

Research of public policy-making and marketing effect—Taking Taiwan's consumption voucher for example

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Abstract: Public policy-making is usually subject to influence from environmental factors at home and abroad, and “crisis” is often the key point for public policy to be listed as the important objective of government policy. In order to deal with the global financial tsunami in 2008, Taiwan government puts forward a number of public policies to revitalize the economy, and issuance of consumption voucher is one of the most important plans. It will cost NT\$ 82.9 billion to issue consumption voucher, which is a large sum. It is worth evaluation of whether these paying taxes are used properly. Therefore, this research is to test the effectiveness from two levels: public policy-making and marketing management of public policy. The research results indicate that the public policy-making process is very rigorous and the marketing management shows a good effect, people generally think it as a benevolent policy. The high level of exposure makes the consumer confidence index rise and contributes to the positive improve effect of tax revenue. Besides, consumption voucher also promotes other effects, such as enhance Taiwan's international visibility, help the needy, replacement of the new identity card, catch the wanted suspect, etc. In a word, Taiwan government made a right decision to issue the consumption voucher and has made brilliant achievements in it.

Key words: consumption voucher; public policy; marketing management; consumer confidence index

1. Research origin

The public policy is mainly made to solve social problems. In order to deal with the serious economic depression resulted by the global financial tsunami in 2008, every country in the world takes a number of monetary policies and fiscal policies: EU spent EUR20 billion on public expenditures and tax breaks, Japan uses JPY 75.5 trillion to stabilize the national life, South Korea paid KRW 33.3 trillion to recover from its economic recession, Chinese mainland spent RMB 4 trillion yuan on infrastructure. Taiwan government also put forward a number of public policies to revitalize the economy, and issuance of consumption voucher is an important one of them.

The content of consumption voucher policy is that people having census in Taiwan, no matter poor or rich, can claim government-issued consumption vouchers worth NT\$3600. This policy aims to bring about the national economic recovery by raising the purchasing power and increasing the consumption. Because it will cost NT\$ 82.9 billion to issue consumption voucher, it is worth evaluation of whether these paying taxes are used properly. Therefore, this research is to test the effectiveness from two levels: public policy-making and marketing management of public policy.

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2. Literature review

2.1 Public policy

Public policy has its own making process. For any policy, its process includes problem identification, suggestions, policy adoption, policy implement and evaluation (see Fig. 1). Public policy-making is usually subject to influence from environmental factors at home and abroad, among the wide range of topics, only the ones of vital importance can be decided on the governmental agenda, and “crisis” is often the key point.

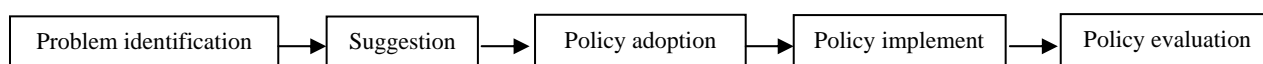


Fig. 1 Public policy-basic part (QIU, 2000)

This idea “social marketing” is presented by Kotler and Zaltman (1971), politician often applied by individual special characteristic or the characteristic to carry on the society marketing.

2.2 Marketing management

American Marketing Association defined marketing in 1987 as “the activity to connect customers, clients, and marketing officer personnel through information”. Kotler (1986), a marketing scholar, thought marketing as “a set of plan including analysis, programming, implement and control to achieve organizational goals”.

As the development of human economic society, marketing no longer is the pure selling, advertisement or sales promotion, it becomes an important management science. Marketing management is a management process, which satisfy people's needs through course of dealing. It is not only used in private enterprises, but also in public sectors. “Citizen” is the buyer of government services. The effects of the marketing management of public policy usually influence the implement situation of public policy and politician's reappointment.

