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PLANNING MARKETING STRATEGIES IN NON-PROFIT ORGANIZATIONS – PRESENTATION OF THE DIRECT RESEARCH RESULTS**

Abstract

The aim of this paper is to present the issues connected with planning marketing strategies by non-profit organizations. The paper presents selected results of direct research conducted in 2009. The survey covered private non-profit organizations (non-government organizations) in three provinces: Malopolska, Podkarpacie and Silesia. The presented results of the research concern the mission and goals of organizations, planning their activities (including marketing activities) and foundations on which marketing strategies are based.

Key words: marketing planning, marketing strategy, non-profit organization, NPO, marketing of non-profit organizations, non-government organizations, social mission, stakeholders

1. Introduction

Non-profit organizations (NPOs) are entities whose driving motive for their activities is not to obtain some profit for their owners but to perform some defined significant social missions. NPOs may take up some profit-bringing activities, but only on condition that this profit is ploughed back into conducting their statutory activities. The non-profit sector covers a wide range of organizations which operate in various fields, such as: health care, social support, human rights, education, culture, sports, professional activation, environmental protection. Non-profit organizations may be public (public non-profit organizations) or private (non-government organizations).

In order to function properly and to realize their missions, non-profit organizations must properly plan their marketing strategies.

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A marketing strategy is “a system of rules and principles of operating which provides the framework for market operational undertakings” [Pomykalski 2005, p. 131]. According to another definition it is “a system of medium- and long-term principles and guidelines for acting which determine the frames for marketing decisions and activities¹⁾” [*Leksykon marketingu* 1998, p. 238].

This paper presents some selected results of direct quantitative research concerning the role of marketing strategies in creating value for the interest-holders of non-profit organizations. The issue of planning marketing strategies of non-business organizations was presented in this paper along the following lines:

- missions and goals of organizations,
- planning activities in marketing,
- assumptions of marketing strategies.

The research was carried out in 2009 by means of a questionnaire. The subject of our research were non-government organizations operating in the field of social services and social support. Such organizations play a vital role in the society. It can be expected that due to continuing aging of our society and limited possibilities of providing aid by the state, their role will be even more significant in the future. All surveyed organizations had the status of a public benefit organization (PBO). The survey covered 269 organizations from three provinces: Malopolska, Podkarpacie and Silesia. After verifying the questionnaires the answers provided by 253 entities were qualified for further analysis. The remaining questionnaires did not meet the formal requirements.

2. Missions and goals of non-profit organizations

The notion of mission is understood in a number of different ways. Specialist literature provides numerous definitions of this concept. Ph. Kotler, H. Kartajaya and I. Setiawan define the mission as “the company’s reason to exist” [Kotler, Kartajaya, Stiawan 2010 p. 59]. On the other hand, A. Stabryła writes that mission is a specific role that an organization performs or intends to perform [Stabryła 2000, p. 48]. Mission should be the foundation of which strategic operational goals are formulated [Lambin 2001, p. 369].

Non-business organizations are “more focused around mission, common goal and common service than business organizations” [Witek-Crabb, p. 133].

The surveyed organizations were asked to quote their mission statements. 11.5% responded that they do not have any formulated mission statements or did not provide an answers to this question. The answers of the remaining organizations were formulated in very different ways.

¹ The definition of strategy by R. Niestrój.

A deep analysis lead to the conclusion that organizations understand the term 'mission' quite differently and some of them – incorrectly. Some organizations identify the mission with their operational goals. Some mission statements were formulated in a very detailed way, while others were too general, for example “providing support”. A whopping majority (86%) declaring that they have a mission statement, responded that it is written down in their documentation (statute, rules and regulations, etc). As far as operational goals are concerned, only one organization did not have them specified in their statute, founding act or some other document. In their mission statements, the surveyed entities most frequently described their activities (provided services, ideas popularized by them), subjects to which they direct their actions in order to satisfy needs. References to ethical and religious values appeared in mission statements quite often. 93.8% of surveyed organizations agreed with the statement that their activities are fully consistent with the adopted mission statement (62.7% ticked 'I totally agree', while 31.1% marked 'I agree'). The organizations were also asked about the consistency of their actions with their main goals. 97.4% of the entities declared that their actions were fully consistent with their goals (68.2% answered 'I totally agree', while 29.2% marked 'I agree'). Consistency of actions taken with concrete goals is essential, as non-profit organizations must be totally credible.

