Chapter 17

To consolidate your learning, the key points from this chapter are summarized here:

■ List some of the key characteristics of not-for-profit organizations.

Not-for-profit organizations are differentiated from their commercial counterparts in numerous ways. Not-for-profit organizations tend to have multiple stakeholders and, because there are no shareholders, any profit earned is reinvested in the organization. Because not-for-profit organizations do not distribute funds to shareholders and are social enterprises, public-sector organizations, or charities, there is a need for transparency in determining how these organizations operate, because they are claiming to act for the common good. Accordingly, they have multiple objectives, rather than a simple profit motivation. Historically, not-for-profit organizations have not been strongly market-oriented, but this is changing as they become more experienced in marketing. Customers’ perceptions of not-for-profit organizations differ from those of their commercial counterparts because the not-for-profit typically has a unique mission and set of values, as well as a non-financial organizational purpose.

■ Explain why not-for-profit organizations do not always value their customers.

Not-for-profit organizations frequently do not value their beneficiary customers because they exist in a monopolistic situation, because demand far outstrips supply, because a lack of market segmentation activity exists, and because research into customer needs is not seen as a priority for expenditure and investment. Not-for-profit organizations frequently also undervalue supporter customers because, typically, they approach them to solicit funds too often and do not sufficiently appreciate customers when they do donate. Moreover, volunteer service workers who generously give their time can often feel undervalued. Because not-for-profit organizations have multiple stakeholders, problems can arise between these groups that need resolution, but which can often lead to customers feeling undervalued as those tensions are resolved.

■ Analyse stakeholders and develop appropriate engagement strategies.

A common way of analysing stakeholders is by mapping them on a power–interest matrix to identify four types based on the level of interest they display in an organization and the level of power they exert. Those with high levels of interest and power (group A) are key stakeholders in need of continuous engagement. Those with high interest, but low levels of power (group B), should be informed about the organization’s activities to maintain their interest. Group C represents those organizations with high power, but low interest. Here, it is important either to increase information flow to these organizations to increase their interest, so that they can exert their power in the not-for-profit’s favour, or alternatively to keep them satisfied if they intend to exert their power against the not-for-profit. Finally, an organization’s relationships with those stakeholders who have little power or interest (Group D) should either be disregarded or revived.

■ Describe and assess cause marketing campaigns.

A cause marketing campaign occurs when companies and non-profit organizations form marketing alliances. Often, these marketing campaigns are focused on sales promotions developed for mutual benefit whereby the purchase of a commercial offering is linked to donations to a charitable third-party organization. Such campaigns tend to work best where there is a strong strategic fit between the commercial organization and the not-for-profit organization, particularly in relation to the audiences targeted and when the campaign runs over the longer term.

■ Understand how marketing is used in social and political marketing campaigns.

Over nearly 50 years, we have embraced the use of marketing for social and political causes. Marketing is commonly used in government social marketing campaigns to drive positive behavioural change and to improve citizens’ well-being around such causes as encouraging populations to eat healthily, not to use drugs or smoke, and not to drink and drive, for example. However, we might question whether or not government should have this role and the ethics of using marketing in social and political campaigning. The use of marketing techniques in election campaigns has a long pedigree and is now common in most countries (democratic or otherwise) worldwide. In this scenario, marketing is used to understand the electorate’s wants or needs and to provide them with a set of party policies and leaders that suit those needs. In addition to the use of marketing by government to influence society, and by political parties to gain support and votes, marketing is used by third-party organizations (for example pressure groups) to drive legislative change in lobbying campaigns—particularly by courting publicity and the media’s support more generally.