

How do nonprofits employ branding and marketing strategy over various platforms? A review of
the leading theories in the industry

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Abstract

The following text reviews the leading research to develop insight into a marketing strategy for nonprofit organizations, and reviews the current means for employing strategy. The research seeks to better understand the relationship between marketization and whether organizations are able to collaborate with each other or are forced to compete. This research will survey several categories; a comparison of nonprofit and for-profit strategy, social marketing, social media networking and branding identity and cause-related marketing (CRM). Research found that marketization limits the collaborative abilities of nonprofits. Social media, on the other hand, can be a great way for organizations to cultivate supporters and build their brand, but it is not sufficient as the only source of cultivating brand identity. There are gaps in the research, one of the most noticeable being if and how the marketization of nonprofits has influenced the decline in collaboration among organizations addressing similar issues. Overall there is still more room for growth in the employment of marketing strategy, and a shift is developing towards a stronger understanding of marketing strategy by managers and national governing bodies.

Keywords: nonprofit marketing, collaboration and competition, marketing strategy

How do nonprofits employ marketing strategy over various platforms? A review of the leading theories in the industry

A multitude of research has been completed to study the various strategies that nonprofit organizations use to brand and market themselves to their consumers, clients and stakeholders. In order to better understand the difference between nonprofit and for-profit organizations it is important to begin with an operational definition. In his book *Marketing Management for Nonprofit Organizations* Adrian Sargeant defines nonprofits by saying they “may be defined as one that exists to provide for the general betterment of society, through the marshaling of appropriate resources and/or the provision of physical goods or services” (p. 4). On a basic level, for the marketing campaign to be successful an organization must understand its own value, as well as the needs of the consumer. It must target the consumer first and foremost with an understanding of its own cause, in order to spread its message to clients.

Marketing strategy for nonprofit organizations often does not take on the form of a traditional for-profit marketing strategy. Nonprofits are more likely to adopt a position of development, where for-profit companies simply sell products to buyers. The difference is simply that the growth of a nonprofit is dependent on continued support, evangelism and financial support targeted at a special issue that consumers believe the organization can resolve. Managing this relationship is at the crux of an organization’s ability to grow and succeed. Marketing is typically understood to be promotion in exchange for tangible goods, but in the context of nonprofits it is used interchangeably in the research with development, which is understood to be more of an all-encompassing word to describe the facilitation of a cause.

For-profit and nonprofit organizations both conduct market research to identify their audience, nonprofits aim to identify potential volunteers or donors while for profits intend to

identify potential consumers. To understand the most fundamental difference between the two, however, one must understand the consumer's needs or intent. For a commercial organization, the goal is to convince consumers to purchase goods, while a nonprofit should sell its cause, mission and vision. Both must cultivate a brand, brand loyalty, and ideally evangelists to be successful.

This text looks to answer questions about the differences in marketing strategy between nonprofit and for-profit marketing and branding strategies by understanding the context of the advertisement and the target audience. Specifically, this research will seek a greater understanding of the relationship between collaboration and competition that has begun to permeate the sector. By examining theories from leading researchers, this review examines the connections between various specific areas of study including social media, branding and cause related marketing (CRM).

Nonprofits, as a sector, are renowned for their absence of savvy marketers. There is currently a push from industry leaders for a shift from “amateur administration” to “professional management” in order to provide greater efficacy and societal impact (Helmig, Jegers & Lapsley, 2004). Within nonprofits there is an unspoken idealism that rejects the notion that there is a place for traditional marketing tactics within an organizations. Branding, marketing and networking are crucial strategies that many nonprofits realize they must employ to differentiate their mission from that of other similar organizations.

Nonprofit and for-profit marketing strategy

Throughout the literature, marketing is defined as “the analysis, planning, implementation and control of carefully formulated programs designed to bring about voluntary exchanges of values with target markets for the purpose of achieving

organizational objectives” (Sargeant, 1999, p. 10). For the purpose of this review, “nonprofit” will refer to any of the various classifications of organizations that do not function to improve the bottom line of its stakeholders. It is understood that for-profit organizations use marketing to build their brand and sell products to consumers, while nonprofits use it to spread their message and mission, and build their donor and support base.

Unlike a for-profit organization, financial gain and building wealth for stakeholders is never the final goal of a nonprofit organization (Helmig, Jegers & Lapsley, 2004). Rather, a nonprofit’s goal is to provide services that will better a community in some way. However, all organizations, nonprofit and for-profit, suffer from the same problems. Membership is declining, prices are rising and competition is increasing (Dolnicar & Lazarevki, 2009). These changes have forced less effective organizations to close their doors, leaving larger populations in need of services, and fewer organizations to attend to them.

