

PRINCIPLES OF MARKETING FOR NONPROFIT ORGANIZATION

LEARNING OBJECTIVES

- Explain the difference between a customer and a consumer
- Define different types of organizations including B2C, B2B, and nonprofit organizations
- Provide examples of how each type of organization uses marketing

Although we often think of marketing in the context of for-profit businesses and product sales, a wide variety of organizations use marketing to achieve their goals.

When we think of marketing, we typically think of the activities that a for-profit company engages in. However, marketing is an important function for nonprofit organizations as well. Effective marketing is how nonprofit organizations determine the needs of their clients and their donors. As in the for-profit world, nonprofit marketing includes advertising, promotion, public relations, and customer relationship management. This course examines how nonprofits use marketing to publicize their mission and to gather contributions of time and money. The course also discusses marketing planning in the nonprofit organization.

For-Profit Marketing versus Nonprofit Marketing

For-profit organizations are typically privately owned or publicly traded companies with a primary purpose of earning money for their owners. Nonprofit organizations also earn money, but their primary purpose is to use these funds for a specific charitable purpose. Types of nonprofit organizations that may engage in marketing include schools and colleges, hospitals, museums, charitable organizations, and churches, among others.

As the terms denote, the difference between for-profit and nonprofit marketing is in the organization's primary objective. For-profit marketers measure success in terms of profitability and their ability to pay dividends or pay back loans. Continued existence depends on the level of profits they can generate. The primary focus of marketing is usually to sell products, services, experiences or ideas to target customers and to make these customer relationships as profitable as possible.

Nonprofit institutions exist to benefit a stated mission or purpose, regardless of whether profits are achieved. Owing to their socially beneficial purpose, nonprofit organizations are subject to an entirely different set of laws—notably tax laws. While they are allowed to generate profits, they must use these funds in specific, philanthropic ways in order to maintain their nonprofit status. Marketing efforts focus on activities that promote the organization's mission. A school, college, or university might use marketing to attract students, improve academic reputation, and solicit donations from alumni. A museum or nonprofit theater company uses marketing to attract visitors, ticket sales, event sponsors, and philanthropic

donations. Marketing for nonprofit hospitals usually focuses on attracting patients and strengthening reputation as a high quality health care provider.

Business-to-Consumer and Business-to-Business Marketing

An important distinction in how organizations use marketing is whether their efforts target business-to-consumer (B2C) transactions or business-to-business (B2B) transactions. In business and marketing, the **consumer** is the individual who actually uses the product. The **customer** is the individual who buys the product from a business. In some transactions, these are the same person, but in other transactions they are different entities.

Suppose you take a break from studying and walk to a corner store to buy a snack bar that's made by a local health-food company. From the perspective of the corner store owner, you are both the customer and the consumer in this transaction. However, from the perspective of the health-food company that made the bar, you are only the consumer, because although you consumed the product, you didn't buy it from them. The health-food company's customer is the corner store owner who decides whether or not to stock their snack bars in her store.

In marketing, this distinction is important because it helps marketers better understand where to focus their attention. Business-to-business (B2B) marketers sell to other businesses or institutions that consume the product as part of operating the business, or use the product in the assembly of the final product they sell to consumers. Business-to-consumer (B2C) marketers

focus their efforts on consumers, the individuals who consume a finished product.

A B2B Emphasis

The tools of marketing are available to both B2B and B2C organizations, but some tactics tend to be more effective than others in each type of marketing. Business-to-business marketers use more personal selling, in which a sales force builds personal relationships with individuals in decision-making roles to facilitate sales within the organizations they target. Professional conferences and trade shows provide opportunities for meeting and networking with a B2B marketer's target customers. Company Web sites are a primary way for B2B organizations to share information and promote their offerings. Since they usually target a narrow, specialized sliver of the population, B2B marketers have little need for mass advertising. Because B2B sales tend to be higher-priced, larger-ticket items, marketing tactics often include extensive adjustments in factors such as the selling price, product features, terms of delivery, and so forth.

A B2C Emphasis

For B2C marketers, such as consumer goods manufacturers, there is a dual focus. B2C marketers typically invest a lot in generating demand for their products among the general population. Mass marketing tactics designed to reach a large audience nearly always have a B2C focus: think Superbowl ads, Macy's Thanksgiving Day Parade, and anything hailing the return of McRib at McDonalds. At the same time, B2C marketers face a constant battle getting their products into retail outlets anywhere they don't sell directly to consumers.

A Dual Emphasis: B2B and B2C

Organizations may conduct both B2B and B2C marketing, targeting different types of customers. The Swedish home-furnishing company IKEA, for example, markets its ready-to-assemble, eco-friendly furniture and furnishings all over the world. IKEA's B2C marketing targets families, young professionals, and penny-pinching college students. Meanwhile, its B2B marketing focuses on small-business owners and start-up companies.

Whether to have a B2B or a B2C focus depends on whose perceptions you want shape, what behaviors you want to influence, and where the most promising opportunities are for making the impact your organization wants to achieve

Scott Allen Creative uses these timeless principles for developing nonprofit communications that build meaningful and engaging relationships with target audiences.

1 perception is reality

How a person perceives an organization – accurate or not – is their reality. Nonprofits need to use this as an impetus for self-evaluation, change and an opportunity to transform a negative attitude into a positive understanding. Its communications need to shape public opinion.

2 create your identity

Your brand identity is what comes to someone's mind when your name is mentioned. This is defined by your services, messages, motivations and reputation. Every nonprofit needs to

create key messages so people accurately comprehend your mission, services, and community impact.

3 the cause is the hero

The tendency of a nonprofit is to say, “Look at me, here I am.” Instead, the organization needs to show how it’s a hero by focusing messages on its cause and those they serve.

