Marketing for NGOs/CSOs

Day 3, Session 1
PPD EARHN Resource Mobilization Workshop
February 2012
CAFS – Nairobi
Session Objectives

• Discuss the fundamentals of marketing as it relates to Res Mob for NGOs/CSOs.
• Define and Discuss Strategic marketing.
• Discuss the various methods of marketing
• Outline the components of a marketing plan.
• Tie in communication with marketing and Resource Mobilization.
What’s the difference?

**Advertising:** The paid, public, non-personal announcement of a persuasive message by an identified sponsor; the non-personal presentation or promotion by a firm of its products to its existing and potential customers.

**Marketing:** The systematic planning, implementation and control of a mix of business activities intended to bring together buyers and sellers for the mutually advantageous exchange or transfer of products.
Define Strategic Marketing

• A range of activities that enables you to communicate effectively with your targeted audience
• A structured plan to build awareness of the nonprofit organization’s programs
• A means of demonstrating your real value to the community
• A way to consistently bring positive attention to the organization and enhance its image
The Advantages of a Marketing Process

For more than 30 years nonprofits have applied marketing tactics to assist with:

• Growth
• Funding
• Prosperity
Impact of Strategic Marketing

Adopting a consistent marketing communications approach will help to:
• Enhance your reputation through name recognition
• Build membership
• Strengthen existing donor relations and increase donations
• Connect with new donors
• Raise attendance at events
• Generate momentum and support for the organization and its programs
Your Marketing Plan

• Know your unique position – your value proposition
• Review your mission statement and objectives
• Conduct a SWOT analysis
• State the services you offer
• Define your targeted audience
• Create an integrated marketing and branding plan that includes:
  – Web site
  – E-mail campaigns
  – Events
  – Alliances
  – Print materials
  – Public relations efforts
  – Personal networking and word-of-mouth
Branding Your Non-Profit

The *impression* your organization makes, the *experience* people have with you is expressed by *everything* that represents you:

- The look and content of print and electronic communications
- Your events
- The treatment they receive from volunteers and staff
- The type of board members who represent you
- The alliances you form
- Your office
Why Brand?

• Your brand is what donors and supporters remember
• Your brand enables donors, volunteers, sponsors and the community to immediately recognize, value and trust your organization
• Your brand distinguishes you from the competition
• Your brand gets you heard
Web Site

The web helps you cast a wider net by:

• Attracting new donors
• Reducing processing/printing/mailing costs
• Sharing your mission and build awareness
• Using images to tell your story
• Acting as your ambassador to the community
• Enabling you to educate the public
• Establishing your credibility
E-Mail Campaigns

Relationships are built on communications and e-mail is an important communication tool. Did you know:

• Frequency matters – weekly is optimal
• Relevant content matters
• Personalization matters
Alliances

• Align with other nonprofit and for profit organizations for greater critical mass
• Know the influencers in your community
• Build your brand through contact with others who are well known
Events

Fundraising events enable you to build awareness and raise revenue while having fun:

- Galas
- Golf
- Awards programs
Public Relations and Media Efforts

• Use PRWeb.com to post press releases
• Pitch a story to your local press
  – Make it newsworthy
  – Demonstrate your solution to the issue
  – Make the first sentence powerful
  – Share statistics
  – Provide pictures
  – Make it local – give it a human interest angle
• Invite media to your events
• Send your newsletter and other information to the media
Networking

Word of mouth networking is perfect marketing for nonprofits!

• People trust others’ opinions of your organization

• People pass along positive comments about the organization
Understanding our audiences is essential for the health of all nonprofits

- The external environment is increasingly turbulent, unstable, changing
- Constituents and supporters want more control, and loyalty cannot be assumed
- Informal networking is less reliable as source for money, volunteers, publicity
- Public policies are changing
- Demands for accountability are rising
- While some nonprofits are paying attention to such changes, most are not
What is marketing?

• “Marketing is the function of a nonprofit whose goal is to plan, price, promote, and distribute the organization’s programs and products by keeping in constant touch with the organization’s various constituencies, uncovering their needs and expectations for the organization and themselves, and building a program of communication to not only express the organization’s purpose and goals, but also their mutually beneficial want-satisfying products.” (Philip Kotler)
Benefits of good marketing

• Greater consumer satisfaction
• Increased consumer participation
• Better attraction of resources
• Stronger donor, staff and volunteer loyalty
• Greater efficiency and effectiveness of services
• Stronger organization
The external environment is changing

