

Lecture 7: Products, service and delivery

MK355 Marketing for Not-for-Profit Organisations



Review

Lecture 1 – The Australian not-for-profit sector

Lecture 2 – Not-for-profit marketing distinctives

Lecture 3 – Marketing research

Lecture 4 – Strategic marketing planning for NFPs

Lecture 5 – Branding

Lecture 6 – Stakeholders



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Discovering the Value Proposition

- The *product* or *service* is usually the most important aspect of marketing
- A *value proposition* is what distinguishes the organisation from others who offer similar products, and provides a solid reason for its importance
- What do you receive in return for your value transfer?

DISCUSSION

1. Try to recreate the value propositions of the not-for-profits we've met so far.
2. What is the value proposition of your chosen not-for-profit?

Products

- The *core product* identifies which needs are being satisfied and what benefits the audience is seeking.
- An *augmented product* refers to additions to the core product – installation, training, delivery, credit, warranty, follow-up
- Is the product *tangible* or *intangible*? Does it have features? What about styling, quality, packaging or branding?

Services



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- Services represent the principal value proposition for most NFPs.
- Services are:
 - Intangible – can't be observed through your five senses, elevating the importance of secondary cues.
 - Inseparable from the producer – creating the service requires the presence of the provider
 - Heterogenous – varies with human error
 - Perishable – can't be stored for later use
- Secondary cues include quality, expertise and other characteristics

Innovation: Profits for Not-for-Profits

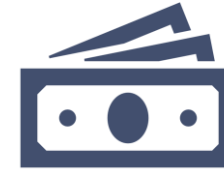


Many NFPs are reducing dependence on donors and relying more on for-profit businesses to supplement income



However, some problems can occur:

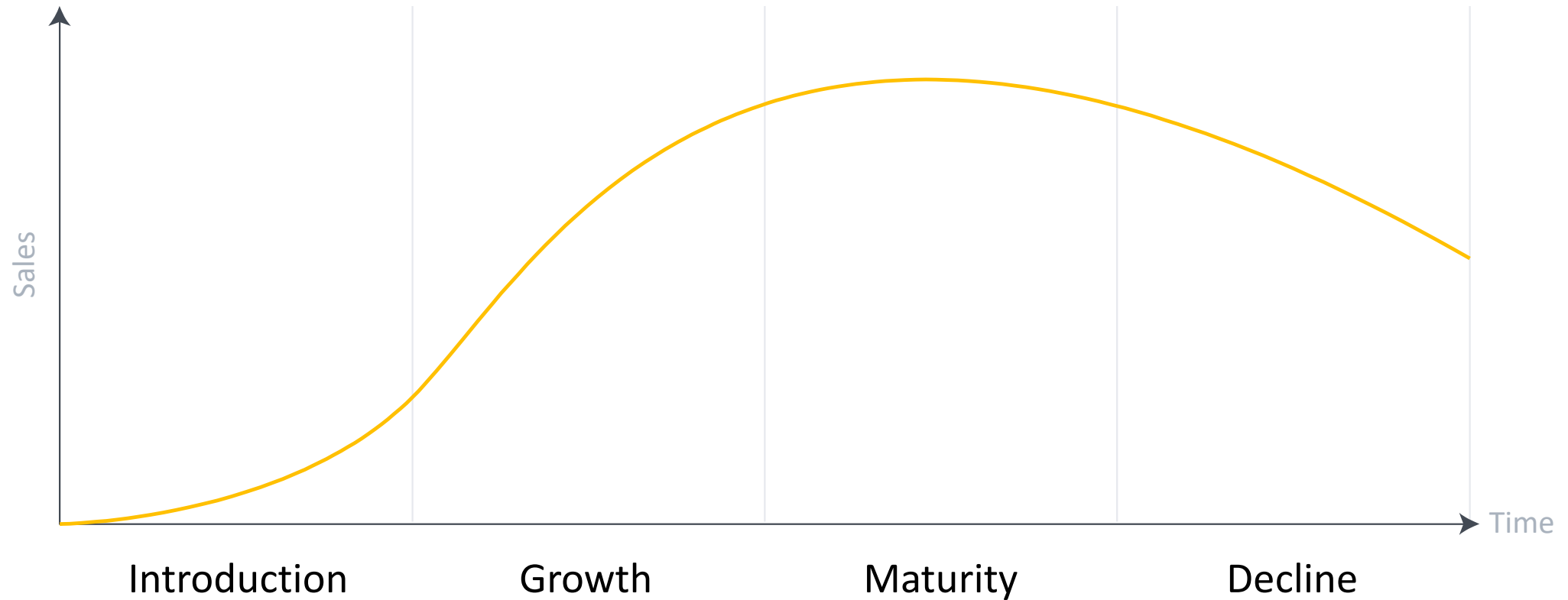
- Competition backlash – “its unfair”
- Alienating donors
- Risking government funding
- Inexperienced leadership
- Altering organisational culture



