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## Non Profit Marketing: An Emerging Trend

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### **Abstract:**

*Non profit marketing is an emerging concept in the present era as various non profit organizations are making efforts and applying the concepts of marketing to build mutually satisfying relationships with their consumers. This paper attempts to explain the concept of non profit marketing and how it is contrast with profit marketing and some unique characteristics of non profit marketing strategies. Over the years many new concepts have emerged in the field of marketing and the non profit marketing is one of them. The primary purpose of non profit organisations is not to make profits but to support a specific goal. They need some level of financial support either through sales or donations to sustain and support the cause. The study also focuses on explaining the need for non profit marketing in present era and how it is used as a strategy in the current scenario of fierce competition and increased concern towards society. The secondary data has been collected from newspaper, magazines, journals, books, websites etc.*

**Keywords:** Nonprofit marketing, fierce competition, strategy

### **1. Introduction**

Marketing is the process to satisfy needs and wants of customers. In today's scenario marketers compete with each other to delight customers with their marketing offers in order to create customer equity and build long term relationships. Over the years non profit organizations have also realized the role and importance of marketing in understanding of customers and managing strong relationships with them. A non profit organization is an organization that exists not to earn profit, or return on investment or to gain market share rather to achieve some goal. Non-profit organizations also use marketing strategies for multiple objectives like to create awareness, motivating people to donate or volunteer for a social cause, provision of services by government at lower costs, allocating grants, campaigning to get attention of media and general public towards a particular cause. Although the concept of applying marketing strategies by non profit organizations is not new but in recent years, non profit marketing has been emerged as a new concept in the field of marketing.

Non profit marketing can be defined as the efforts by a non-profit organization to develop mutually satisfying relationships between organisations and customers. Even government and political parties have also been using various marketing tools strategically to persuade their customers. Non profit marketing differs from profit marketing because of the key characteristics of not-for-profit organizations. Fig. 1 shows the characteristics of not-for-profit organizations.

### **2. Objectives of the Study**

- i. To study the concept of Non Profit Marketing.
- ii. To study the difference between Profit and Non Profit Marketing.
- iii. To showcase some examples of Business- non profit collaborations.
- iv. To identify the reasons as to why companies have shifted focus to Non Profit Marketing.