- People are less loyal to old, familiar organizations; brand loyalty diminishing
- People have fewer close friends or long-term commitments; more transience
- Average age is increasing
- People distrust large organizations, and interest in joining organizations as formal member is declining
- Investment in civic activities has diminished
- Technology emphasizes quick responses
- Choices among options, brief engagement, and privacy are valued
We must be clear about

• What exactly is our mission, and how will we carry it out?
• How do our various constituencies view our mission? Will they support it?
• How will we identify and communicate our goals?
• What programs & services will best carry out our mission?
• How will we deliver our services in ways that are positively noticed and supported?
• How will we organize our efforts to be successful in accomplishing our goals?
• How will we ensure resources to sustain our programs?
Marketing is an **external** orientation

- Most staff are *internally* focused, concerned with quality of projects and programs.
- The external environment is increasingly complex, competitive, and demanding about accountability and responsiveness.
- Our intended audiences’ points of view, needs & interests, are vital to our success.
- Other organizations that are more attentive and responsive will successfully compete for our constituencies and resources.
- So we must define our audiences and find out what each group wants, in what forms and ways of delivery.
Tools for understanding our constituencies’ interests

- Focus group discussions
- Analysis of demographic & census data
- Key informants
- Surveys of consumers, sponsors, referral sources
  - telephone
  - in-person interviews
  - mailed questionnaires
Overview: the marketing mix

*(the 5 P’s of marketing)*

- **Plan**: specify what you will do, why, how, and when to deliver
- **Products** and services that constituencies value, at
- **Prices** that are acceptable to them and sufficient for organization survival
- **Place**: distribution channels that are easily accessible
- **Promotion**: effective two-way communications with constituencies, so each understands other and they realize the benefits of engagement with us
Most nonprofits have **two** key constituencies

- Clients or consumers for whom the organization exists and to whom goods and services are provided, and
- Donors (and volunteers) who provide the majority of resources necessary for the organization’s services to take place.
- Sometimes these overlap (membership association) but more often they do not (homeless shelter).
- Dual constituencies make marketing complex, as the needs and interests of **both** must be addressed.
Constituencies and organization must share in the mission

• If it is based upon constituents’ concerns and interests, there will be energy and resources to achieve shared goals.

• The organization must know what criteria stakeholders are using to judge the success of its performance.

• Activities must be consistent with shared core values or there will be little chance of achieving stakeholder satisfaction.
Appealing to our constituencies

• There must be some degree of current interest in the topic for people to respond to overtures from the organization
• Information presented by the organization must be compatible with listeners’ prior values & attitudes for them to be receptive
• People respond in differing ways to same material, and their response depends on their beliefs and attitudes.
• We must understand each audience’s interests and tailor approaches to match.
Understanding constituents’ needs and interests

• Who are our target audiences?
• What are the key segments (sub-groups) within those groups?
• What are the needs/interests of each?
• What business do they think we’re in?
• How much interest or awareness do our activities generate among them?
• How satisfied are they with our output? Good fit?
• What are our competitors doing about these issues?
• Do we have any distinctions that allow us to be in a more attractive position than our competitors?
Market segmentation

• Look for natural groupings among clients, donors, volunteers, based on needs & interests (such as age, sex, geographic location, employment, income, marital status, developmental stage, motivations)

• Who is involved with us? Why? How often? In what ways? What motivates them to do so (quality, price, location, specialty, variety, recognition)?

• How do they evaluate their involvement? What alternatives are available to them? What should we do to expand their involvement with us?

• Identify the most relevant targets and approaches to each group, and then tailor our approaches to the relevant characteristics of each group
Marketing 101

• Starting a marketing plan

  – Exercise: Write a 3-point plan for marketing to your #1 target audience using the form provided in your handouts.
Weigh program options in light of interest and competition

<table>
<thead>
<tr>
<th>High interest</th>
<th>High interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low competition</td>
<td>High competition</td>
</tr>
<tr>
<td><em>(strong candidate)</em></td>
<td><em>(consider only if you have distinctions)</em></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Low interest</th>
<th>Low interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low competition</td>
<td>High competition</td>
</tr>
<tr>
<td><em>(only if vital for mission)</em></td>
<td><em>(avoid)</em></td>
</tr>
</tbody>
</table>
Budget questions:

How will we spend our money?

