

Lecture 2: NFP Marketing

MK355 Marketing for Not-for-Profit Organisations

Review of last week

- Scope of NFP sector
- Defining NFP sector



"We did it, we found the fountain of nonprofit funding."



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Review – snapshot of NFP sector

- Associational revolution and its drivers
- Government interest
- Productivity Commission – size of sector
- Establishment of ACNC
- Legal framework
- Tax framework

Today

- What sets apart NFP marketing?
- Our two guest speakers from Uniting Care West:
 - Melissa Crompton – Marketing and Communications Manager
 - Melissa Cashman – Senior Advisor in Marketing and Communications

NFP Perceptions of Marketing I – the shift

Why might NFPs be suspicious of or indifferent to marketing?

- Marketing considered unsavoury – purpose of NFPs is to achieve good

Today:

- Looking for ways to be independent of govt
- Learned from corporate partnerships how to brand
- New business models (eg social enterprise, venture philanthropy)
- More interest from marketers (due to growing size of sector)

NFP Perceptions of Marketing II – the resistance

Dissenters:

- NFPs no longer voluntary associations (except for faith-based). Used to be a strength (eg De Tocqueville) – P.D. Hall
- Loss of social capital (“Bowling alone”) – R. Putnam
- Marketization is not healthy for civil society (third sector). Leads to sector deterioration of values – Eikenberry & Kluver
- NFPs becoming too large and too bureaucratic
- Scandals in NFP management (embezzlement, mismanagement)
- Need more sophisticated management
- Need more professional governance (even paid board members)

NFP Perceptions of Marketing III – current state

- Lack of clarity around “marketing”
- Marketing not important or under-resourced
- Poor marketing knowledge transfer:
 - Small budget
 - Don’t understand its value or how to do it
 - Exist in crisis mode – no time for strategic planning
 - Slow to change



Core questions

- Research activity: What is marketing?
 - Marketing is value creation, communication and evaluation. Advertising and promotion is simply a subset of marketing.
 - Marketing is an exchange – persuading someone to give up something in return for something perceived to be of equal or higher value
- What makes NFP marketing unique?

NFP Marketing examples

- Promotion for community awareness of programs
- Community awareness of donation platforms
- Client satisfaction awareness
- Community education
- Linking professionals to causes
- Broadening base of support
- Strategic financial planning

Types of NFPs

- Services and programs
 - Products
 - Services and experiences
 - Concepts
 - Organisations
-
- Activity: Suggest two examples of each

Uniqueness of NFP Marketing

- Mission (social cause) orientation
- Tax exempt status
- Employment exemptions
- DGR status
- Deal with both needs and wants

Uniqueness of NFP Marketing cont.

- Extent of use of volunteers
- Extent of for-profit competition
- Sources of funds
- Nature of behavior attempting to influence – different behaviours, but same methods

NFP Stakeholders

- 4 target audiences:
 - Clients
 - Volunteers
 - Donors
 - Community
- Need to build long-term relationships

The NFP exchange

- Need to give up something to get something – money, time, expertise, other assets. Results – increased awareness, behaviour change.
- Typology of behavioural challenges:
 - Economic costs (give up something) – eg donating or purchasing
 - Sacrifice old ideas, values, views – eg denial of addiction
 - Sacrifice old patterns of behavior – eg seat belts
 - Sacrifice time and energy – eg volunteering



Challenges

- The target audience – not just customer/client. Also need supporter (donations, grants, contracts). But more trust in organization mission than in performance metrics
- Types of behaviours it tries to influence – more ego needs, attitudes, behaviours. Harder to get real data (often embarrassing – eg can't read, have disease)
- Benefits can be invisible – eg preventative treatments. No positive or negative reinforcements

Challenges cont...

- Consumers hard to motivate – often indifferent, not clear personal benefits
- Require 180 degree shifts in attitudes. Not just value your product above competitor, but convert those against the product itself (eg obesity)
- Hard to modify the service to make it more appealing
- Target audiences can be low-education
- Intangible social and psychological benefits (eg music)



Challenges cont...

- Different objectives. Not a financial objective – just need enough finances to run. Cf. Hayek
- Unique audiences. Often opposed.
- Concept of competition is muddy. Often complement one another. Sometimes compete with for-profits.
- Benefits are complex.
- Scaling up is challenging – often lack funding to expand
- Pricing is challenging – distance between user and payer.

NFP marketing trends to watch

- Social media
- Cause branding
- Volunteering
- Scalability, including diversifying finances
- Improving governance



Intersection of For-Profit and Not-for-Profit

- Corporate philanthropy
- Corporate foundation
- Licensing agreements
- Sponsorships
- Transaction-based promotions (cause-related marketing)
- Joint issue promotion
- Joint ventures
- Social enterprises

Areas of NFP marketing

- Competitive analysis (ch.2)
- Positioning analysis (ch.4)
- Lifestyle segmentation (ch.4)
- Copy and concept test (ch.8)
- Experiments (ch.5)