While for-profit companies can change their message and campaign strategy, Eikenberry & Kluvar (2004) argue that nonprofits must constantly create new ways to share their pre-defined mission with their audience. Strategies must embody the ideals of an organization’s mission so it appeals to current supporters and foster the interests of new supporters. Dolnicar and Lazarevski (2008) argue that competition may not drive a nonprofit in the same way it drives a for-profit company, but research shows that too strong a departure from nonprofit culture may overpower the altruistic nature and interpretation of an organization. A strong commitment to organizational ideals and vision inspires donors and volunteers, and if it strays too far, it will risk losing those supporters.

Nonprofits are being pushed into competition over resources and support, forcing them to adapt to institutional pressures. As funding sources dwindle, organizations that previously co-existed with similar organizations now find that only those able to adapt to corporate culture can survive. However, Eikenberry and Kluver (2004) argue that adaptation is not without risks; marketization limits the impact of “civil society,” or that ephemeral standard that guards social values. Yet when information is shared freely, the greatest amount of good can be accomplished. In some cases the marketization of nonprofits limits the ability of the nonprofit sector to collaborate as a network of similar organizations. Collaboration is a key component of an organization’s ability to institute best practices; it lessens duplicate services in order to better serve a community’s needs.

There are three significant target audiences unique to nonprofit organizations: consumers, volunteers, and donors. Each of these three groups are vastly different both in their association with the organization and their interaction with it, but no group is less important than another. Each is crucial to the success of the organization, and to cultivate those relationships, nonprofits must provide them with a return of some sort. To maintain long term involvement client satisfaction should be tracked, volunteers should feel appreciated, and donors should be shown how their money is being used efficiently (Pope, Basil & Deshpande-Tutu, 2004). Arguably, most nonprofits do not have the infrastructure to make the development of market strategy a priority. Rather, in the current structure there are more employees that have less expertise and are participating in marketing in a secondary role (Akchin, 2001).

Although nonprofits face similar obstacles to many for-profit companies, the approach to solving them is vastly different, and yet it varies from organization to organization. For many, marketing is not currently a priority, and because of the limitations of funding sources, shifting

towards marketization is a slow process. The shift will allow the organizations utilizing it to position themselves as industry leaders.

Social and relationship marketing

Nonprofit organizations are finding that they must shift from a culture of traditionally limited or solely word of mouth marketing strategies towards internet based marketing and advertising. As funding becomes more limited, competition between similar organizations increases and organizations must become more innovative in how they cultivate supporters, win grants and establish their identity with the public. Managers in particular are being asked to step outside of their traditional roles to compete with the already saturated market of the online world. Social media, however, has the capability to measure user involvement, activity, and engagement (Levine & Zahradnik, 2012). When this information is measured, it can become part of the marketing strategy and increase success.

Social media analytics offer tracking capabilities that present a clear tool for measuring return on investment (ROI) for organizations, and when utilized, they can present tangible data for nonprofits to use in support of their work in the community. Research shows that social network analysis can produce both visual and numerical data that is useful in the submission of funding requests (Johnson, Honnold & Stevens, 2010). The interpersonal connection that an organization builds with its supporters and followers is the basis for relationship marketing, and the goal is to create long-term relationships and engagement with volunteers, stakeholders and customers (Knox & Grau 2007). In effective marketing strategy, the interaction is not complete when a consumer has purchased a product; rather there is an ongoing communication that converts one-time consumers into long-term supporters (Arnett, German & Hunt, 2003). For novices, social media seems like an easy avenue for gaining supporters, however, without

continued engagement there is no ROI on a Facebook “like” or Twitter “follower.” In short, relationships are most effectively developed when using marketing strategy to engage consumers and make supporters feel valued.

Social media and branding identity

Social networking and social media are phenomena that have been developing since the mid 2000s that have the ability to connect people to each other and the things they love.

Companies and organizations can take advantage of their capabilities to develop their brand and brand awareness. A brand can be defined as the logo, colors and slogan of an organization, but research reveals that it encompasses a much broader understanding of an organization. It is also the perception, reputation and identity of an organization (Water & Jones, 2011). Social media can provide good organizations with the tools to grow and develop affordably. Many nonprofits are realizing the power of social media, and how it is playing a role in the adaptation of their marketing principles.

