What Does Marketing Mean to Japanese NPO Managers?

Hiroshi Ito

1 Faculty of Management, Nagoya University of Commerce and Business, Nisshin, Japan
Correspondence: Hiroshi Ito, Faculty of Economics, Nagoya University of Commerce and Business, 4-4 Sagamine, Komenoki-cho, Nisshin-shi, Aichi, 470-0193, Japan. Tel: 1-613-947-3592. E-mail: hito@nucba.ac.jp

Received: February 16, 2018     Accepted: March 3, 2018      Online Published: March 20, 2018
doi:10.5539/ass.v14n4p1                  URL: https://doi.org/10.5539/ass.v14n4p1

Abstract
For the past two decades, the number of nonprofit organizations (NPOs) in Japan has notably increased. As competition for funding is tougher than ever before, marketing plays a crucial role for NPOs to seek financial and human resources and deliver social services. Previous research regarding Japanese nonprofit marketing identifies that NPOs that are oriented more toward marketing face fewer issues and perform better than those who do not invest in marketing activities. As the existing literature suggests, however, many nonprofit managers do not understand the rationale of marketing and are often biased in believing that it is a business activity for making profit that is irrelevant to NPOs. The situation may be similar or even worse in Japan as some Japanese nonprofit managers appear biased against business and may regard marketing as a means of manipulating customers and selling products. In this context, the present study examines how nonprofit managers in Japan view marketing, as their views on marketing may affect their organizations’ marketing activities.

Keywords: nonprofit management, nonprofit marketing, nonprofit strategy, Japan

1. Introduction
Since the late 1990s, the number of nonprofit organizations (NPOs) has notably increased in Japan, especially after the enactment of the 1998 NPO law that provided the legal status to Japanese NPOs (Tanaka, 2005). The number of NPOs increased from 3,156 in 2000 to 52,866 in 2018 (Cabinet Office, 2018). Given the fierce competition for funding in the nonprofit sector (Chad et al., 2013; McLeish, 2011; Stebbins & Harman, 2013) and the majority of Japanese NPOs being financially strained (Baba, 2007; Tanaka et al., 2010; Ito & Pilot, 2015), nonprofit marketing has come to be considered a critical management strategy for NPOs (Bennett, 2008; Helmig et al., 2004; Onishi, 2007). Japanese NPOs are therefore urged to adopt marketing concepts and techniques to attract more brand recognition and institutional resources, as Shimada (2009) argues that the main problems that NPOs face today, such as scarce financial, human, and technical resources, are all related to marketing.

Despite marketing’s increasing importance as a management strategy for success, many NPOs do not use marketing properly, and in many cases, nonprofit managers have a “business bias” against marketing. This bias entails a mindset where managers view marketing as only a commercial activity (Andreasen & Kotler, 2008; Andreasen, 2012), such as advertising and selling (Chad et al., 2013; Kolb, 2008), which they regard as an expense that could be used instead for social service delivery (Chad et al., 2013). Many nonprofit managers do not understand the rationale of marketing concepts such as market and competition (Sargeant et al., 2002) and feel that marketing is not necessary because they believe that their NPO is “doing worthwhile work and is therefore worthy of support on its own” (Sargeant, 2009, p. 43). Thus, marketing activities are perceived as undesirable for NPOs (Helmig et al., 2004).

For Japanese NPOs, Shimada (2009) explains that marketing is misunderstood by NPO managers as an activity for business organizations to make profits by exaggerating the value of their products or manipulating customers’ mentalities. These biases against marketing were also observed in a pilot study about nonprofit marketing in Japan. In this study, one respondent reported, “Marketing is a business term and is not used in NPOs.” Another claimed, “Marketing is a term that came from American capitalism. The ‘greedy’ image of trapping and cheating the innocent is not compatible with NPOs.” Nevertheless, many nonprofit managers may still view marketing as a means of satisfying customers’ needs (Ito & Pilot, 2015).

In this context, the present study examines the opinions of Japanese nonprofit managers toward marketing. How they view marketing is important because it may affect their organizations’ marketing orientation—the implementation of marketing concepts in organizations’ marketing activities (Modi & Mishra, 2010). Marketing
orientation is correlated to an organization’s performance such as financial viability and/or service quality (Chan & Chau, 1998; Duque-Zuluaga & Shneider, 2008; Ledwith & O’Dwyer, 2009; Napoli, 2006; Ngo & O’Cass, 2012; Shoham et al., 2006; Wood et al., 2000). As Qureshi (1993) notes, for example, marketing orientation is closely and positively related to attracting institutional resources.