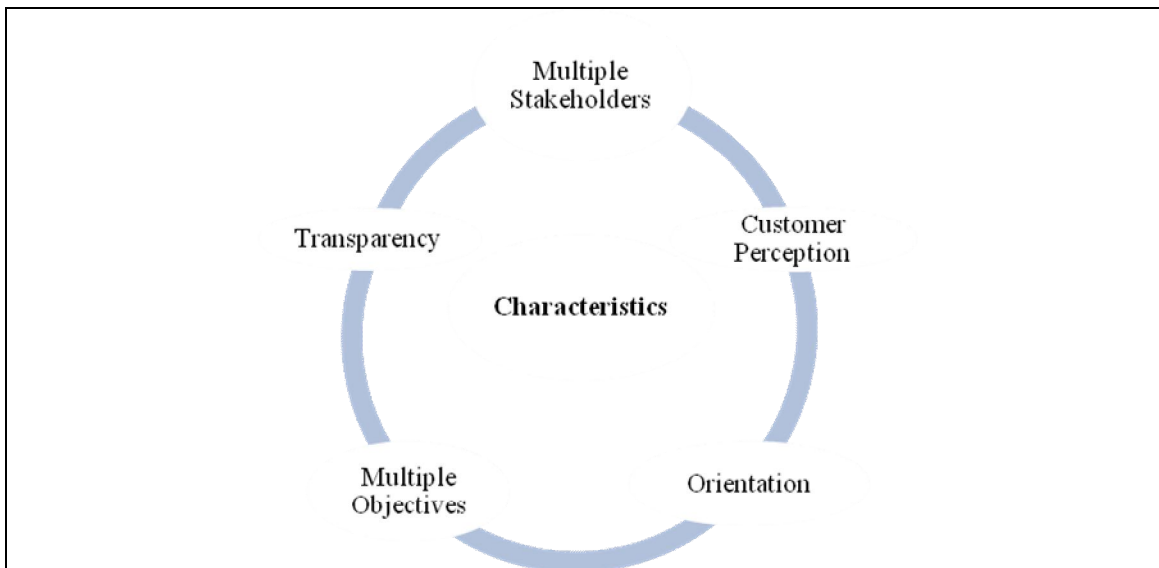


Figure 1: Key Characteristics of Non Profit Organizations

Non profit organizations are different from their commercial counterparts in a number of ways. Orientation of non profit organizations is not market based as in case of other organizations those exist to earn profit or gain market share. Scope of marketing objectives of non profit organizations is wide and includes creating awareness, fund raising, political campaigning, providing services at a lower cost or motivating people for a social cause. So, these non profit organizations attempt to serve multiple objectives. Customers' perception towards non profit organizations also differ as their main motive is not to earn profit rather is to serve the society. These organizations serve multiple stakeholders like general public, trustees, employees, Government, and regulators etc. Since non profit organizations do not give returns back to shareholders, there is greater need to operate in transparent manner as they claim to act in common interest. Marketing initiatives taken up by government, churches, museums, charities etc., central goal of which is not to earn profit, instead to support needy people or a specific cause come under the purview of non profit marketing. Despite similarities in application of numerous marketing tools to build long lasting relationships, there is difference between profit marketing and non profit marketing.

### 3. Difference between Profit and Non Profit Marketing

There is difference between profit marketing and non profit marketing. In profit marketing, customers purchase goods and services that satisfy their needs. But in non profit marketing, customers purchase goods not only to satisfy their needs but also to contribute towards satisfying needs of others. Profit marketing is done to make money by selling goods or services to customers. Non-profit marketing is usually done to support a social cause by collecting money through customers. In addition to these general differences, marketing strategies designed and followed by non profit organizations also vary to a large extent. Nonprofit organizations share characteristics with service firms. Just like business marketing, process of nonprofit organization marketing also consists of some steps like setting of marketing objectives, selection of target markets, development of marketing mixes, and providing services to satisfy the needs and wants of users, payers, donors, politicians, media and general, general public. However, there are some unique characteristics of non profit marketing because of which strategies followed differ in case of non profit marketing.

### 4. Non Profit Marketing Strategies

#### 4.1. Target Market

In case of non profit marketing, target consumers are often apathetic about or strongly opposed to the offers of nonprofit organizations like in case of vaccinations or health check up or leaving a bad habit like smoking. They don't want to change their mindset about a particular product or idea like 'save a girl child' or 'say no to tobacco'. Non profit marketers are also likely to adopt undifferentiated segmentation strategies as they receive pressures from government or regulators to provide services to the maximum number of people or create maximum awareness about an issue. Unlike business and profit marketing, non profit marketers do not compete with the other marketers rather focus on complementary positioning, like the services of water and electricity or services of hospitals and fire services etc.

#### 4.2. Product

Product strategies for nonprofit organizations are also complex as compared to the profit organisation because of unique characteristics. Although we say that the purpose of non profit marketing is to develop mutual satisfying relationships between organizations and customers, but nonprofit organizations often face problems of benefit complexity and weak benefit strength in their product offerings. The benefits that a person receives after purchasing the product or getting influenced by the idea are complex, long

term, intangible and difficult to communicate to consumers. Similarly the strength of benefit from non profit organizations' offerings is weak or indirect. Donating money for an old age home, or casting your vote rationally, or saving trees etc. are some of the examples which shows weak benefit strength and complexity of benefits. Product offerings of NPO organisation also elicit low involvement on the part of consumers. So, in case of non profit marketing an extra care is needed to design product strategies.

#### 4.3. Promotion

Communication also plays an important role in case of nonprofit organization marketing to engage more and more people and to persuade maximum consumers to respond towards marketing offer of a nonprofit organization. Many nonprofit organizations have been prohibited from advertising and lack resources to retain expertise in the marketing area. However, they may use special promotion resources like professional volunteers, for eg. an advertising agency may donate their services for organisation or may be a channel creates awareness about a social cause without any payment from any NGO. Non profit organisation may also use sales promotion tools and activities to draw attention to their product offerings or ideas. Most of the times, these organizations use public service advertising also, for eg. Govt. uses DD channels for most of its promotion regarding national cause. However, these days nonprofit organizations use various other promotion tools as well to draw maximum attention. Even political parties hire advertising agencies to design ads, slogans, and positioning strategy for them.

#### 4.4. Place

Place or distribution strategy in case of non profit organizations are required to provide special facilities regarding place distribution to elicit maximum response from consumers towards their product offering. Like multiple voting booths in case of elections, hospitals/libraries/schools at central or convenient location or providing services of pulse polio drops from door to door.

