

A Primer on Nonprofit Marketing

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If we understand marketing fundamentals, we understand why marketing in nonprofit organizations is more difficult than marketing in for-profit companies. This paper looks at the nature of nonprofit marketing and organizes it into four major dimensions.

Marketing is often more art than science, more sizzle than substance. Especially in the nonprofit world, the word “marketing” is often used as a synonym for promotion. So-called marketing plans focus heavily or exclusively on an organization’s goals and strategies for bringing in revenue.

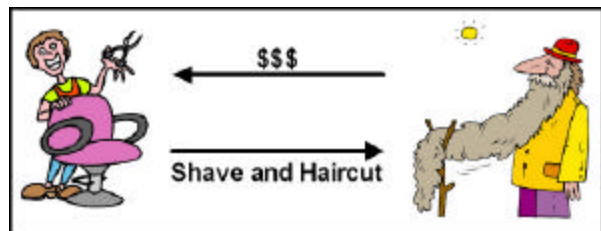
No doubt, revenue generation is the most pressing marketing issue for a great many nonprofits. One purpose for this paper, however, is to put program promotion and revenue generation back into a larger context of what marketing is all about. Rather than diminish the importance of generating revenues as one of an organization’s marketing activities, this deepened understanding of all the marketing pieces, and how they fit together, can serve to increase the scope and success of those activities.

Sometimes, when we want to improve what we are doing, it helps to step back and review the basics. We will start by applying marketing basics to a for-profit example, and then see how the world of marketing gets more complicated for nonprofits.

The Fundamentals of Marketing and Their Application to Nonprofits

A market is any place where people exchange commodities that have value. The commodities can be physical products, services, or monetary tokens. So, when my hair gets too long, I ask my barber to give me her valuable beautician services and I, in return, give her some of my hard-earned dollars.

Marketing refers to all those activities my barber uses to get me to use her services instead of someone else’s. These are easily remembered as the five Ps of marketing: people, product, package, promotion, and pricing.



○ People. The human aspect of marketing includes understanding me as a consumer, and presenting effectively as a vendor. My barber quickly learns my name, inquires about my family, and creates a personal bond that seems to transcend our market-based relationship. She learns my hair-cutting biases and preferences and personalizes her services to make me feel special while I am her customer. She also introduces herself to me to assure me that she is well qualified to provide any barbering services I need and, indeed, uniquely capable of providing services in ways I may not have thought about.

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o Product. Vendors create differences to distinguish their products and services from those of other vendors in ways that enhance their perceived value. My barber is near my home, has other qualified barbers in her shop so I never need to wait, cuts my hair quickly, and always asks whether I need additional services like a shampoo. These attributes add more value to her services and keep me coming back to her instead of going to a different barber.

o Package. Buying products off the shelf, it is easy to see how a well-designed package draws you to one item rather than another. We respond to packages that are pretty, informative, and easy to carry and open. Services are packaged, too, although in more subtle ways. The price I pay for my haircut also includes the comfortable waiting area, a good selection of reading materials, well-trained barbers, the option of making appointments or simply walking in, and an array of supplemental service choices (manicure, pedicure, shoe shine, etc.).

o Promotion. In our capitalistic society, even the nonprofit marketplace is competitive. Consumers have a dizzying choice of options for parting with their money. Few vendors succeed by waiting for customers to seek them out; rather, vendors need to promote themselves to potential customers. My barber advertises in the yellow pages and community newspapers and by distributing coupons in the mail. Her goal is for me to think about her, and her alone, whenever my hair gets unruly.

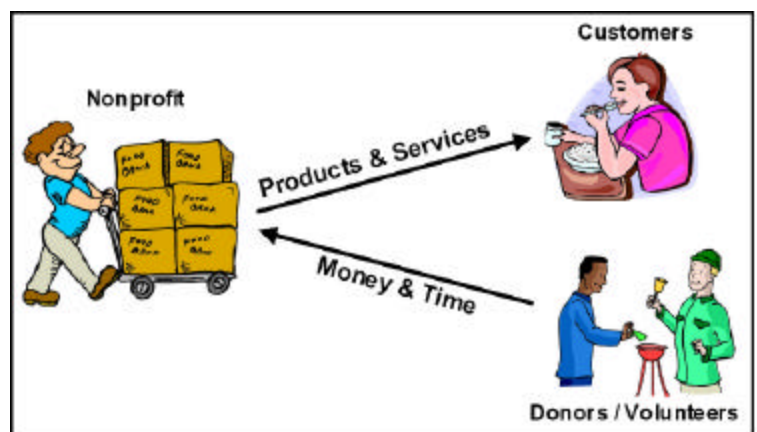
o Pricing. The pricing component is critical in an exchange of value. The customer must believe he is getting his money's worth, and the vendor must believe she is getting enough money in return to compensate for the value of her services.