• Some projects may operate at a loss because of centrality to our mission (core)
• Some projects not core to mission but money-makers may be accepted to offset losses in others (cash cows)
• We may invest in growth of programs in hope they will break even in the future (venture capital)
• Some projects may be discontinued because they no longer meet the needs for which they were designed (dogs)
Pricing

• Price is the amount of resources required by a seller for delivering a service
• Since nonprofits have two constituencies, they have two pricing considerations, one for donors (what it costs to be involved) and the other for consumers (service charges or fees)
• Sometimes, prices for consumers may vary (sliding scale)
Distribution

- Where is the best place (location) for this organization to sell (make available) its services?
- Where and how will we collect our donations?
- Will we locate our programs in the same areas from which we are raising funds or different areas?
- How will the organization access information from our distribution channels in order to improve our services?
- How do our competitors’ answers influence our decisions on these matters?
11 key questions for developing a strong marketing strategy

1. What services does this organization provide? How are they grounded in our mission?

2. Who are our intended consumers and sponsors? How well do we know the specific needs and interests of each group?

3. What characteristics of our consumers and sponsors are most relevant to the design and delivery of our programs or services?
Key questions continued

4. What are our sources of income? What steps are necessary to secure, diversify, and sustain support from each of them?

5. What factors are relevant to our decisions on pricing? What impacts do those answers have on utilization?

6. What are the best ways to distribute our services, optimize accessibility, bring services and consumers together?
More key questions

7. What are the best ways to communicate with our constituencies and keep them informed about our services?

8. What influences our intended constituencies’ motivations to stay engaged with this organization? Their criteria?

9. What alternative sources are available to them, and how do those sources influence the appeal of this organization?
Key questions concluded

10. Are our constituencies satisfied with what they are getting from their engagement with this organization? (periodic evaluation)

11. What steps should we take to improve our programs, enlarge their engagement with us, and gain in market share? Such as:
   - Fine-tune services, diversify them with horizontal or vertical additions, improve quality, reduce costs, change location, heighten attraction
   - reach people earlier or in more effective ways
   - retain them longer, deepen their engagement
   - anticipate future needs and prepare to address them before our competitors do
Components of marketing strategy

1. Mission, purposes of organization’s existence, must guide all our actions

2. Programs depend on constituents’ interests (requiring market research using demographic analysis, surveys, focus groups)

3. Knowledge of competition: what are they doing and how do those actions impact us?

4. Competitive advantages: are we distinctive because of highest quality, lowest prices, most experienced staff, widest variety of services, most highly endorsed programs?
Strategy must match conditions of organization’s market

• Are our mission and values congruent with our consumers’ and sponsors’ interests and concerns?
• Do we have programs that will accomplish our goals effectively?
• Do we have the skills, commitments, and resources to deliver?
• What are our best, most feasible directions?
Steps to a competitive strategy

• Gather information on market conditions
• Identify avenues to donor acceptance
• Every member of our organization must approach work in terms of engaging constituents
• Emphasize that accomplishments of this organization are due to constituents’ efforts
• Specify goals and action steps
• Monitor results and publicize them
• Modify programs (and people) that do not engage constituents and produce results
Commitment is crucial

- Everyone must be fully committed to meeting constituents’ interests, from board and top management on down
- Articulate our strengths and weaknesses
- Always tell the absolute truth about the organization and its programs. Integrity builds trust.
- Explain actions in light of mission and goals
- Put our explanations in constituents’ terms
- Focus on the key audience segments critical to the organization’s success
- Communicate with them in their preferred approaches and media
Summary: the 7 P’s of Marketing

• Problem: what is the issue we intend to address?
• Product: what should be done about it?
• Preferences: what do our intended audiences think they need? Does that fit with our products?
• Providers: what alternative sources do they have for meeting their interests?
• Pricing: how much will we charge, and how will that influence program use and revenues?
• Placement: where do we locate our activities so they are accessible and used?
• Promotion: how will we let our audiences know how to get to us and use our services?
The self-interest aspect: *Exchange*

- Marketing involves identifying how to get the desired response from those groups the organization has targeted for involvement.
- People voluntarily give up something (time, money) in exchange for benefits they see as more valuable (recognition, involvement, friendship, worthiness).
- There are costs & benefits on both sides. They must be in balance to create satisfied stakeholders and successful organization.
Marketing involves exchanges

• Each party in the transaction should sense that they are receiving more than they are giving up.
• The nonprofit must understand what target constituencies want and how it truly provides them their expected benefits.
• The nonprofit must satisfy efficiently and effectively its half of the transaction.
• Are we truly adding value for them?
• By building on its strengths, the organization can better serve constituencies and strengthen their loyalty.
Aspects of effective reciprocal relationships with constituencies

• Each group is necessary for the other to succeed. Both must receive adequate benefits in order to be successful.

• Organization must involve target audiences to accomplish its goals. Donors, volunteers, members must be empowered to achieve their individual goals through involvement.

• Messages of encouragement, solicitation, and benefit are sent by those inside the organization to those outside, while messages of acceptance, displeasure, and encouragement are sent from those outside to those within the organization.