It may be important to note that the term market orientation is considered to be more frequently used than marketing orientation by marketing academics because the concept of market and marketing practices are taken for granted in virtually all profit-making organizations. When it comes to NPOs, however, the use of marketing depends on each individual organization. Therefore, as some nonprofit marketing scholars such as Modi and Mishra (2010) suggest, the term marketing orientation may be more suitable in the context of NPOs, and thus it is used in this article.

2. Definition of Nonprofit Marketing

Marketing is defined as the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large (American Marketing Association, 2013). The concept of nonprofit marketing was developed by Kotler and Levy (1969) and Kotler and Zaltman (1971). Kotler and Levy (1969) defined marketing as “sensitively serving and satisfying human needs” and defined nonprofit marketing as “the marketing of services, persons, and ideas” (p. 10). Later, nonprofit marketing was redefined by Kotler and Zaltman (1971) as “the design, implementation, and control of programs calculated to influence the acceptability of social ideas and involving considerations of product planning, pricing, communication, distribution, and marketing research” (p. 5).

Although marketing was originally developed for profit making organizations and nonprofit marketing “was viewed as a special case in a field dominated by commercial marketing” (Andreasen, 2012, p. 36), as the 2013 American Marketing Association’s definition indicates, marketing does value society or helps generate social benefits at large, therefore, justifying marketing’s applicability to NPOs.

Sargeant (2009) states that marketing helps nonprofit managers better understand the needs of their target audience and the management issues that they face. A number of scholars note the positive relationship between higher marketing orientation and organizational performance in nonprofit contexts (Chan & Chau, 1998; Levine & Xahradnik, 2012; Macedo & Pinho, 2006; Mahmoud & Yusif, 2012; Modi, 2012; Napoli, 2006; Shoham et al., 2006; Wood et al., 2000). A marketing oriented organization is “more likely to have dedicated marketing staff, to provide funding for marketing activities, to engage in regular communication with target audiences, to engage in public relations, and so forth” (Wymer, Boenigk, & Möhlmann, 2015, p. 129).

A previous study that examined the marketing practices and issues of Japanese NPOs suggested that more marketing oriented NPOs are more likely to face fewer issues, such as the lack of a donation culture or lack of recognition of the NPO, than less marketing oriented NPOs do (Ito, in press). As already explained, however, nonprofit managers are often biased against marketing. Findings of the aforesaid pilot study suggest that this is also the case for Japanese NPOs (Ito & Pilot, 2015). The present research extends the pilot study to include a larger sample toward making more generalized research.

3. Methodology

3.1 Sampling

The participating organizations and nonprofit managers were randomly sampled from the contact list of NPOs located in Tokyo. This list was provided by the Japanese Cabinet Office (2018). According to the list, there are 10,639 licensed NPOs in Tokyo as of January 2018. NPOs in Tokyo were targeted for the current study, as it accommodates the largest number (more than 20%) of all Japanese NPOs at the prefectural level, and thus considered representative of the general population, though there is a possible limitation that results turn out different in smaller cities or cities much further away from Tokyo. Among these NPOs in Tokyo, the hard copies of the surveys, with the description of this study’s purpose and questions enclosed in the Japanese language, were mailed to 1,000 randomly selected organizations from the NPOs in Tokyo.

3.2 Method

This study employs postal surveys asking respondents to freely write their opinions about marketing. Approximately two months after surveys were sent out to the organizations, the same set of surveys were mailed again to the organizations that had not responded to maximize response rates and to minimize nonresponse bias (Gibson et al., 1999). Out of 1,000 questionnaires sent out by mail, 296 responses have been received by the author; yet 35 of them responded that they would not be able to participate in the present research because they were no longer active. In the end, the author used 261 responses for this study.
3.3 Sampling Procedures

The collected data was first text mined to find the frequency of words describing the term marketing. This may help identify how Japanese nonprofit managers define the term. The data was then labeled as “positive,” “negative,” or “neutral.” Positive responses were selected based on words such as “necessary,” “important,” and “should be done.” Negative responses were sub-categorized into those of “irrelevance” (e.g., “marketing is a business term and is irrelevant to NPOs”), “foreign” (e.g., “Marketing is a foreign word and is difficult to understand”), and “others.” Neutral responses are the ones that were not categorized as positive or negative responses.