Everyone agrees that promotion is an important part of marketing. If you neglect the other four Ps, though, you are doomed to failure. A marketing program must successfully engineer its interpersonal relationships, deliver products and services with value for the customer, package those services attractively, and offer them at a fair price. Otherwise, promotion, no matter how skillfully executed, will be fruitless.

Applying the Fundamentals to Nonprofits. The world of nonprofit marketing is different for one very important reason: nonprofits must complete the exchange of values with two different parties. For the most part, while nonprofits deliver goods and services directly to their customers, the value they receive in return is from donors and volunteers who provide their money and time to the nonprofit on behalf of the nonprofit's customers.

For nonprofit marketing, the five Ps are all relevant but need to be applied along two different dimensions simultaneously. The nonprofit has two sales jobs rather than one.

First, in order to fulfill its mission, the nonprofit must



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convince its customers (or others acting on their behalf) that their services are of value. Hungry people have been known to refuse free food, and homeless people have chosen to sleep outside in the cold, when these potential customers believed that the values of these services were less than possible costs they might have perceived to be attached to them (e.g., giving up one's independence, accepting help from a group with a particular religious affiliation, or complying with the nonprofit's rules). Even if your potential customers cannot speak for themselves (e.g., save the whales groups, pro-life groups), your nonprofit usually needs to convince some form of human interest group (e.g., the courts, the police, permit authorities) to allow you to deliver your services on behalf of your customers.

The second sales job for nonprofits is usually the harder of the two: motivating its donors. (The term "donors" is intended to include those who donate time as staff volunteers and Board members, as well as those who make monetary contributions.) Donors act as surrogates for the nonprofit's direct customers and need to be convinced that what the direct customers receive has sufficient value to those customers. In addition, donors also need to receive something of value to themselves. This can be material (such as a gift or membership privileges), spiritual (such as a feeling of having done a good deed), psychological (such as public recognition for the gift), or a combination of these.

The nonprofit exists to fulfill its mission. In that sense, the first marketing challenge is more important because if services are not successfully delivered to customers, then the nonprofit has not justified its existence. On the other hand, most nonprofits cannot exist without marketing successfully to the needs of its donors. From a practical standpoint, then, the second marketing challenge is more critical, if not more important.

A Four-Sided Model of Marketing for Nonprofits

An organization's marketing plan is its collection of marketing goals and strategies for succeeding with the five Ps. Every plan is a prescriptive forecast of activities – "Here is what we intend to do." Within an organization, the prescribed activities get assigned to particular people or functional divisions.

The marketing plan is one important element of the organization's overall strategic plan. Before marketing goals and strategies are determined, the nonprofit must clearly understand its mission and vision and set its major goals. Marketing is one aspect of organizational activity that acts in the service of the strategic plan.

The figure at the right takes a functional approach to marketing. It shows the strategic plan as a primary input to marketing functions, which are represented along four major dimensions of activity.

Marketing Identity. Several market identities are important to nonprofit organizations. Nonprofits must have



a good sense of themselves as well as understanding their customers and donors.

An organization's first marketing job is to establish a brand. This is the nonprofit's unique identity that makes it recognizable in the marketplace and different from its competitors. Brands are created and reinforced by logos, bylines, and high-visibility programming features.

To create a marketing relationship, a nonprofit must not only introduce itself to the world, but it must learn the identities of its customers and donors. It is through these interpersonal relationships that the nonprofit learns how to design its products, package them, and promote them successfully to customers and donors. What valued commodities (products) do your customers and donors see when they interact with your nonprofit? Knowing what is of value to these persons makes it possible to market to them successfully using the other four Ps.

Reaching the Public. Once you know what you are trying to accomplish and understand what makes that appealing to customers and donors, it is time to get the message out. The two parts of this challenge are 1) what to say and 2) what media to use for communicating.

The nonprofit's message must be crafted carefully to deliver the information quickly, clearly, and consistently. Early communications need to deliver your brand identification to create a familiar, unique relationship between your organization and its constituents. Then, the communications must explain the value components of what you do, in order to motivate customers and donors to come into your marketplace. Finally, you need the "call to action" so people who are motivated to trade with you understand how to get your services or volunteer their time or donate their money.