2.3 Consumer confidence index

Consumer confidence index (CCI) is an integrated index, which represents consumers' satisfaction degree to the current national economy and expectation to the prospective economy trend, it indicates people's buying intentions and consumption degree. The changes in value show people's feeling to their belongings and financial situation. CCI is one of the important economic indexes marking a national economy state, most countries began to collect the relative data years ago, which can be beneficial to the government administration. CCI consists of 6 aspects: (1) the domestic price-level in the following half year; (2) the family financial situation in the following half year; (3) the domestic employment opportunities in the following half year; (4) the domestic financial situation in the following half year; (5) the domestic stock investment opportunities in the following half year; (6) the purchasing opportunity of durable belongings in the following half year.

3. Research approaches

This paper adopts documentary analysis, inductive method and analysis of the long-term trend. Relative data is taken from the national statistics database of Taiwan executive yuan, winner database of Times, newspapers, magazines and relative research reports. Besides, with the application of excel software, this paper is to test the effectiveness from two levels: public policy-making and marketing management of public policy.

4. Research results

4.1 Consumption voucher public policy-making level

Taiwan's economic growth is closely linked to its export. Since the overseas demand declined sharply, in order to boost the economy effectively, government departments proposed the new program to revitalize the economy, which covered a variety of categories, consumption vouchers issuance is one of them.

In order to implement this policy, related government departments planned carefully, handed in glove, which includes printed in central bank, distributed by ministry of interior, cashed by financial institutions, inspected by ministry of finance. Reference materials on consumption vouchers issuance, design, use details are sorted as following:

(1) Consumption issuance: People no matter poor or rich, can claim government-issued consumption vouchers worth NT\$3600. The ones don't need the money and want to donate it to education, culture, public welfare, or charitable institution. Deduction should be itemized according to the *Income Tax Act*.

(2) Consumption voucher design: It adopts vouchers instead of card, mainly because value card program is costly and time-consuming. The face value of the consumption vouchers include NT\$500 and NT\$200 (The issued NT\$3600 consists of 6 NT\$500 and 3 NT\$200), no change when using, the valid date to September 30, 2009. Because the consumption is same as the token money, it will have a special security design.

(3) Use of consumption vouchers: Consumption vouchers are only used to buy commodities or labour service. Only the business operators who have registered for business operation can cash the consumption vouchers. They just need to write the business name, Unicode and name of their head on the back of the consumption vouchers, the cash will be deposited on their business organizations' settlement account.

4.2 Marketing management of public policy level

4.2.1 The public's reaction

Before the issuance of consumption vouchers, it has become a major target of media reports and praised as a benevolent policy. After the issuance, the entire people are filled with joy, all spent it on the special purchase for the Spring Festival and daily living equipment. It also boosts the domestic travel. No matter the administration party or the out-party, both give it much praise. In a word, different parties all agree with this public policy, and the public's reaction is even better.

4.2.2 Media exposure

Appropriate marketing strategy can cooperate to make the public policy a success. According to the statistics data from the database of *China Times*, from January 18, 2009 to December 31, 2009, about the media exposure of consumption vouchers, there are 603 news reported on *China Times*, 204 on *Commercial Times*, not mention that this statistics is not including other media information in Taiwan. This indicates that the consumption voucher policy have received important value from all medias (see Table 1).

The high media exposure of consumption vouchers make all mayors of county or municipality rack their brains to offer a number of promotion activities (see Table 2). They all wish people in other counties or municipalities to use the consumption vouchers in the areas under their administration, because the consumption vouchers can not only mobilize local economies, but also increase the media exposure of politicians, and the consumption voucher policy marketing effect seems to be closely bound to the achievements in the mayor's official career.