Communications need to answer: What are we fighting against? What are we fighting for? Who are we helping?

4 one voice

The voice of the organization needs to rise above the voice of any individual. This voice needs to be expressed through every form of communication: public relations, website, print collateral, social media, events, advertising and staff interactions.

5 the power of storytelling

People are genuinely interested in the life stories of other people. Meaningful stories evoke an emotional bond that strengthens relationships. Every nonprofit needs to share the stories of clients and staff whose lives have been changed.

6 advocates one and all

A brand advocate is a passionate believer in an organization. They have a powerful voice that ignites and spreads a passion for your organization’s cause. A nonprofit needs to educate and empower advocates to share your mission with others.

7 let your heart show

Doing good comes from the heart of people motivated by belief and love. Let your heart show as you tell others of your calling to serve people.

Going through a belief-shift from marketing as irresponsible spending to marketing as a core strategy for furthering your mission isn't easy. But when you make the shift, it can reshape an overworked staff into a unified, motivated, and organized team. It can elevate your grassroots organization into a nationally recognized and respected brand. And it can transform your social mission from being a far-away vision into an attainable milestone.

But for that to happen, you need to start thinking and acting more like a corporation and less like a charity when it comes to marketing. And yes, you can do this without sacrificing your values, ethics, and culture.

There are a select few top-tier organizations like Patagonia, the Bill & Melinda Gates Foundation, and charity: water setting a high bar. Let's examine what has led those brands to be best in class and allowed them to make a significant impact on their social missions:

1. They have a clear brand, vision, and mission backed by short and long-term plans to help them achieve their goals.
2. Everything they do reinforces their brand, vision, and mission with visual and written consistency.
3. They are constantly marketing, advertising, and connecting with their audience with metrics-backed data to measure the effectiveness of their efforts.
4. Their donor engagement, income, investing, and social impact grow year over year.
5. They invest in their team by paying competitive wages, enabling them to compete for best-in-class talent and prevent staff burnout.

If your brand is consistently hitting these 5 criteria, then pat yourself on the back. You're part of a few select brands in the nonprofit space not struggling with any of the above. If you're still reading, you're probably falling short on at least 2 or 3 of them.

These brands have developed a healthy relationship with marketing. They invest in a solid marketing strategy that's prioritized and valued just as much as their overarching strategic goals. They have built a team dedicated to marketing and communications as their main priority, or partner with outside teams to help them manage it.

They are rewarded with greater brand awareness, better connections to their communities, increased engagement with donors or customers, and ultimately more donations or income to fund their social mission.

These brands have all of the same challenges that you do, but at a larger scale. The difference is that they've buckled down and done the work to invest properly into their marketing and integrate it into their larger strategic plan. They were not able to do this because they are big and successful. They are big and successful, in part, because they did this.

Core Principles for Nonprofit Marketing

Principle 1: Nonprofits should be marketing

Even if your brand does not sell a traditional "product" it doesn't mean you don't need to market.

Marketing is how you connect with your community. Marketing is how you attract new volunteers, partners, donors, investors, and employees. Marketing is how you communicate your mission and your impact to society at large.

Think about your investment in marketing as an impact multiplier, not a percentage of your overhead.

Think more like a corporation

When it comes to marketing and communications, you need to start thinking and acting more like a corporation and less like a charity. And yes, you can do this without sacrificing your values, ethics, and culture.

When you think about your investment in marketing, think of a brand you are inspired by in your space, and ask “what would brand x do?” You should be aiming to become someone else’s “brand x.”

Invest the proper budget

Nonprofits are generally not investing nearly enough thought, time, and money into marketing their cause. Many have a zero-dollar marketing budget. Unless you are willing to think more like a corporation, you are likely undervaluing and underinvesting in marketing, and you’re falling short in ways you can’t even imagine because of it.

Don’t think, “I can’t afford this,” but instead think: “I can’t afford not to do this.”

Know your audience

Any effective marketing effort requires a clear understanding and definition of your target audience and developing personas. What types of people are you trying to communicate with? What are their age ranges? What do they read, watch, and listen to? Where do they live, and what digital channels do they engage with? What are they passionate about?

Know your audience, and make sure your audience knows you.

Share your social impact stories

Think about how you can frame your proof of impact through a human-centered lens. Tell stories of individual successes and employ narrative formats in addition to statistics-based ones. Dig into the story and the emotional hook. Show people how your work is helping your community, how your efforts have improved people's lives, and ultimately why your cause matters. People connect to stories. Stories secure donations, investment, and support for your mission. Stories are what makes your marketing human.

Give before you ask

Too much nonprofit marketing is focused on asking, and too little is focused on giving. We believe a healthy rule of thumb is 3:1 giving to asking. For every communication that is an ask, there should be at least 3 that are sharing stories of success, providing proof of impact (which doesn't have to be focused on numbers), or sharing a point of view or belief that is compelling or thought-provoking.

Give before you ask, and each ask will carry far more weight.

Embrace digital marketing & technology

Our culture is moving more and more into the digital realm, and people are connecting with brands that excel there. Many times, the first impression of your brand happens online—through your social media channels or your website. Ask yourself, are you proud of your first impression? Would you want to connect more deeply with your brand, based on your digital presence? Is

your digital marketing working for you, or are you working for it?

Understand and leverage the opportunities of technology, or be left behind by those who do.

Be bold and cut through the noise

The world is becoming increasingly noisy, and our culture's collective attention span is shorter by the day. You might pride yourself on being a humble nonprofit doing good work under-the-radar, but when it comes to your marketing you need to adopt a mindset of being brave, fearless, and standing out. How are you ensuring that your message is being seen and heard?

Most importantly, why should anyone care?

Bring your marketing back to your mission, educate the uninformed, and show people why your work matters.
