

Exploring a New Marketing Strategy for Nonprofit Organizations: An International Perspective

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Received: August 12, 2013

Accepted: September 2, 2013

Online Published: November 7, 2013

doi:10.5539/ijms.v5n6p8

URL: <http://dx.doi.org/10.5539/ijms.v5n6p8>

Abstract

While some are still hesitant to do so, many nonprofit organizations (NPOs) have recently adopted the strategy of marketing, as competition for funding has become fierce. Although studies on NPO marketing from international perspectives do exist, many of them are limited to the US, the UK, and Australia. This paper thus aims to examine NPO marketing strategies, practices, and challenges through semi-structured interviews with stakeholders working for various NPOs in the following 15 countries: Austria, Belgium, Chile, China, Finland, France, Germany, Ghana, Japan, the Netherlands, Portugal, Taiwan, Switzerland, the UK, and the US.

Keywords: nonprofit organizations, nonprofit marketing, nonprofit strategy, nonprofit research

1. Introduction

The number of NPOs has been growing worldwide in the last few decades (Ebrahim, 2003; Khare, 2011; Macedo & Pinho, 2006; Stride & Lee, 2007); however, the funding allotted to NPOs remains limited (Pope et al., 2009). While some NPOs are reluctant to adopt marketing (Blery et al., 2010) and/or are not engaged in marketing (Drucker 2005), many NPOs have recently started to adopt marketing for financial and human resources as competition for funding has become fierce (Blery et al., 2010; Brady et al., 2011; Khare, 2011; Pope et al., 2009; Stride & Lee, 2007).

Although there have been studies on NPO marketing from international perspectives, most of them are limited to the US, the UK, and Australia (Dolnicar & Lazarevski, 2009) and few have studied it in the context of other countries (Modi & Mishra, 2010). Pope et al. (2009), who studied NPO marketing strategy in Western Michigan, note that while similar trends can be expected, “to properly develop a new strategy of nonprofit marketing, future studies will need to include NPOs in other states, and perhaps other countries” (197).

2. Literature Review

A number of scholars have conducted research on NPO marketing (Andreasen & Kotler, 2007; Dolnicar & Lazarevski, 2009; Padanyi & Gainer, 2004). In many of these cases, marketing is not prioritized in NPOs (Dolnicar & Lazarevski, 2009; Drucker 2005; Williamson, 2009), its importance only acknowledged by a small portion of NPOs (Dolnicar & Lazarevski, 2009). Part of the reason for this may be the question of applicability with regard to marketing which continues to inform discussion in the non-profit sector (Andreasen & Kotler, 2007; Brady et al., 2011; Dolnicar & Lazarevski, 2009; Goerke, 2003; Padanyi & Gainer, 2004).

Nonetheless, more and more NPOs have adopted “business-like” marketing strategies (Akchin, 2001; Andreasen, 2012; Blery et al., 2010; Brady et al., 2011; Dolnicar & Lazarevski, 2009; Eikenberry & Kluver, 2004; Modi & Mishra, 2010; Padanyi & Gainer, 2004; Wenham et al., 2003), even though they often do not possess proper marketing knowledge (Brady et al., 2011). Indeed, very few marketing officers at NPOs have formally been trained in marketing (Dolnicar & Lazarevski, 2009). For instance, online marketing, commonly employed in the for-profit sector, has not been fully implemented in the nonprofit sector in part due to its lack of qualified

marketing officers (Pope et al. 2009).

The limitations to NPO marketing are universal: lack of money, staff, time, and marketing skills (Pope et al., 2009). These issues are interconnected: without money, NPOs find it difficult to hire qualified marketing personnel. Consequently, marketing is often relegated to volunteers or overworked staff who lack marketing training. Lack of financial and human resources equates to low brand recognition, ambiguous target and competition, and failure to use online marketing (Pope et al., 2009). The literature review also suggests that the extant literature on NPOs is dominated by organizations in the US, the UK, and Australia. The significance of this research lies in its analysis of NPO marketing strategies, practices, and challenges beyond the existing research.