Knowing what to communicate is half the battle; knowing how to make the communication is the other half. Your choices are as diverse as personal appeals delivered from church pulpits, public service announcements broadcast over public airwaves, two-foot-high text on roadside billboards, co-branded products sold in cause marketing campaigns, testimonials heard at fund-raising dinners, and thousands of other options.

Overall, your communications program needs to be constant and consistent. It takes a series of messages, presented over a sustained period of time, to introduce your nonprofit to the marketplace, display your products and services, explain how customers and donors can participate with you, and motivate people to take action. This communication program is most effective when all your nonprofit's media and messages use a consistent theme to reinforce, rather than confuse, each other.

Operations and Resources. Marketing professionals sometimes mistakenly think that an organization's programmatic operations have nothing to do with marketing. Many salesmen complain that they do a great job selling products and services, but then customers are disappointed with the quality of what they bought, and they (the sales people) cannot make any more sales. Similarly, sales people are often disappointed at their organizations' abilities to process orders, collect funds, deliver the goods on time, or in general run an efficient business.

If a market transaction involves an exchange of commodities that have value, then part of your nonprofit's marketing program is to ensure that the organization can deliver, and customers and donors receive, the value they expected from the market transaction. Designing a product, developing relationships, and promoting effectively are all for naught if the marketing transaction is not consummated with the successful delivery of goods and services as promised.

Another major functional concern within nonprofits is how well the organization processes its donated funds and volunteer time. Fundraising operations must be effective enough to raise sufficient revenues to support your programs, and efficient enough so the cost of raising funds is reasonably small (compared to funds that are allocated to service programs). Volunteers must be recruited in sufficient number, used effectively to support the nonprofit's work, and managed well so their services can be retained over long periods of time. Again, these are issues of organization management that, if not done well, negate the effects of designing and promoting products and services that constituents will want to be part of. These issues cannot be divorced from, or ignored by, the nonprofit's marketing program.

Mission Fulfillment. Marketing begins and ends with the nonprofit's mission. It begins with the mission as intention and purpose. It ends with the mission as a criterion for judging what has been accomplished.

The final concern for the marketing program is to look at results. What has the nonprofit truly accomplished and have those accomplishments been on-target to mission fulfillment?

Within the competitive marketplace, mission fulfillment must also be viewed in relation to those with whom you compete. Here again, nonprofits have a harder task because they compete both in providing their services and in attracting donor support. Is your nonprofit prominently known within your market niche and are you compared favorably with, and preferred over, others in that niche?

And finally, does the nonprofit have compelling success stories it can use in marketing? In a regular for-profit business, customers directly use a business' services and decide for themselves whether they got what they paid for. In nonprofits, however, where donors and volunteers are surrogates for customers, the nonprofit must be able to ensure that its customers are satisfied, that this can be documented convincingly, and that the documentation is communicated effectively to donors and volunteers. This feedback to donors is critical to convince them of the value inherent in their marketing transaction.

Putting It All Together

In organizations that do marketing well, managers realize marketing is not an isolated activity. Marketing is a broad-based set of concerns, firmly grounded in the strategic plan, and wrapped into every phase of nonprofit activity from designing products and services, through their promotion to customers and donors, and culminating in successful product fulfillment.

Your nonprofit should be working with a market plan that addresses all the marketing components: understanding market identities, reaching your public, effectively applying resources and operations, and ensuring complete mission fulfillment. You must appeal to the

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personal wants and needs of your customers and donors and promote your products and services convincingly.

Above all, you must remember that marketing is fundamentally an exchange of valued commodities. You must always provide products and services of high values to your customers so your nonprofit will fulfill its mission. You must be able to communicate the value of those products and services so your donors and volunteers, acting as surrogates for your customers, will see reasons to give you their money and time in return. And you must find ways to create high-value experiences for your Board and staff to keep them motivated to work with you.

Marketing is not easy. If you put enough thought, time, and effort into marketing, though, your organization's services will be well used and strongly supported.

Creative Direct Response is a full-service, fundraising consulting organization with more than 30 years of experience specializing in the direct mail industry. Our turnkey services include marketing planning, creative design (copy and art), list management, production management, campaign results analysis, and general management consulting. For further information about nonprofit marketing, strategic planning, or CDR's management consulting services for nonprofit organizations, feel free to contact Dr. Zimmerman at Creative Direct Response, Inc.

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