market audit assessment form for bibliographic products.

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ate results. In addition to helping launch new services and products and modify others, the process has helped staff to make the always difficult decision to terminate selected services and products that were not meeting their goals. The process has also enabled staff to make solid decisions about where to focus personnel and financial resources while providing a mechanism for continuous assessment.

APPLICATIONS

The modified marketing audit process conducted by the AHA Resource Center can be applied in other library settings. It does not require the use of a consultant, although such an individual can bring a helpful objectivity to the process. The forms shown in Figures 1 and 2 can be applied in most settings. In using the summary assessment form, determining the goals against which services and products will be measured is critical and is unique to each library. Conducting a marketing audit is labor intensive and should not be undertaken without a commitment to act on the results of the audit. Results may not always be easy to act on, especially if they involve eliminating a service or product in which there is a great deal of personal involvement.

The key is to move from assessment to action, just as in planning the key is to move from the plan to its implementation. The marketing audit is a valuable adjunct to strategic planning and gives a sound framework for action in a changing environment.

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