Social networking sites like Facebook, Twitter, YouTube and blogs may be a way for organizations to freely share what they do, but engaging users is not simply about how many likes or followers an organization has. Credibility is built through conversation and positive experience. It is not enough for an organization to push information through Twitter; strategic communication must open a dialogue with users, and it is the dialogue that creates a ROI (Lovejoy, Waters & Saxton, 2012). Generating conversations leaves users feeling valued and with a personal connection to the organization.

Social media sites can be broken down into three categories in order to better understand their functionality. Scaife (2011) describes them as “conversation starters” (blogs, YouTube, Twitter), “collaboration tools” (Wikis and Google groups), and “network builders” (Facebook,

MySpace, Twitter). Each category has its own unique features; conversation starters allow users to publish content that can be reviewed and commented on, collaboration tools foster the crowdsourcing of ideas, and network builders allow users to connect with known associates and keep in touch with brief updates and shared content. A successful nonprofit organization can use each tool to successfully share their mission, so long as it understands that credibility is not solely gained through likes, but instead through the engagement and positive experience a supporter has (Gipko, 2012). The most successful organizations make it easy for outsiders to understand what they do and easy for insiders to share the organization with outsiders (Scaife, 2011). Understanding how to leverage social media to make sharing the mission and brand of an organization goes far in the creation of evangelists that share the organization with their own personal networks. Going further, an understanding of the value of conversion from a “like” or “follow” into an engaged user or active contributor will greatly enhance the efficacy of the strategy employed.

Researchers caution that while social media is a powerful tool for developing a brand identity, it is not sufficiently powerful to build a brand on its own. The internet is popular, however, an organization’s entire target audience is not active within the medium (Stokes, 2011). Social media cannot control the entire brand development of a nonprofit, but rather, the greater marketing strategy should be strengthened by the social media strategy. Brand equity, which describes the value of a brand, although not widely researched, capitalizes on trust to allow an organization to generate more financial support and further develop their vision. Brands with more equity are assumed to have more power in the marketplace, and are naturally associated with quality (Faircloth, 2005). While social media is an important tool, especially within the

current paradigm, it should be used in congruency with a larger marketing strategy to maximize the benefits, and align itself with the organization's mission and vision.

In order to be successful, nonprofits must utilize all the benefits of social media, and to do so they must understand its capabilities. Waters and Jones (2011) conducted a study that shows 88 percent of nonprofits that currently have a social media presence are not effectively taking advantage of its features. Social media networks are not a place to simply push information the way that traditional news or marketing was disseminated; rather it supports dialogue and collaboration.

YouTube, for example, has become a popular default source for searching or browsing videos. A study of the top 100 nonprofit accounts on YouTube revealed details about the efficacy of branding through video. Videos, which bring together the vocal, verbal and visual into one medium, can help deliver a message by placing faces with a cause (Walter & Jones, 2011). While a nonprofit can control the information they push, that push is not the sole contributor to brand perception. The utilization of new media as a tool requires an understanding that an organization must relinquish the complete control of their image, and allow their clients to help shape public perception based on shared experiences. Recognizing how new media is perceived will help allow organizations to humanize their missions and share them visually to build their brands and inspire advocacy (Waters & Jones, 2011).

Collaboration between organizations and companies has the potential to help a nonprofit expand outside its typical audience if utilized effectively. Organizations that seek to build their brands through collaboration must allow themselves to seek feedback beyond their own social circles to be able to reach new audiences. Dickinson and Barker (2007) argue that for brand collaboration to be successful, nonprofits must be careful about which companies they

collaborate with. Each organization has its own identity and brand collaboration is most effective when it is between organizations that do not compete, but complement one another (Tschirhart, Christensen & Perry, 2005). Nonprofits and companies must seek to align themselves with likeminded organizations to leverage the value of each organization for the other.

Brands can also collaborate with celebrities when possible, but the celebrity must fit well into the organization's principles and ideals. Celebrities can help develop trustworthiness for an organization through personal support (Wheeler 2009). When consumers are able to personally identify with an organization, they develop a sense of connection, and a celebrity paired with the right cause can inspire that connection.

Social media tools will continue to evolve as the digital frontier expands, but these platforms serve as a valuable tool that nonprofits can use to develop their brand and share their mission. An organization that builds and maintains a strong brand can develop trust with its supporters, and from that trust it can use social media to humanize itself, engage its audience, differentiate itself from competitors. While still a relatively new phenomenon, social media is expected to be a stable presence in the future development of the internet and nonprofit organizations should embrace its capabilities early so they can adapt with it.