3. Methodology

Our team employs semi-structured interviews with 27 individuals from various NPOs in 15 countries: six participants from France, four from Japan, two from Finland, the US, the UK, and Taiwan, and one from Austria, Belgium, Chile, China, Hong Kong, Switzerland, Ghana, the Netherlands, and Portugal. Interviews were selected for this research because they can collect in-depth data (Blery et al., 2010). The interviews took place between June and July 2013. Each of our team members was responsible for selecting nonprofit organizations and interviewing those who are familiar with their organizations' marketing. The interviewees include the current and former presidents, the vice president, marketing directors and managers, assistant marketing managers, and other employees and volunteers.

These organizations work in various fields, including education, health care, environmental preservation, sports and leisure, emergency relief, and humanitarian aid. The number of employees and volunteers at these organizations varies from three to 100,000, with a median of 300. Of these organizations, 14 rely on government grants for funding and 10 receive financial support from private companies. Only one-third of the participants said that their organizations receive voluntary contributions from individuals. Also one-third of the researched organizations are funded through service fees, membership fees, and program fees. Eight organizations are funded through institutional donors (e.g., DFID, USAID, JICA, the European Commission, churches), and foundations (e.g., the Gates Foundation, the Ford Foundation). Six organizations sell products such as T-Shirts, calendars, or food. Four organizations hold charity events for fundraising.

The interview questions were developed based on the extant NPO marketing literature reviewed in the previous section to examine these organizations' marketing strategies, practices, and challenges. The interview questions start with asking whether these organizations perform any marketing, and then the importance of marketing within that particular organization. We find this question crucial because many nonprofit organizations do not seem to consider marketing important (Dolnicar & Lazarevski, 2009; Drucker 2005; Williamson, 2009). The next question seeks to determine how effective their organizations' marketing is. Although the number of NPOs engaged in marketing seems to be increasing, it is uncertain how successful they have been. The following questions explore the effectiveness of their marketing strategies. First, we ask what channels they use for marketing to understand how they do marketing. Second, we ask whether they have anyone dedicated to marketing, plans, and goals. Then we ask if they can identify and expound on their competitors. Understanding competitors is essential to make a strategic marketing plan (Modi & Mishra, 2010). Finally, we ask participants what perceived limitations their organizations have in marketing.

This research is subject to some limitations. While this research examines NPO marketing from international perspectives, it does not include the Middle East or Oceania. The sample size in each region and country is rather small as well. Still we believe that this research serves as a preliminary study for more comprehensive analysis on developing an NPO marketing strategy suitable for a broader international context.

4. Results

Of these 27 participants, 25 stated that their organizations do some marketing. A participant from an Austrian NPO, for example, reported that their organization prioritizes marketing in the following order of importance: 1) to advertise their events, activities, and programs; 2) to gain loyalty from their customers/members; 3) to seek partners, sponsors, and subsidies; and 4) to inform and coordinate their volunteers, employees, and members. An interviewee from a Portuguese NPO said that their organization has a marketing department to support fundraising by contacting possible investors, increasing awareness, and recruiting employees/volunteers. These statements indicate that some NPOs involve marketing for seeking both financial and human resources.

4.1 Marketing Importance

Regarding the importance of marketing, 23 participants responded that marketing is very important. The

president from a Belgium NPO explained, "Marketing is clearly a pillar in our organization and as a matter of fact we are working hard on getting it done right." A board member from an American NPO also finds marketing "very important because this is how people identify our organization from other organizations in the area they can donate to."

A respondent from an Austrian NPO also considers marketing rather important because it enables the organization: 1) to invest its time, resources, and energy into the right target/segment; 2) to attract and retain customers; and 3) to improve information/communication systems. For this organization, marketing is tantamount to strategic planning, advertisement, and public relations.

On the other hand, a few participants did not find marketing very important. A technical officer from a Swiss NPO, for example, said that marketing is not essential as there are very few private donors (individuals or companies). The vice president from a French NPO also said that "marketing in our organization is not really formalized. In general, speaking of 'marketing' in a little association like ours is not common because it's a vocabulary that is connoted with 'business.' We don't have customers because we don't sell any product and we don't organize big campaigns of communication."