Table 1 Consumption vouchers media exposure analysis table

Period	China Times	Commercial Times
January 18th, 2009-December 31st, 2009	603	204

Table 2 Promotion activities in each county and municipality

City/ County	Mayor/ Magistrate	Awards	City/ County	Mayor/ Magistrate	Awards
Keelung City	Chang Tong-rong	each use of a NT \$ 500 voucher, all equipped with a Lottery.	Yilan County	Lin Tsung-Hsien	Warm pack: when consuming in appointed Hotels and house host, you donate 10% to the United Way Taiwan. PSP value pack: the content will be issued on the consumption voucher promotion zone of the government's official website and the official website of Taiwan 2009 Lantern Festival.
Taipei City	Hau Lung-bin	Consumption up to NT \$ 300, shall participate in the lucky draw lots, awards including 1,000 NT \$ 10,000 gift certificate, 1000 free visit tickets to panda, and 1000 unique gifts valued more than NT \$ 5000 in Taipei. The first 5,000 consumers can get the Quick Gift.	Taipei County	Zhou Xi-wei	Holding invoices or consumption proof up to NT \$ 3,600 consumed in Taipei city, shall ask for the raffle ticket, the top prize is the gold valued about NT \$ 3 million. Each raffle ticket entitles people a free visit to the county recreation park.
Taoyuan City	Wu John Chih-yang	Ten times of gift! Each one consuming in Taoyuan city can only spent NT \$ 3,600 getting commodities made in Taiwan or Taoyuan city valued NT \$ 36,000.	Hsinchu City	Hsu Ming-Tsai	People can ask for point card at business place, let the store staff record the consumption sum, and write down the Unicode and affix the business seal. Up to NT \$ 3,600 can get a raffle ticket, and so forth. The rewards include 1000 Acer notebooks. The lottery draw is divided in five echelons.
Hualian County	Fu Kun-chi	Cooperate with travel agencies to offer preferential travel plan named NT \$3,600 love Hualian.	Hsinchu County	Qiu Jing-chun	Several stores in each business district of Hsinchu county offer consumption vouchers concessions program.
Miaoli County	Liu Cheng-hung	10 cars valued NT \$ 500,000. From January 18 to April 30, consumption up to 5,000 can get a scratch card, the card exchanged for nothing can participate in the draw lottery for car.	Taizhong City	Jason Hu	A property covers an area of 165 m ² , 3 recreate ional vehicle with more than 2400CC. consuming over NT \$ 3,000 can participate in the lottery draw.
Taizhong County	Huang Chung-sheng	Holding Single invoice more than NT\$1,000 can participate in the lottery draw in the whole year, which is held monthly. The monthly awards value NT \$ 2 million. The top reward is a vehicle of 1,600CC.	Nantou County	Li Zhao-Qing	Establish the NT \$ 3,600 special preference zone and 20% consumption voucher value added zone. On the Exposition to be held after the spring festival, consumers can participate in the lottery draw, the top reward is a motor bike.
Zhanghua County	Zhuo Bo-yuan	People consuming up to NT \$ 5,000 shall participate in the lucky draw lots, rewards include 2 lands, each covers an area of 99 m ² and valued NT \$ 6 million, which both located at the 30 m away from the greenway in urban expansion planning zone in Yuanlin Town.	Yunlin County	Su Chih-Fen	The first 100 consumer can have the Brilliance Lamps of Chaotien temple at Peikang. The first 3,600 consumers can get a NT \$ 500 coupons to Janfusun Fancyworld. Consuming up to NT \$ 500 can have an arranged one-day tour, up to NT \$ 3,600 can get agricultural products valued NT \$ 4,000, the first 100 consumers can have the supper with the major of the county.
Jiayi County	Chang Hwa-kuan	Hold Garden Party-Improve economy, green consumption, love Jiayi and environmental life. People spent the vouchers up to NT \$ 500 can get a gift.	Jiayi City	Huang Ming-Hui	Offer lottery draw, rewards including cars and gold.