3. Plan of action for marketing in a non-profit organization

The execution of the mission and reaching goals requires proper planning including a plan of action for marketing.

Most organizations covered by the survey (61%) planned their marketing (N=246).

Organizations which did not have a plan of action for marketing gave various reasons for this lack. The most frequent reason was a financial deficit of financial, followed by a lack of human resources. They also pointed at the lack of time or expertise or indicated that it was deemed unnecessary due to the small size of the organization. It should be noted, however, that some responses indicated that the idea of planning was not always properly understood. Some organizations gave the following reasons for not planning their marketing operations: they did not conduct any business activities, they were not focused on profit, their profile and type of activities did not require this, their organization was well known within its environment.

The majority of organizations that planned their marketing actions,(nearly 2/3), prepared them in written form (N=141). Marketing plans were not influenced by the province, the size of the city in which the organization

had its registered office, the geographic scope of its activities or the subjective evaluation of the financial standing of the organization^[2].

Non-profit organizations that planned their marketing activities but did not prepare them in writing gave various reasons for doing so; deemed unnecessary as well as a lack of manpower, time or financial means. Some organizations declared that they were in the process of developing written plans or were intending to make them.

Marketing plans were usually prepared by the organizations themselves. Only a few entities used the services of outside units/entities.

Non-profit organizations should take into consideration various groups of stakeholders in planning their activities. It is essential to identify all stakeholders of an organization, determine their importance and analyze their needs^[3]. Among the stakeholders of NPOs are: service recipients, their families/ friends, donors (individual and institutional), volunteers, employees and members of an organization, media, public institutions, local communities and the society – as a whole.

The subject of the conducted research was also to identify the groups of stakeholders at which activities listed in organizations' marketing plans are directed. The obtained responses have been presented in Table 1.

Surveyed organizations most often directed activities reflected in their marketing plans at individual donors (71.5%), local communities (67.9%), institutional donors (67.2%), public institutions (54%), media (50.4%) and service recipients (48.9%). Further on the list were society as a whole (43.1%), volunteers (40.1%), organizational members (35%), families and friends of service recipients (33.6%) and employees of organizations (9.5%). It may seem surprising that so few non-government organizations address their marketing activities to their employees. However, it should be noted that very many organizations (more than half of those surveyed) did not have any employees.

Table 1. The recipients of activities reflected by non-profit organizations in their marketing plans (N=137).

Group of stakeholders	Percentage of organizations
Individual donors	71.5%
Local communities	67.9%
Institutional donors	67.2%
Public institutions	54%

2 The differences are not statistically significant (Kruskal-Wallis test).

3 The stakeholders of an organization are the subject of the strategic analysis. See: K. Oblój, Strategia organizacji. W poszukiwaniu trwałej przewagi konkurencyjnej, PWE, Warszawa 2007, pp. 217-225; M. Lisiński, Metody planowania strategicznego, PWE, 2004, pp. 80-88.

Group of stakeholders	Percentage of organizations
Media	50.4%
Service recipients	48.9%
Society – as a whole	43.1%
Volunteers	40.1%
Members of an organization	35%
Family and friends of service recipients	33.6%
Employees	9.5%
Others	1.5%

Source: own research.

Among organizations that employed staff only 11 (N=68) directed their activities reflected in marketing plans at their employees. On the other hand, 41% associations directed such activities at their members (N=105).

