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Marketing by Non-Profit Organizations

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Abstract: The focus of this paper is to conduct a comprehensive literature review on how marketing first began in the nonprofit sector, how it has grown and changed, and finally how nonprofits utilize marketing today using a variety of tools. All nonprofit organizations face competition in today's market whether it is from other nonprofit organizations or from the business sector. The leadership of nonprofit organizations must understand the strengths and weaknesses of different strategies; how to best utilize marketing them; and how to make them effective for their organization.

I. INTRODUCTION

Nonprofits are often facing more and more competition in the market. This could be competition against other nonprofits, or private businesses providing similar services. More competition means more of a struggle to bring in donors and even less to share of already shrinking funds. As the competition becomes fiercer it is ever more important for nonprofit organizations to market their services in order to stand out from the crowd and to stay competitive. Marketing is used in a variety of ways in nonprofits. It is often seen as a means to bring potential donors in. Equally important, it is also a vital tool of communication with clients and volunteers. Marketing is a way to bring light to a nonprofit organization's cause and get people involved.

Nonprofits even use marketing as a way to create the change they are advocating for. Before delving into how nonprofits use marketing, it is important to first define marketing. "Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, marketers, and society at large." (Andreasen, 2012, p. 36) Traditionally marketing has been thought as focused on the business, but it is changing in the nonprofit arena. Essentially, marketing is about influencing behaviors. This concept can be seen in traditional advertising aimed at influencing people to purchase products or brands. An example of this is television commercials for Pepsi products. They not only encourage people to buy the beverage, but try to create an entire culture around the brand to make it appear the best. Influencing can also be seen in advertisements that encourage change in people's lifestyle. There are often billboards that encourage people to quit smoking by visualizing the negative effects of tobacco. Attempts to influence can also be seen as influencing people to find a nonprofit's cause to be worth while. Large nonprofits like the American Cancer Society, Humane Society, or the Red Cross often have television commercials that are bidding to get the viewer to see their cause as worthwhile.

Marketing structure in the nonprofit sector is similar to marketing in the private sector, however nonprofits frequently have to be more creative and resourceful. Nonprofits, even large ones, often have financial, staff, and time limitations when it comes to marketing. They use a variety of traditional and innovative tools in their marketing strategies. These tools include use of social media such as Facebook, Twitter, and YouTube; persuasion advertising; celebrity endorsement; branding; and cause-related marketing. Each of these tools bring their own advantages and disadvantages and it is up to the nonprofit organization to utilize what will be the best fit for them.

The marketing approach also differs for NPOs (NON Profit Organizations) and Pos (Profit Organizations). Basically, while the purpose of marketing for POs is to encourage customers to buy, NPOs use marketing usually to encourage people to give.

Although the principles of marketing are same, some of the methods have to be different. If we talk about marketing for two side detailed, we would say that the objectives of marketing in the for profit environment are to let customers to be aware about you and your product/service and to know how it can benefit them. Profit marketing also focuses on developing new markets for existing products or identifying markets for new product lines. On the other hand, a NPO markets the mission it has or the cause it supports, instead of producing any product/service. In this sense, the purpose of marketing is to build awareness of an idea/event and to gain financial support to existing the organization's mission. According to Rothschild (19779) key differences between marketing approach of NPOs and POs include the following:

- **Product:** With NPOs 'products', there is typically a weaker unique selling proposition, i.e. weaker direct benefits making it more difficult to direct customer or target audience behaviour in the way desired. For example, giving to charity provides us with a sense of 'doing good' but this feeling may not be sufficient to induce many people to give.
- **Price:** This important component of the marketing mix has different connotations in NPOs. For example, in a political marketing context, what is the price when marketing a political party? Is it the effort needed to go out and vote, or the economic costs of voting for one party versus another? In relation to charities, the amount donated is often left to the discretion of the donor and is in fact largely determined by the donor, rather than being specified by the seller as in a commercial.
- **Involvement:** Whereas we speak of high and low involvement in commercial situations in relation to the extent to which consumers become involved with a product or service in order to learn more about it during the purchasing process, the involvement in nonprofit situations displays more extreme tendencies. People often either really engage with a charity or political party or cause, for example, or show strong reactions against them.
- **Segmentation:** In the nonprofit environment, it may be necessary to develop a campaign to drive behavior in all targets rather than a specific audience, as in commercial markets. For example, a road safety campaign might seek to encourage all adults, rather than a specific audience, to drive at the speed limit. Nevertheless, there may well be a sub-group that needs a specific targeted message, for example, young male drivers who may persistently break the speed limit. But the point is that the general message applies to all.