However, benefits of additional revenue and independence may outweigh costs to organisation



Product Life Cycle Diagram



DISCUSSION

Can you think of a product or service from one of our NFPs that has been through a cycle?

Scalability

Strategies for expanding a good idea to other places or to have greater impact:

1. Use the internet
2. Build networks
3. Develop talent
4. Change your perception of what is possible

DISCUSSION

Discuss the following claim:

“The most urgent challenge for the NFP sector is not innovation but replication.”



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Scaling that works

Tips for successful scaling

1. Do not assume that one size fits all
2. Focus on more than a casual proof
3. Don't be afraid to fail
4. Provide the right support (ie funding) so that there is enough flexibility to make an idea work

Developing sources for new ideas

Sources for new ideas could include:

- Clients
- Board members
- Staff
- Competitors
- External publications
- Social media comments
- Listening posts
- Crowds (collective intelligence, crowd creation, crowd voting, crowd funding)

Often ideas come from points of need / pain points. Hence the value of human-centered design, followed by a formal organisational process.

Building a culture of innovation



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Recommendations for effective innovation in NFPs:

1. Treat innovation as a process and not only an input
2. Review the positives and negatives that result from innovation
3. One size does not fit all – evaluation requires layers of analysis
4. Understand your organisation and how innovation will be perceived
5. Measure, measure, measure – keep track of organisational learning
6. Reflect on the influences and outcomes across different cultures and geographies

Criteria for evaluating new ventures

- Does it fit with the mission?
- What is the size of the potential audience?
- What is the financial investment necessary to make it successful?
- What are the probable demands on management's time and resources?
- Will the idea be groundbreaking?
- What is the likelihood of external assistance through grants?
- Who are the competitors, and what do they bring?
- Do we have the talent and expertise on staff to make this happen?
- What about issues such as space and facilities?
- What happens if we fail?



Conducting “Needs Assessments”

Before developing new products:

- Know the political context
- Identify the users and uses
- Identify the current target population(s)
- Inventory the existing services that are available to the target population to identify service gaps
- Identify needs using data collection methods
- Prepare a document that integrates, evidence, benchmarks, conclusions, and recommendations
- Implement the recommendations

Evaluating existing programs and services

Remember to evaluate existing programs:

- Identify the questions you want to ask
- Develop the measures, collect and analyse the data, then write the report

Determining what to cut and when:

- Can you provide the program at a lower cost?
- Is the program vital to the mission of the organisation?
- Can the program be offered elsewhere?
- What are the organisational priorities?
- What can we learn?

Partnerships and alliances

When there is a fear of diminishing resources, organisations sometimes work together to avoid duplicating expensive services and programs.

Examples of collaboration include:

- Sharing space and facilities
- Referring clients to other programs or matching clients with resources
- Teaming up to buy expensive equipment