All surveyed organizations were asked to express their opinions about the following statement: “Non-profit organizations do not have to plan their activities (including marketing activities) well ahead of time. It is sufficient to make decisions on a daily basis”. 23.3 % of the surveyed organizations (N=248) agreed with this statement (5.2% agreed totally). 67.3% were of an opposite view (18.5% disagreed totally). 9.3% of organizations stated that they neither agreed nor disagreed with the statement. The province, geographic scope of activities and subjective evaluation of their financial standing did not significantly influence the opinions expressed by them^[4].

All organizations were asked for what period of time they plan their activities (including marketing activities – if appropriate). Most organizations (58.4%) planned their activities for a period of time of up to a year. 23.3% of the surveyed entities planned for 2-3 years, while 17.8% for a period of more than three years. Results of the analysis lead to the conclusion that the period of time for which activities are planned is not affected by the province, the size of the city in which an organization has its registered office or its evaluation of its financial status^[5]. However, some relationships between the time horizon of the plans and the geographic scope of the organization’s activities were observed^[6](Table 2).

4 The differences are not statistically significant (Kruskal-Wallis test).

5 The differences are not statistically significant (Kruskal-Wallis test).

6 The Kruskal-Wallis test: Chi-square = 8.061, df=3, Asymptotic significance = 0.045 < 0.05.

Table 2. Period of time for which activities are planned in relation to the geographic scope of the organization's operations (N=194).

Geographic scope of operations	Period of time for which activities (including marketing activities – if they are conducted) are planned – in %		
	Up to 1 year	2-3 years	Above 3 years
Local (N=65)	70.8	16.9	12.3
Regional (N=57)	52.6	33.3	14.0
National (N=54)	48.1	22.2	29.6
International (N=18)	66.7	16.7	16.7

Source: own research.

4. The foundations of marketing strategies in non-profit organizations

In order to evaluate the foundations of marketing strategies in non-profit organization, the surveyed organizations were asked whether they conduct marketing activities at all. The question was formulated as following: Does the organization conduct marketing activities (aiming at identifying and satisfying the needs and requirements of the service recipients in a place, time and form that are convenient for them, through the marketing-mix formula: product, price, place, promotion). Positive responses were reflected by 25.8% of surveyed organizations (N=244). Nearly 3/4 of the entities admitted that they did not conduct any marketing activities. However, different conclusions can be made from the analysis of responses concerning the issue of planning marketing activities. 61% of surveyed organizations (N=246) declared that they planned marketing activities. The question, however, arises how such discrepancies between responses should be explained. The analysis conducted leads to assumptions that the notion of marketing is understood differently by various non-profit organizations. Their responses concerning marketing activities gave some indication how marketing is understood. This could account for the fact that surveyed entities provided mostly negative answers as their understanding concerning the essence of marketing activities varied differently.

Organizations located in the Podkarpackie Province less often conducted marketing activities than organizations from the Małopolska Province and from Silesia. The differences observed, though, are not statistically significant. The size of the city and the evaluation of the financial standing did not affect, in a statistically significant way, the responses provided⁷. We noticed, however, a dependence or such a tendency between declarations concerning marketing

⁷ Kruskal-Wallis test.

activities and the geographic scope in which an organization operated^[8]. Taking into account the scope of operations, we must state that marketing activities were mostly conducted by organizations operations.

This research attempted to diagnose the importance held by various groups of stakeholders to non-profit organizations. Respondents were asked to rank particular groups of stakeholders according to their importance to their organization. Stakeholders were to be ranked by being given points from 1 to 10 (1 denoted the most important group of stakeholders, 10 – the least important one). The results obtained thus have been presented in Table 3 (the lower the values, the more important the group of stakeholders was for the organization).

The conducted analysis shows that the three most important groups of stakeholders for non-profit organizations are: service recipients, their family and/or friends and local communities. Further down in the rankings were: donors, society as a whole, volunteers and public institutions. The least significant groups were employees (in case of associations – also members of organizations) and media.