(to be continued)

Kaohsiung City	Chen Chu	Give shopping vouchers valued NT \$ 10,000. the 300 lucky people drawn out monthly can receive a 50%discount in the appointed stores with consumption vouchers and shopping vouchers.	Kaohsiung County	Yang Chiu-hsing	People can spend NT \$ 3,600 making sightseeing tour, lodging, local agricultural products, snacks all set.
Penghu County	Wang Chien-fa	Propose Homecoming Plan: overseas people can receive a travel preference price of NT \$ 4,100 if using the consumption vouchers. Consumers can also participate in the lottery draw, a reward including the uninhabited island, the winner is entitled to name the island and his island own certificate.	Jinmen County	Li Wo-shi	Issue Gin-claiming vouchers at three festivals, making the original voucher value to be increased by 3 times, people living in Jinmen county may claim NT \$ 18,000.

Data source: collated by the author.

4.3 Effect of the economic policy

4.3.1 Consumer confidence index movement

Watching the total points of Taiwan consumer confidence index (see Fig. 2), it can be seen that the points from the next half year of 2008 to the first half year of 2009 are lower, but constantly recovered since then. If watched from the items, which make up the total points of consumer confidence index (see Table 3), it can be seen that up to the next half year of 2009, the public's confidence has recovered. In July 2009, people were more optimistic at the stock investment, the economy also gradually recovered. However, Taiwan's jobless rate still did not change significantly, in addition, the level of price rose constantly, this all indicated that Taiwanese are still bothered by the high price.

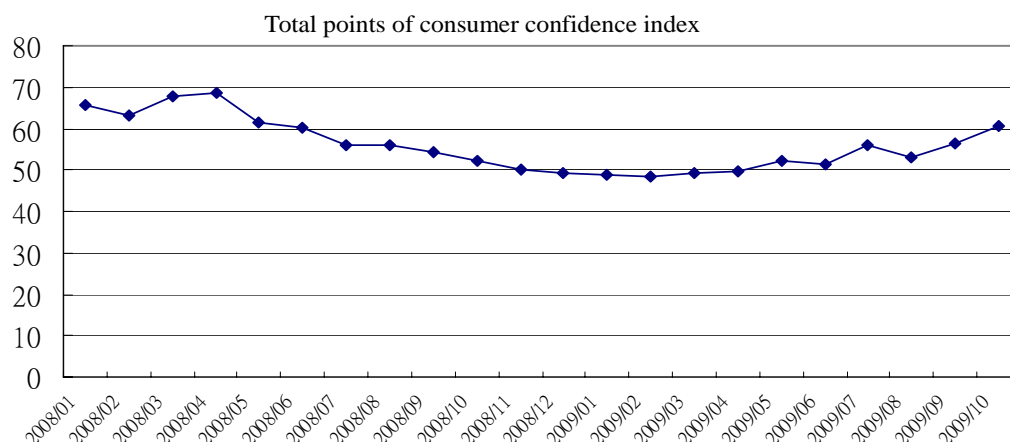


Fig. 2 CCI total points movement from Jan. 2008-Oct. 2009

4.3.2 Repercussion of tax

An enterprise's business status can be judged by its growth of commodity tax and business tax. Watching the growth and decline situation of Taiwan's commodity tax in these years, it can be seen that it declined to the lowest in January 2009, only NT\$4,285,000,000. While after the issuance of consumption vouchers, Taiwan's commodity tax gradually recovered as before (see Fig. 3). It indicates that consumption vouchers can promote the enterprise performance.

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declined to the lowest in January 2009, only NT\$ 21,496,000,000. While after the issuance of consumption vouchers, Taiwan's business tax gradually recovered as before (see Fig. 4). It can be indicates that consumption vouchers can promote the enterprise performance.

Table 3 Consumer confidence index content detailed list from January 2008 to October 2009