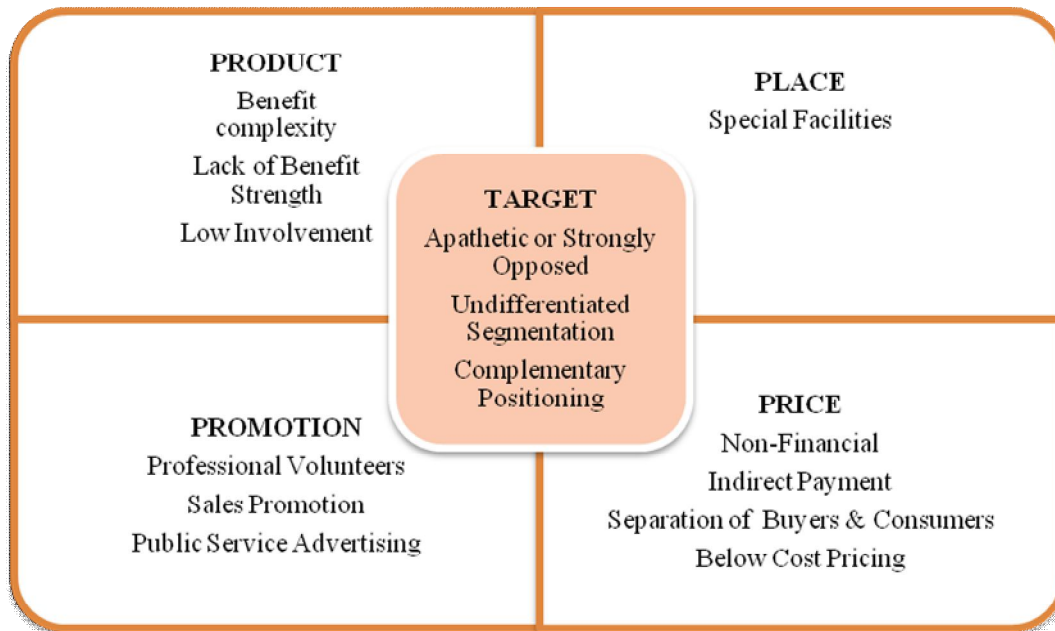


Figure 2: Characteristics of Non Profit Marketing Strategies

#### 4.5. Price

Since the marketing objective in case of non profit organisation is not to earn profit or gain market share rather serve the society at a lower cost or create awareness, or change the mindset of people, the nature of pricing strategies differs in case of non profit marketing. Prices paid by consumer for product offering of the non profit marketer are non financial in many non profit situations and include opportunity costs of time, effort costs, or embarrassment costs etc. In some situations the payment is indirect, like payment of taxes, donations etc. and payers for the product and the users for the product are separate persons like donation paid by financially stronger section of the society and used by financially weaker section of the society. Most of the times, nonprofit organizations keep their prices below cost like Government schools or govt. hospitals, public transport, postal services.

### 5. Non Profit Marketing - A Strategy for Profit Marketing

In today's scenario of fierce competition all over the world all companies want to gain maximum share in the market as compared to their rivals and want to build customer equity. Apart from increased competition, public scrutiny for business activities has also been heightened. Therefore, companies are differentiating themselves by co-opting social causes in a bid to win the public favour. This approach is known as Cause Related marketing. According to Cause-related marketing (CRM) Forum CRM is a commercial activity by which business and charities form a partnership with each other to market an image, product or service for mutual benefits. With mandatory provisions regarding Corporate Social Responsibility in New Companies Act, companies are utilizing their expenditure on

CSR activities as a strategy to build their brand image. So, Non Profit marketing and cause related marketing play an important role in building brands, creating products awareness, showing concern for the social causes and building long term relationships. Initiatives of some companies in this area are worth to be mentioned here:

- P&G launched “Shiksha” program in 2005 to provide education to help disadvantaged children. So far, the program has been able to accumulate Rs. 22 crores and has helped approx. 2,80,000 children. The program promises to contribute some percentage of price of the product towards children education. Generally, people do not have faith on NGO’s that whether they actually pay money to poor people or not, So by associating the brand with charity, the P&G company is trying to win the trust of consumers. *The company has* partnership with NGOs like Save the Children India, Army Wives Welfare Association (AWWA), Navy Wives Welfare Association (NWWA) and Round Table India (RTI). P&G has also launched another program named as ‘*Parivartan*’ (Transformation) for health and hygiene of adolescent girls.
- Shoppers Stop regularly organise events with various NGO’s like- blood donation camp, clothes collection etc. On every foundation day shoppers stop contribute something to different NGO’s.