4.2 Marketing Effectiveness

With regard to marketing effectiveness, 18 participants believe that their organizations' marketing is effective. A participant from an Austrian NPO said, "We are quite satisfied with our marketing results" because 1) attendance to their events is high and growing; 2) the number of memberships has been stable; and 3) the organization manages to attract partners. More and more national and international volunteers are also interested in joining the organization. An informant from a French NPO also seems confident that their marketing is effective. "The NPO has one of the best cost/profit ratios among all NPOs: for 1 Euro invested for marketing purposes, 2 Euros are donated. The marketing department benefits from sizeable means."

A respondent from a Chinese NPO adds that their marketing is "best effective through the organization of lively annual events that enables us to develop our 'brand' image to the public." While no participant stated that their organizations' marketing is ineffective, some identified the difficulty in evaluating its effectiveness. A participant from an American NPO, for example, said that it is "difficult to measure" the effectiveness of marketing, and their marketing is "marginally effective." The vice president from a French NPO also claimed, "It's difficult to judge the effectiveness of our 'marketing' in so far as we don't have any tool to assess it."

4.3 Marketing Channels

Concerning marketing channels, 15 participants reported that their organizations use websites for marketing. Among them, one-third use Facebook for that purpose. A participant from a Belgium NPO, for example, said, "This year, we have invested in a new website with the aim of working on our external image but also and primarily improving our communication towards our members. Finally, we have worked on Facebook and kept the page updated in order to involve more of our online community."

Direct mails are also a popular marketing channel, as 12 participants stated that their organizations use them. An international program director from a Finnish NPO said, "Mass mailing is still a valid means of marketing." Also 12 participants said that they hold events for marketing. A chairman from a German NPO said that they hold parties and festivals to distribute messages (e.g., flyers, posters).

As five participants mentioned, word of mouth (WOM) remains a popular marketing channel. An interviewee from a Japanese NPO said, "To increase members, we now actually rely on WOM from members to people they know. Because we are just three people, we can't actually spend so much money and time for marketing. That's why WOM is one of our marketing channels."

4.4 Marketing Actors

With respect to marketing actors, 13 participants reported that their organizations have someone dedicated to marketing. An employee from a British NPO explained, "Yes, we have both a fundraising team and a marketing team. Fundraising involves marketing, but is differentiated by a principal concern for raising income or legacy prospects, for which specialist knowledge is needed. We employ a variety of marketing techniques to help us raise funds. Our marketing team commissions large brand-awareness marketing campaigns, such as TV adverts and advises our organization on marketing and positioning." An informant from a Dutch organization also reported that it has teams for marketing: "We have an IT team for online marketing and another functional team for offline marketing."

However, while they engage in some marketing activities, more than half of the researched organizations do not

have dedicated marketing personnel. A board member from American NPO reported that there was “no one dedicated [to marketing], but there are volunteers who do marketing work for the organization when required.” Employees from two Japanese NPOs informed us that each of these organizations has people doing marketing, but they mainly do other tasks. One of them said, “We have two employees doing marketing, though they have other jobs to do as well.” These statements suggest that NPO marketing is often done by those who are not specialized in marketing.

4.5 Marketing Plans

As for marketing plans, 19 participants reported that the organizations currently have a marketing plan. An employee from a Belgium NPO, for example, said, “We basically start out the year by making a marketing plan focused on how we are going to widen the scope of our members during the coming year.” A marketing assistant from a French NPO also affirmed, “We have a marketing plan for each year with a precise donation objective to reach. It is made out of all type of campaigns: loyalty program on and offline, prospection of new donors, and phone campaigns to recontact inactive donors.” A participant from another French NPO said that the organization has the same marketing structure as for-profit organizations but he prefers to call marketing plans “action plans” because he considers marketing a business term.

Some NPOs reported that they do not have marketing plans. An informant from an Austrian NPO, for example, said, “Marketing is used upon needs and requirements. When a volunteer/employee comes up with a new project, the proposal is then debated by the board and funds are placed on volunteers’/employees’ disposal to carry out the project.”

