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THE CRITICAL IMPORTANCE OF THE DISTRIBUTION VARIABLE
IN FORMULATING A MARKETING STRATEGY

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ABSTRACT

Perhaps, the one aspect of the marketing mix process that has been most ignored by recreation managers is the fourth "P"--or Place variable. Recent study data indicate that poor distribution decisions can contribute substantially to the non-use or under-utilization of park and recreation programs and facilities. Managers of leisure service organizations should take several steps to ensure greater accessibility of their services to potential target markets.

THE CRITICAL IMPORTANCE OF THE DISTRIBUTION VARIABLE
IN FORMULATING A MARKETING STRATEGY

There is amazingly little evidence of the application of marketing to the vast majority of leisure service organizations. While the average small to medium-sized service business in the U.S. spends nine percent of its gross income on marketing, the typical private sector recreation enterprise invests less than five percent of its total annual income on marketing activities.(1,2) The disparity is even more glaring in the public sector where an analysis of local government park and recreation budgets found that typically no more than one-half of one percent of the annual operating budget was spent on activities that might be construed as marketing.(3)

While marketing in general has not been extensively practiced by leisure service organizations, it appears that one crucial aspect of the marketing process has been almost totally ignored. Perhaps, the least recognized dimension of the "marketing mix" is the fourth 'P' or Place variable (often referred to as Distribution). In designing the optimum marketing mix strategy for bringing a product or service to customers, the Place variable focuses on where, when and how the product is to be distributed. Specific decisions should be made regarding the precise location(s) of the service, its frequency and length and the time and season of its offering.

Ideally, these decisions would be based on consumer input. Finding out from the intended consumers themselves where and when they most want the desired service is crucial to maximizing their involvement. Unfortunately, with the absence of marketing research activities in general, there is little evidence to suggest that leisure service organizations distribute their services from this consumer-oriented perspective. When needs assessment studies are conducted they often only ask "what" programs are preferred, not where and when. Operating with the best intentions, historically, marketing mix decisions have been made almost exclusively by agency staff. Physical siting, scheduling and other distribution decisions are for the most part prescribed by professional staff relying on their knowledge of the recreational needs of the community. Generally, a minimum amount of input into the formulation of program content, its price and method of distribution are elicited from intended service recipients.

The findings from a recent market research study indicate that this limited consumer orientation may be a significant factor in explaining why more people do not use public park and recreation areas and programs. (4) Howard and Crompton, in their three city analysis of the consumers (and non-consumers) of municipal park and recreation agencies, found a substantial portion of adults who reported never using even one public sponsored recreation area and/or facility. Specialized recreation facilities such as tennis courts and golf courses were found used with any degree of regularity by no more than ten percent of the population. While motivational factors "I'm just not interested" or "I never think about going to a park") were found to be the most frequently cited obstacles to adult participation, several "place" related factors appeared to significantly constrain the participation of many potential park users.

When asked to rank the degree to which any one of 24 factors prevented their making greater use of public park and recreation facilities, respondents in all three communities identified locational factors as prominent obstacles. One out of four adult respondents in Miami, Florida felt that "the facilities are too far away" for them to use on a regular basis. Lack of access to a car for travel to recreation opportunities was found to be an impediment for approximately 15 percent of the respondents in all three cities.

The time at which programs and services were offered proved to be an important inhibiting aspect as well. In one city an astounding number (33.9%) of adult respondents indicated their lack of participation was based in significant part on their "reluctance to go out at night." (5)

Subsequent examination of the agency's program schedule found the vast majority of the adult program opportunities were offered only on weekday evenings.

The obvious implication from these findings is that the "Place" variable warrants careful consideration in the program development process. For many it appears that fuller participation in leisure service offerings is contingent upon where and when service is provided. No matter how attractive the mix of the product, price and promotion variables, a program's potential never will be fully realized if the wrong distribution decisions are made.

While there may be no such thing as a perfect "place/distribution" decision, there are many steps managers can take to ensure greater accessibility of their services to potential client groups. These steps include 1) analyzing the organization's current distribution system, 2) determining the optimal distribution outlets, whether services will be delivered through direct or indirect channels, 3) selecting the location(s) and 4) monitoring the delivery effectiveness.

In evaluating the existing distribution system, staff should first address the question: Would alternative times and locations for programs and services result in increased consumer demand and satisfaction? Consumer research is the key to answering this question. After finding out what target market segments want, when and where, it's then a matter of shaping programs and their distribution to satisfy the expressed desires of these client groups.

Optimal distribution involves utilizing the most cost effective distribution channels. Park and recreation organizations have relied almost exclusively on a centralized, direct service distribution system. Agencies have assumed full responsibility for producing the service and distributing it directly through one of its own outlets (e.g., recreation center, swimming pool, etc.). The expectation is that interested consumers travel 'to' the particular program site(s) to participate. As the data suggest, this expectation does not apply to a substantial number of potential users who lack the means and/or motivation to travel the necessary distance to become involved.

Many agencies in recognizing the inequities that exist with a distribution system dependent on a limited number of fixed sites or outlets, have developed extensive "outreach" delivery methods. The Detroit Parks and Recreation Department, for example, has established a decentralized distribution network which includes mobile theaters, sports equipment vans and even swimming pools--capable of being transported to all interested client groups within their jurisdiction. Many agencies have broadened their distribution system through cooperative joint-use agreements with schools, services to employees at a variety of industrial work sites during and after normal work hours.

A growing trend in all parts of the country is for leisure service organizations to utilize indirect service distribution through the contracting out of various functions to private suppliers. Warnick found that 49 per cent of municipal park and recreation departments in the northeastern United States contracted out at least a portion of their

traditional direct service functions to the private sector.(6)

Instead of producing and conducting the activity "in-house," development and implementation responsibility is given to an independent operator through a contract arrangement. The most common functions found to be distributed through second-party contractual arrangements were sports and games programming, solid waste collection, and maintenance of special facilities. Major reasons cited by park and recreation managers for the increase in contracting out were:

- (1) reduced costs, as much as 20 per cent,
- (2) transfer of liability risk to private provider, particularly attractive for popular, high-risk programs in outdoor and therapeutic recreation areas, and
- (3) provides management greater control and flexibility in the delivery of service

The distribution or place variable is an essential element of the marketing mix. The siting, scheduling and distributing decisions that revolve around the delivery of recreation products are just as vital to the eventual success of a recreation service as product, price, and promotion decisions. An effective, well-planned distribution system--one which is based on consumer input--can serve more people, more conveniently, at potentially less cost.

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