3.4 Limitations

This study is not without limitations. The most notable is the low response rate: less than 30% of the survey letters were returned. Some nonprofit managers who hold negative opinions about marketing might have not returned surveys when they found that this study was about marketing. The nonresponse rate of this study may be subjected to a participation bias or nonresponse bias (Gloves, 2006; Gloves & Peytcheva, 2008), “the bias that exists when respondents to a survey are different from those who did not respond in terms of demographic or attitudinal variable” (Sax et al., 2003). Relatedly, response bias that respondents may answer in a way that researchers desire should be considered as well (Sax et al., 2003). Also, given that there is no benchmark figure that enables this study results to compare or consult, the author cannot come to a definite conclusion. For instance, if positive or negative responses account for 30%, 50% or 70% of total responses, what does that actually mean? Without a set benchmark, the author cannot statistically analyze the result data. The current research’s main focus, however, rather qualitatively describes nonprofit managers’ opinions to elaborate on the term marketing. As mentioned in a previous section, there might be cultural or geographic bias unique to Tokyo in the response.

4. Results

By text mining the data scripts, marketing can be defined as “market research activity to capture customer needs” (Table 1). The term marketing appears 67 times, activity 63 times, marketing research 46 times, needs 34 times, and customer 30 times. Although this definition appears rather neutral, the majority of responses were categorized as either positive (100 or 38.3%) or negative (71 or 27.2%) while neutral responses accounted for 90 or 34.5% of the total responses. Given that this study focuses on analyzing nonprofit managers’ biases against the term marketing, the next section describes negative responses followed by a section on positive ones.

| Total (261) |
|------------------|-----------|
| Items            | Frequency |
| 1 Marketing      | 67        |
| 2 Activities     | 63        |
| 3 (Something) Necessary | 58        |
| 4 Market research | 46        |
| 5 Market         | 40        |
| 6 NPO            | 36        |
| 7 Needs          | 34        |
| 8 Image          | 33        |
| 9 Business       | 31        |
| 10 Customers     | 30        |
| 11 Research      | 25        |
| 12 Importance    | 22        |

4.1 Negative responses

4.1.1 Irrelevance

Some nonprofit managers (45 responses) reported that marketing is a for-profit activity. One respondent reported,
“Marketing is a money-making activity, contrary to a volunteer one.” Another said, “Marketing is a type of management strategy to make profits.” Although these statements do not necessarily believe marketing to be negative, they may imply that marketing is irrelevant to NPOs, emphasizing that marketing is for profit, whereas the respondents are nonprofits. Indeed, 17 respondents clearly reported marketing’s irrelevancy to their NPOs.

As one respondent said, “The term marketing is associated with the relationships between business companies and customers, with emphasis on satisfying customer needs on products and services. However, those concepts do not fit our organizations, as we work for the public, not customers. Therefore, marketing is incompatible with NPOs and volunteering activities.” Another respondent also said, “I don’t think marketing is relevant to NPOs. Marketing is understood as a business tool to make profits, which does not match the image of NPOs. Since our organizations are nonprofit and we don’t aim to make profits, we don’t engage in marketing. I don’t want NPOs to be business-like by applying marketing practices.”

4.1.2 Foreign

Seven respondents reported that the term marketing is ‘foreign’ and thus find it difficult to capture what it exactly means. For instance, one respondent said, “The term marketing should be in Japanese, especially for the elderly to understand the term properly because the majority of Japanese nonprofit managers are the elderly.” Another respondent said, “We would like the term to be described in Japanese because the foreign term marketing reminds me of sales, which is not directly associated with nonprofit activities.”

Another also claimed that the term marketing is not appropriate for nonprofit activities and would prefer to coin a new term for NPOs. “We don’t accept the term marketing because it is nuanced as commercialism. Yet, we do have to know what the public wants or believe to be socially desirable goods. It would be better to invent a new, sensible word that contributes to nonprofit activities in the fields of culture, art, and education.”

4.1.3 Others

Some respondents’ opinions about marketing do not fall into any specific category mentioned above. While recognizing its importance, one respondent reported, “marketing is associated with a one way, imposing communication to manipulate the public, which is the violation of human rights.” Another respondent said, “The term marketing is difficult to understand because it may include so many things, from PR to research.” Others said, “We are not interested in marketing (at all)” and “We never think about marketing.”

4.2 Positive Responses

Although 27.2% of respondents reported negatively about marketing, 38.3% of respondents reported positively about marketing. One respondent mentioned, “NPOs lack marketing concepts, but these concepts are necessary for any organization. Marketing is not merely an advertisement, PR, or market analysis, but an important process toward achieving an organization’s mission.” Another respondent said, “In general, marketing is associated with business firms rather than nonprofit organizations. Many nonprofit managers believe that marketing should be done by the private sector and NPOs should be given funds by the government or individuals for their social service activities without engaging in marketing. I would say that these nonprofit managers are naïve. Marketing is an important action that demonstrates a mission and vision to stakeholders and engage them in social activities.” Another respondent also claimed, “I believe that marketing is misunderstood as market research for business. There is a general perception that NPOs are volunteer organizations, and thus, NPOs must not make profits. I believe that NPOs should make profits to reinvest these profits in future social activities. To do so, marketing is essential to widely inform stakeholders of our raison d’etre and to raise funds for activities.”