Some NPOs, while they have marketing plans, have difficulty in implementing them. An employee from a Japanese NPO, for example, said, “We have a marketing plan, but we do not have full time staff and thus find it difficult to implement it. I am technically the only one who manages the organization.”

4.6 Marketing Goals

Regarding marketing goals, 19 participants said that their organizations have marketing goals in their plans. An employee from a British NPO, for example, said that marketing goals “would always include income targets and a brand awareness target, which is measured by monitoring the perceptions of our organization before and after a campaign in different audience segments.” An international program director from a Finnish NPO stated that establishing its brand is “the big marketing goal in the strategic plan, as it also includes support and possible marketing material for its national organizations.” An informant from a French NPO said, “Strategies over 1, 2 and 5 years are developed by the marketing team with specific goals to reach.”

4.7 Limitations to Current Marketing Efforts

With regard to limitations to current marketing efforts, 23 participants said that their organizations have limitations. The most common ones are: financial restraints, few activities online, human resources, lack of time, and lack of expertise. Six organizations reported financial restraints as limitations. An international program director from a Finnish NPO said, “We are very limited by funds, as we are non-profit and base our revenue on student program fee; we don’t have a high overhead cost structure and this limits marketing efforts.” Another employee from a Finnish NPO said, “If we had more money, we could invest in nation-wide marketing.” Five organizations stated few online marketing activities as limitations. The participant from the above-stated Finnish NPO said, “The lack of a good web master is an obstacle for developing the web site, though Facebook compensates.” A Japanese NPO said that they do not have anyone engaged in social media for marketing. “We would like to use more Facebook and Twitter, but don’t have a full time staff.” Four organizations claimed human resources as limitations, which relate to the issue of time. A chairman from a German NPO said, “There is only one [limitation]: manpower/time. This organization is run by just a very few persons. We have one full time employee only (who is only paid for a half time job) for the whole organization.” A participant Japanese NPO expressed its concern about a lack of expertise in marketing. “We need someone that is good at IT. Yet, even private companies that spend a lot of money and time have problems in marketing. I am not sure how much we, a group of volunteers, can do in marketing.”

These issues—lack of funds, lack of online activities, lack of human resources, lack of time, and lack of expertise—are closely interrelated to each other. While financial restraints appears to be the largest impact factor as it affects all the other limitations, the others in turn may contribute to the issue of financial restraints. There are, however, other limitations that are not mentioned above. A Japanese NGO identified people’s mindset as a limitation: “NPOs are [considered] *free* volunteer groups. As long as they think so, it’s really difficult for us to get them to help us financially.” A Finnish NPO said, “The main limitation we have is that administrators are

elected for a one-year period. We thus do have a transfer knowledge issue and could be better on this aspect.” A technical officer from a Swiss NPO said that their marketing limitation is the fact that “marketing is not a strategic priority.” This statement, which is echoed by some, suggests that whereas many NPOs may consider or claim that marketing is important, marketing is not their first priority in their strategic plans.

4.8 Competitors

Among the participants, 14 recognized their organizations’ competitors. A Taiwanese NPO said, “The associations with similar goals are our competitors.” A representative of the Communication & Commercial Department from a Chilean NPO said, “Our competitors are the foundations with the same objectives as ours that apply for the same funding from the government, international organizations, or civil society.”

It is noteworthy that approximately half of the participants did not think that their organizations had competitors. An Austrian NPO, for example, said, “We don’t really have competitors in our geographic and business sector.” An American NPO also said, “There is no direct competitors because there are no existing organizations in the area that addresses the same niche.”

Some NPOs find the use of the term “competitors” inappropriate. A British NPO said, “We would never use the term ‘competitor’ as we are working to the same objectives.” A marketing assistant from a French NGO said, “We do not talk about ‘competitors’ in the charity sector.” However, both of these organizations admit that in terms of time and resources, other organizations could be their “competitors.”