Cause related marketing and co-branding

Cause related marketing (CRM) is when a for-profit company drives consumer participation with the incentive of a social reward. Both companies and nonprofits must be careful to choose wisely which organizations they collaborate with, as the relationship reflects reciprocally on both brands. Co-branding can leverage the value of the brand for both sides, the nonprofit benefits from company support, while the company presents itself as socially

conscious (Dickinson & Barker, 2007). Nonprofits do not simply use CRM opportunities to generate funding; they also drive awareness and build their network to expand into the company's network (Runté, Basil, & Deshpande, 2009). Cultivating new supporters, and fostering the long-term relationships of donors can accumulate through a continuing dialogue both during and after a CRM campaign.

Corporate social responsibility (CSR) plays an important role in a company's decision to participate in a CRM campaign. While the intentions of a CRM campaign are positive, Grau, Garretson and Pirsch (2007) indicate that in some cases feedback can be slightly negative. In cases where the level of difficulty is too high and the partnered organization do not receive the benefits, and when the fundraising cap is too low, consumers develop slightly negative feelings towards the company for stinginess. Because a CRM campaign encourages participation by leveraging sales by capitalizing on a consumer's conscious, companies must make the ROI for a consumer simply and attainable. For the user to see a nonprofit benefit from a CRM campaign, there should not be much extra work or too many loopholes involved. A company should not use the opportunity simply to maximize sales and negate their commitment to a good cause by overcomplicating the process. In the same vein, if a company or organization already has a reputation for poor ethics, than a tactic such as CRM will not work to change that (Strahilvetz, 2008). If a company participates in a CRM campaign for the right reasons though, the campaign can benefit both the company who is seen as a community advocate, and the nonprofit who is able to spread awareness and cultivate new supporters.

Nonprofits have clear and predefined missions that provide the basis for any marketing campaign. In a CRM campaign nonprofits must choose their partner with care. For example, a nonprofit working to end child labor should ensure that the company they partner with can

guarantee that their products are produced by adults of legal working age. If the missions of the collaborating organizations do not line up, consumers are more likely to develop negative perceptions of the nonprofit and its work (Wright & Mottner, 2009). That being said, CRM is an effective strategy that organizations can use to expand their audience and grow their support base.

Conclusion

To successfully market their cause or mission, nonprofit organizations must develop strategies to reach three key groups, consumers, volunteers, and donors. Traditionally nonprofits have avoided needing to advertise and market their services, but recent growth and the growth of the internet has created a gap between those who choose to embrace it, and those who don't. By having a greater understanding of marketing strategy, nonprofits can better compete for limited funding resources.

Many nonprofit organizations are still lacking in the area of strategy development, and although many managers recognize the important role it plays, they struggle to allocate the necessary resources to make marketing a priority. Nonprofits are expected to produce an immediate ROI, but rarely have the resources to do so. If a nonprofit organization can spend time, a key resource, developing new strategies and growing their support base, ultimately its potential for success increases (Scelza, 2012). If nonprofits approach nonprofit marketing and development with business strategy, they will be able to grow their donor and volunteer while bolstering their brand.

Originally nonprofits did not need to develop marketing campaigns, but the increased number of organizations has created an environment of competition among similar nonprofits. Throughout the process of marketing though, a nonprofit has to be careful to maintain its brand's

identity and the commitment to its altruistic mission. A commitment to brand will help nonprofits cultivate supporters in the three key groups, allowing the organization to thrive in an environment of rising prices and increased competition.

The limitation of resources has stifled the collaboration between organizations in similar fields. This lack of collaboration is damaging to society as a whole because the inherent purpose of nonprofits is to use best practices to improve social problems and the world. Researchers argue the increased marketization has and will continue to limit the open sharing of information and group collaboration, however, research in this area is sparse. Specifically, few researchers have examined the connection between marketization and whether it has influenced a decrease in inter-organizational collaboration, and what effects that may have on the greater community.

The introduction of social media networks offers the opportunity for nonprofits to grow and develop their brands while reaching their audiences. Networking sites like YouTube, Facebook and Twitter allow nonprofits to engage their stakeholders and supporters in conversation, update them on news and reach them during marketing campaigns. Despite its capabilities, few nonprofits currently have the knowledge or resources to maximize its benefits. Social media sites allow organizations to develop their brand over a variety of platforms and engage as many users as they can, and it's a resource that should be utilized in conjunction with a planned marketing strategy.

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