	Total points of CCI	Domestic price level in the following half year	Family financial situation in the following half year	Domestic economy in the following half year	Domestic employment opportunities in the following half year	Stock investment opportunities in the following half year	Purchasing opportunities of durable properties in the following half year
2008/1/1	65.82	30.25	51.60	56.6	72.15	80.20	104.10
2008/2/1	63.09	28.30	48.80	47.15	72.60	73.90	107.80
2008/3/1	67.86	26.35	55.55	58.40	74.20	86.40	106.25
2008/4/1	68.48	25.90	55.15	59.05	74.75	88.70	107.30
2008/5/1	61.30	23.15	48.45	46.85	72.45	71.00	105.90
2008/6/1	60.23	22.15	48.35	46.50	72.55	64.70	107.15
2008/7/1	56.08	19.80	45.95	45.00	68.85	57.70	99.15
2008/8/1	55.84	20.25	45.70	44.85	68.70	57.90	97.65
2008/9/1	54.32	19.35	44.65	44.25	67.60	53.40	96.65
2008/10/1	52.22	18.85	44.10	43.60	64.90	48.70	93.15
2008/11/1	50.00	24.70	42.90	42.35	54.80	45.70	89.55
2008/12/1	49.13	29.40	43.70	42.55	46.25	47.70	85.20
2009/1/1	48.95	35.05	46.30	43.95	39.30	46.20	82.90
2009/2/1	48.42	40.35	44.90	42.00	36.65	46.20	80.40
2009/3/1	49.11	39.90	45.25	42.30	35.35	52.20	79.65
2009/4/1	49.79	41.10	45.05	42.15	34.55	56.50	79.40
2009/5/1	52.11	41.10	51.85	43.00	35.40	60.90	80.40
2009/6/1	51.44	40.95	51.55	42.9	34.95	58.40	79.90
2009/7/1	56.18	43.50	52.15	43.85	33.10	82.00	82.50
2009/8/1	53.00	29.95	51.85	43.80	32.40	78.80	81.20
2009/9/1	56.45	43.56	52.35	44.05	32.60	83.40	82.65
2009/10/1	60.56	44.25	56.95	53.55	38.90	85.20	84.50

Data source: Taiwan economic development research center material website.