Shopper’s stop has partnership with “Goonj” NGO. It timely offers discounts related to donations, For eg: in 2012, it provided an offer “Salwar Kameez Dupatta (SKD)” to customers where they were given discounts if they donate their old “salwar kameez” for their NGO. Also in 2013, it started “Denim exchange offer” in Mumbai where customers were offered upto 25% discounts if they have donated old denims for their NGO partner.

- The Coca-Cola started a program in collaboration with NDTV named as “Support My School Campaign” in around 2010. The program aims at revitalizing/ renovating the schools in rural and semi urban areas where the condition of schools is deteriorating. The basic needs that have been addressed to are:
  - Construction of separate toilets for girls and boys.
  - Supply of clean and healthy water
  - basic recreation facilities
  - Library facility
  - Friendly environment for children with disability

Till now 518 schools have been revitalized. Many workshops have been organised to improve the teaching quality, classroom management etc.

- The Sir Dorabji Tata Trust was established in 1932 by Sir Dorabji Tata. The trust has supported many educational institutions and hospitals. In case of natural calamities such as famines, pestilence, fires, tempests, floods, earthquakes, etc. the trust has always helped the affected people. The Trust has set up many institutions for promoting education namely:
  - Indian Institute of Science, 1909
  - Tata Institute of Social Sciences, 1936
  - Tata Memorial Hospital, 1941
  - Tata Institute of Fundamental Research, 1945
  - National Centre for the Performing Arts, 1966
  - National Institute of Advanced Studies, 1988
  - Tata Medical Center, 2011

The trust also supports many NGO’s. The TATA group also has its own social venture/ trust “Samhita- Doing good better” which has partnership with many NGOs for supporting multiple causes. The foundation helps the NGO’s to raise funds under its brand image. The partners to the trust are - The Global India Fund, Crafts Villa, CLIC Abroad, Atma. These partners get multiple benefits for working on social cause. For eg. Craftsvilla.com has been able to promote its brand by working along with this trust. All the Members who list their products/services on the Crafts Villa website get partial refund of the transaction costs that Crafts Villa charges for selling on the website.

- Amazon Company has partnered with “CRY” NGO and launched a ‘*Gift a Smile*’ campaign in 2014 during the festival of Diwali with the aim of fulfilling the wishes of underprivileged children. Under this scheme, the website provided with a wishlist of items that children need and provided opportunity to consumers to purchase product for needy people. The scheme helped the keen interested consumers to donate the products through Amazon.com.
- In 2004 (From 1<sup>st</sup> october- 31<sup>st</sup> December) HDFC bank provided it customers an opportunity to make direct contribution to its NGO partner “CRY”. Apart from this, HDFC bank agreed to donate certain percentage of total donations made by its customers to “CRY”. In 2007 bank agreed to donate an amount equivalent to the worth of gift that bank’s client will receive from the bank on his/her birthday occasion.
- Philips electronics India Ltd. has partnered with “Smile” NGO for supporting education, health care facility for underprivileged children. Company joined the campaign “More styles More Smiles” where it agrees to contribute some part of its sales proceeds of its grooming product range.
- Samsung has partnered with Smile foundation for supporting child education. It started its “Hope” project in February 2012 to help children of 100 villages in Tamil Nadu. This project is also running across India where through sales of its products, Samsung contributes to this NGO.

## 6. Conclusion

Marketing is no more a new concept but its application has changed from time to time depending upon the situation. Earlier marketing was linked only to commercial purposes but now it has been linked to social purposes. Over the years non profit organizations have realized the role and importance of marketing in understanding of customers and managing strong relationships with them. This Concept has emerged as non profit marketing. Because of its unique features, non profit marketing is different from profit marketing. In the era of increased competition and heightened interest of public towards social causes, Indian companies have resorted to the idea of non-profit marketing and cause related marketing, and they are using it as an instrument in creating brand images, increasing products' awareness, and differentiating themselves from the competitors and at the same time fulfilling their responsibility towards society.

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