Table 3. The importance of various groups of stakeholders for non-profit organizations (N=162)

Group of stakeholders	Dominant	Median	Average
Service recipients	1	3	4.5
Family and friends of service recipients	2	4	4.9
Local communities	3	3	3.9
Individual donors	5	5	5.1
Public institutions	5	6	5.8
Institutional donors	6	5.5	5.4
Volunteers	6	6	5.7
Society (as a whole)	7	5	5.4
Employees (also members of associations)	10	7	6.5
Media	10	8	7.1

Source: own research.

In order to analyze selected features of strategies used by non-profit organizations, respondents were asked whether their organization focused more on servicing clients or on attracting donors, how frequent its contacts with media were, whether it used diversified sources of finance and whether it was managed on the basis of marketing principles. The questions were based on

⁸ Kruskal-Wallis test: Chi-square = 6.594, df=3, Asymptotic significance = 0.086 < 0.01.

a 1-5 rating system, where a mark of 1 meant more frequently and 5 meant less. Respondents were asked to evaluate them (using a 1-5 scale). Table 4 presents the average marks. It should be noticed that all average marks are more or less in the middle. 30.5% of the surveyed organizations expressed a firm opinion that they focused more on servicing clients than on attracting donors (mark 5). It was the most frequently given mark. 85.5% of the organizations maintained contacts with media. Usually these were not frequent contacts. As far as the diversification of finance sources was concerned, the largest number of organizations (31.9%) answered that they used various sources and were still looking for new ones (a mark of 1). The frequency of contacts with donors varied. Maintaining regular contacts with donors (a mark of 1) was declared by 22.2% of the surveyed organizations. On the other hand, 13.3% of the respondents contacted donors only when it was necessary (a mark of 5). Responses to the question of whether the organization was managed on the basis of marketing principles also varied considerably. 20.5% of the organizations clearly declared that their management was based on marketing principles (a mark of 1), whereas 23.3% of the respondents were of the opposite opinion a (mark of 5).

Table 4. The evaluation of selected activities of non-profit organizations

The organization...	Average mark	The organization...
"Focuses more on attracting donor than on servicing clients"	3.54	"Focuses more on servicing clients than on attracting donors"
"Maintains frequent contacts with media"	2.9	"Does not maintain contacts with media"
"Uses diversified sources of finance and constantly looks for new ones"	2.49	"Uses one, regular source of finance"
"Maintains regular contacts with donors"	2.67	"Contacts donors only when it is necessary"
"Is managed on the basis of marketing principles"	3.1	"Is not managed on the basis of marketing principles"

Source: own research.

61.5% of the organizations did not conduct marketing research, 16.2% carried them out very rarely, while only 8.5% did so frequently or very frequently.

The reasons given for not conducting marketing research ranged from not seeing the need through lack of financial means to lack of people and time.

The organizations that declared conducting marketing research were asked about the subject of this research. The answers provided by them show that the research concerned mostly service recipients (their needs, preferences, interest in the offer, satisfaction they felt), donors (their number, sources of obtaining

information about the organization, forms of contacts with donors or ways of attracting them), effects and effectiveness of the activity and activities of other organizations.

The responsibility for marketing activities was usually assigned to the board of the organization. Quite often it was the chairman of the organization that was in charge of marketing. Only a few entities had specialists responsible for marketing activities. In some organizations the responsibility for marketing was assigned to other posts (for example to the treasurer, secretary, coordinator of volunteers). A few surveyed entities responded that in their organization there was collective responsibility for marketing activities.

5. Conclusions

Planning marketing strategies in non-profit organizations is a vital condition in effective execution of their missions and accomplishment of their goals. Non-profit organizations understand and formulate their missions in a very different way. Most of the organizations (61%) plan their marketing activities, though these plans are not always written down. The activities reflected in marketing plans are addressed to various groups of recipients, but mostly to service recipients, their families and friends and to local communities. Nearly 1/4 of the organizations do not see the need for long-term planning. A majority of entities (58.4%) plan their activities for a period of up to one year. More than 60% of the organizations do not conduct any marketing research. Marketing activities are usually the responsibility of the board. The results of the conducted research allow to assume that the term “marketing” is understood differently by non-profit organizations.

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