II. MARKETING SEGMENTATION, STRATEGIES AND MARKETING MIX

The differences among NPOs that influence their view of marketing are also found in definitions of their market, targets, aims or expectations etc. and these all points have to be mentioned in an organization's individual mission. So, we can easily say that it can be determined how the marketing concept is applicable for NPOs. Most NPOs executives agree that marketing is essential for their organizations to compete and survive but just a few of them have a comprehensive approach to marketing and have adopted this approach to their organizations. These steps should be driven to adopt the marketing approach.

1. **Step-Marketing Research:** See the desires and demands of target audience, the role of competitors in society and evaluate the opportunities and risks of market.
2. **Step-Determining the Products and Offerings:** Designing the products/services and their offerings to meet the expectations of market according to market research.
3. **Step-Promote the Offerings:** Create a relation between the organization and community by advertising, publications or special activities to highlight the target groups about the objectives and offerings of the organizations.
4. **Step-Evaluate Market:** See the success of the organizations, the approach of target audiences' respond to offerings and determine the new road map for organization.

III. SEGMENTATION AND POSITIONING

NPOs use the same criteria like POs for market segmentation as "Demographic, Geographical, Psycho-graphical and Behaviorist Criterias". However, they have to decide how to segment their markets and which criterias will be used according to their own objectives. Let's look these main 4 criterian mainly:

- Geographical Criterias refer to the locations of target markets as country, region, city,district etc. The organizations should focus on one of these areas and the distinguishing features of these locations.
- Demographic Criterias refer to basic measures as age, gender, income, education, occupation, nationality, etc. These all measures help to define the target markets and develop services and offerings.
- Psychographical Criterias refer to state of mind variables as personality, lifestyle, perspective on life, social roles, etc. which have a direct effect on terget audiences' behaviours. These variables can be test by the help of some specific tests.
- Behaviorist Criterias refer to target market segments in terms of how the audiences in each segment behave as consumer toward NPOs services and offerings, how frequently they benefit from services or participate to activities, how loyal they are toward the organization, etc.

Segmentation divides the target markets into groups that share demographic, psychographic or other common traits. Each segment has distinctive needs and purchasing behaviors. So, after NPOs segment their target markets, the executives see the opportunities and risks of all these segmented markets.

At this point, the executives have to choose one of these three marketing strategies

1. Undifferentiated marketing strategy focuses on the entire target market rather than a segment. The organization adopts simple marketing mix-one product, one price, one placement and a single promotional effort (4P)-and hopes that it will reach as many costomer as possible in target market.
2. Differentiated marketing strategy focus on different market segments with specific marketing mixes designed especially to meet those segments' needs. Each marketing mix includes a specific 4P customized for target audiences in these segments.
3. Concentrated Marketing strategy is a strategy where a firm chooses to focus its marketing efforts on one particular market segment. Marketing mix -4P- is developed for a very well defined and specific segment of the consumer population.

IV. CREATING MARKETING MIX

All organizations should constitute the marketing mix after determining their target markets according to their structures and purposes. Achieving a stable distribution of produced goods, preventing shortages or price increases or more simply just marketing of the products/services in any country is only possible with the development of these marketing components. A NPO like any others should firstly constitute the marketing mix by determining its target markets according to its structure and purposes. Marketing mix components such as product, price, promotion, and place decisions should also be determined carefully in a NPO just like both public companies and private firms. Developing of the marketing mix components by the organizations, it will become possible to achieve a stable distribution of produced goods and services in a country without causing any of shortages or increases at the prices. Thus, marketing the products and services can be more successful and simpler. So in this part, we will discuss on marketing mix for NPOs.

V. CONCLUSION

The work of non-profit organizations is essential to maintain much-needed services typically not provided by the for-profit sector or the government. Given the increased market pressures non-profit organizations are facing and given that marketing as one of many operational business areas has been adopted by non-profit organizations. There is significant potential for improvement through the adoption of a customer-centered, market-oriented approach that does not attempt to sell what is believed to be a perfect service to the market but instead attempts to understand which service the market really requires. Many possible strategies could be taken to initiate such operational improvements, and one key factor may well lie in hiring formally trained marketing staff that have a clear understanding about how the marketing toolbox can most effectively be applied.

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