4.3 Positive But Difficult to Engage in Marketing Because of Scarcie Financial Resources

Seven respondents reported that they consider marketing positive, but are unable to engage in it because they do not have enough funding. One respondent said, “We find marketing necessary and would like to engage in marketing to promote our activities, but we haven’t been able to do so because of high costs to hire marketing staff from outside.” Another respondent said, “I understand that marketing is important, but we cannot allocate dedicated marketing staff because our organization does not generate income by marketing activities. Marketing is expensive, and even if we invest a lot of money, we are unlikely to receive enough return from investments.”

4.4 Neutral

Apart from positive and negative responses, 90 respondents or 34.5% of the total respondents described the term marketing without positive or negative connotations. One respondent said, “marketing is fundraising activities” and another said, “Marketing captures current social needs and wants.” The latter response is similar to the definition constructed through text mining, but in the nonprofit context.
5. Discussion and Conclusion

The current research confirms that many Japanese nonprofit managers, though not the majority, are biased against marketing. They appear to believe that marketing is a business practice and irrelevant to NPOs and their activities. Some respondents complained that the term marketing is foreign and suggested using a Japanese term, though they did not provide an alternative term equivalent to marketing. The practices of what is called and defined as marketing might be being done by organizations who have responded negatively to marketing. Those same practices might be described as something different or might not be called “marketing” within the organization because of a negative connotation around the word “marketing” (related to the bias of it being a business word and practice). On the other hand, more nonprofit managers favorably look at marketing as a means to inform the public of their mission and vision to support their activities. Some respondents recognized the importance of marketing, but were unable to engage in marketing due to a lack of financial and human resources. However, this may be a chicken and egg issue because as a respondent said, without marketing, organizations are unable to attract financial and human resources for marketing activities.

It may be important to note that there exist some NPOs where marketing is irrelevant: organizations sufficiently and stably funded by the government or the private sector (e.g., some NPOs are run by a business firm for corporate social responsibility). Nonetheless, these types of organizations are rare. As previous studies show, the majority of Japanese NPOs are financially strained. Also, donors are only one constituency among others such as beneficiaries or staff/volunteers. Therefore, marketing is relevant to most, if not all, NPOs.

The significance and/or promotion of marketing in the nonprofit context has also been discussed elsewhere (Andreasen & Kotler, 2008; Blery et al., 2010; Dolnicar & Lazarevski; Padanyi & Gainer, 2004; Pope et al., 2009; Sargeant, 2009; Waddingham, 2010) and goes beyond the scope of this article. This article rather focuses on the term marketing, particularly in the Japanese nonprofit context. As responses suggest, the term marketing is difficult to understand and there are no alternative words to fully describe what it means in Japanese. The term “needs” was suggested in a previous study (Ito & Pilot, 2015), but marketing is a means of identifying needs rather than needs themselves. By dropping the concepts of profit and competition, the term social orientation has also been suggested as an alternative to marketing orientation (Sargeant et al., 2002). Yet, while the term social orientation is still a marketing concept in the nonprofit context. That is, even proponents of the term societal orientation as opposed to market(ing) orientation still recognize the value of marketing in the nonprofit sector.

Therefore, instead of seeking an alternative term for marketing, we should better understand the term marketing in the nonprofit context. As illustrated in the result section, nonprofit managers define marketing as “a market research activity to capture customers’ needs” and many of them criticize it for business terms such as market or customers. This can be redefined in the nonprofit context as “social research activity to capture stakeholders’ (e.g., donors, beneficiaries, and staff/volunteers) needs.” Then NPOs inform these stakeholders of their mission, vision, and activities created based on the stakeholders’ needs in order for some stakeholders to support these missions, visions, and activities, and also for NPOs to support some stakeholders to meet their needs as well. This process and act is marketing in the nonprofit context, regardless of what it is called—nonprofit marketing or social marketing. Regardless of the nomenclature, there is still a process and act that resembles what “marketing” is defined as. Future research should investigate whether this “process and act” are actually being done by some organizations with negative responses to the idea of “marketing.”

Acknowledgments

I would like to thank Mr. Freddy Rocky Mason from the Nagoya University of Commerce and Business and Mr. Ezra Anton Greene for editing this article.

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