4.9 Regional Differences

This research includes 16 organizations from North America and Europe and 11 organizations from Asia, Africa, and Latin America. While we did not find regional differences that are significant in most responses, we noted some regional differences in : 1) organizations’ fundraising methods; 2) organizations’ limitations to their current marketing efforts ; and 3) organizations’ channels for marketing. Regarding how their organizations are funded, while participants from nine organizations from North America and Europe reported that they are funded through individual contributions, none from Asia, Africa, and Latin America did so. As to limitations, participants from seven organizations from North America and Europe claimed that they have budget issues, only one (Hong Kong) from Asia, Africa, and Latin America did so. There may be regional differences in channels for marketing. Participants from seven organizations from North America and Europe informed us that they use advertisement and Facebook for marketing, but only two (Chile and Japan respectively) from Asia, Africa, and Latin America did so. Also, ten organizations from North America and Europe said that they use direct mails for marketing, but only two (Chile and Japan) from Asia, Africa, and Latin America did so.

5. Discussion and Conclusion

Through interviews with stakeholders from 27 NPOs in 15 countries, this paper examined NPO marketing strategies, practices, and its challenges. Findings show that despite what the literature review would indicate, almost all the participants claimed that their organizations indeed perform marketing and consider marketing important. However, the effectiveness of their marketing is uncertain. While 18 participants said that their organizations’ marketing is effective, they did not explain how they measured its effectiveness. Some participants stated that they find it difficult to judge the effectiveness of marketing due to a lack of assessment tools. Also, in accordance with the literature review, fewer than half the organizations have dedicated marketing staff member or personnel. Many claimed financial restraints as their limitations in marketing, which in turn impacts human resources and the issue of time constraints. In many organizations, individuals who are not trained in marketing manage marketing as well as their regular and other jobs.

Some participants also indicated that they believe that they should engage in more online marketing; yet due to lack of financial and human resources, they find it difficult to do so. Although online marketing may be a possibility, it also requires dedicated full time staff. These issues are all interconnected. While it is probable that they cannot hire individuals for marketing due to a lack of funding, it is also possible that many NPOs have financial issues in part because they do not have dedicated individuals trained in marketing.

It may also be worth noting that many NPOs seem to regard marketing as a business activity that should be avoided. The vice president of a French NPO, for example, said that they do not engage in marketing because it is a term used in the business sector. A communication & resource development director from a French NPO also said that they do not use the term “marketing plans” and use instead the term “action plans” because he believes that marketing plans is the term for for-profit organizations. Likewise, participants from a British and a French NPOs also said that they avoid using the term competitors for the same reason and use the terms partners and/or collaborators. How do these “nonprofit mentalities” possibly affect their marketing? Further studies on NPO

marketing will be needed to answer this question. The future work could include: 1) developing various marketing strategies for NPOs of different sizes and funding structures; 2) developing a NPO marketing vocabulary that distinguishes itself from business or for-profit vocabulary; and 3) differentiating marketing challenges through in depth studies of NPOs in different contexts (e.g., by geography, by total size/funding, by sector).

We noted some regional differences between North America and Europe, and Asia, Africa, and Latin America in organizations' fundraising methods, organizations' limitations to their marketing efforts, and organizations' channels for marketing. While many organizations from North America and Europe rely on individual contributions, none from Asia, Africa, and Latin America do so. While some Asian organizations (Japan and Taiwan) reported that they fund themselves through business activities such as selling T-Shirts, calendars, and food, or by holding fundraising events, US and European organizations (France, Finland, the Netherlands, and the UK) also reported that they do business activities or hold fundraising events. At the same time, fewer organizations from Asia, Africa, and Latin America claimed that they have issues with their budget. Organizations from Asia, Africa, and Latin America seem to rely much less on advertisement, direct mails, and Facebook. Some of these organizations said that they rely on WOM. To summarize, organizations from North America and Europe seem to have more channels for marketing and more means of fundraising, but more financial limitations as well. How can these phenomena be explained? Again, the further studies will be needed to address these concerns.

Acknowledgements

This paper would not have been written without the support of many people. We first would like to thank the research participants for their time and response. We also would like to thank Mr. Ezra Greene and Dr. Amanda Kenderes for editing this paper.

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