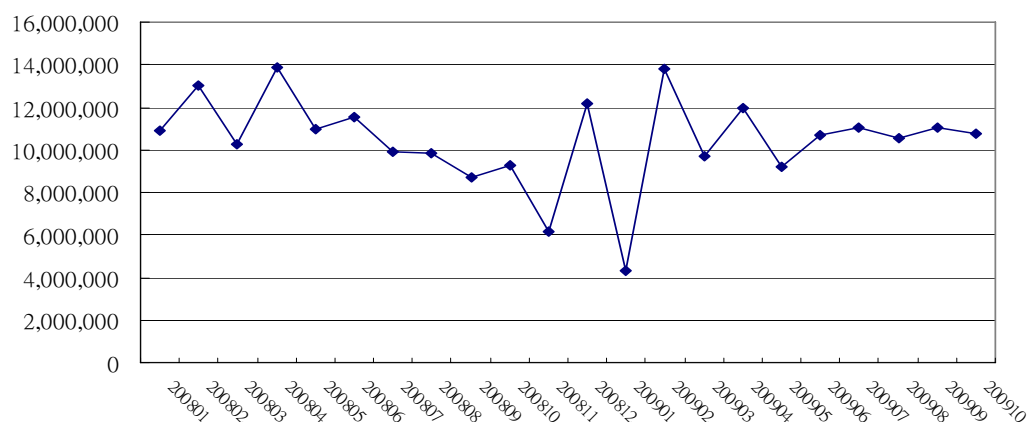


Fig. 3 Commodity tax movement from January 2008 to October 2009

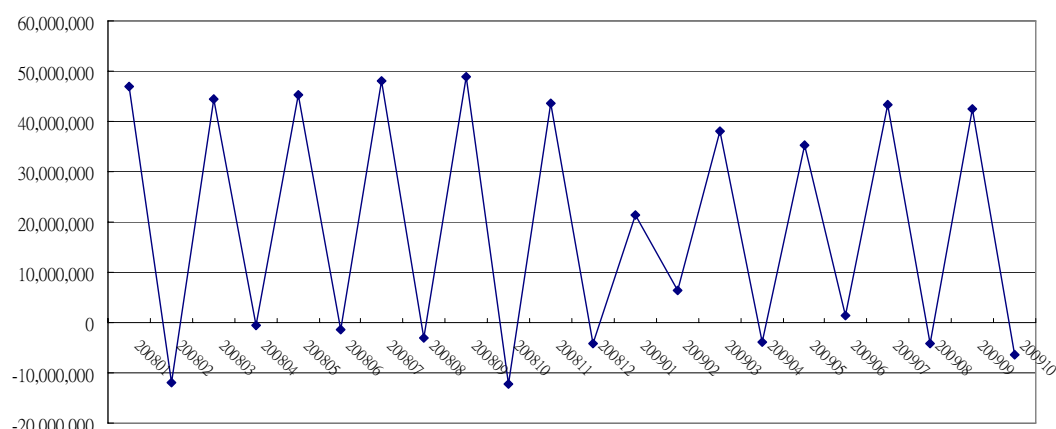


Fig. 4 Business tax movement from January 2008 to October 2009

4.4 Enhance of other public policy

4.4.1 Improve Taiwan's international visibility

Taiwan's policy of consumption issuance has received much international attention. Many Medias all reported it in prominent page, including *Chicago Tribune*, *Atlanta Journal-Constitution*, *Associated Press*, *BBC*, *German News*, *Sueddeutsche Zeitung*, *Spanish Agencia EFE*, *Japan Broadcasting Corporation*, *Fuji Television*, *TV Asahi*, and *Singapore's The Straits Times*, etc. All these help to enhance Taiwan's international visibility.

4.4.2 Help the needy

Consumption vouchers can be donated and listed the deduction as comprehensive income tax, thus enable some public-welfare institution and charities organization have possibilities to get donations to pull through the needy in economic depression period.

4.4.3 Replacement of the new identity card, catch the wanted suspect

Since people can only claim the consumption vouchers with their new identity cards, this promotes them to change their ID cards, and help to catch the wanted suspect.

5. Conclusion

To reduce the impact brought about by the economic crisis to the greatest degree, Taiwan government cost 82.9 billion to issue consumption vouchers from January 18th, 2009, which can be used before September 30th, 2009. Correlative charges were collected as special budget.

Consumption vouchers issuance is a successful public policy. After analysis, the research results are as following:

(1) The public policy has a serious making process: money-collected for the vouchers, effect evaluation on economic dimensions, printing, anti-counterfeit, exchanged method, exchanged location were all decided to be implemented before careful evaluation.

(2) The marketing management of public policy performs well. The specific 5 items are as following:

- People have good reflection on the consumption vouchers, and think it as a benevolent policy.
- The public policy marketing effect is successful, high media exposure.
- Taiwan consumer confidence index rose, the consumption vouchers increase people's consumption intention.
- The commodity tax and business tax indicate that consumption vouchers promote the enterprise performance.

- Consumption vouchers unconsciously help to bring about other public policy effects, such as enhance Taiwan's international visibility, help the needy, replacement of the new identity card, catch the wanted suspect.

In conclusion, Taiwan government made the right decision to issue the consumption vouchers and has achieved great results.

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(Edited by Ruby and Chris)

(continued from Page 64)

(4) Widening of the clientele with including in the prize fund of prizes which shall be of interest for exactly determined new future customers;

(5) Removal of doubles, i.e., prize winners to receive another new prizes;

(6) The choice for beginning and end of the promotion—depending on the season, depending on the vital cycle;

(7) A choice of a rest from promotions and prize funds;

(8) A choice of duration of the promotion;

(9) A choice of additional stimuli in the promotion;

(10) Causal dependence of the clientele's structure from the choice of prize fund (Dobrev, 2001; Dobrev, 1993).

Many companies do not consider these factors. That's why often the measures they undertake for stimulation of the sales and of their products do not reach by 100% the effect they have intended to reach, they even reach a reverse result. That is why it is advisable and necessary an analysis of the above listed factors in order to pursue a hundred percent effect and end result in a promotion or stimulation of the sales.

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