

Not-for-profit marketing: branding, brand equity and
marketing of smaller charities.

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Abstract

Decades after the idea of not-for-profit marketing was first introduced the uptake has not been universal. This study investigates the application of commercial marketing principles in a sector where objectives other than profit are pursued. In particular, it seeks to establish the effectiveness of not-for-profit marketing in encouraging the public to “pay” the required “price”; to investigate the influence of charity brands on stakeholder choices; the influence of a charity’s reputation on donor behaviour; and whether smaller charities are aware of and use their brands. A questionnaire tested donor perceptions and through a focus group insight was gained into the marketing practices of smaller charities. The results indicate that not-for-profit marketing is effective and that smaller organisations can compete through less expensive marketing techniques, that charity brands are extremely valuable but underutilised, and that an organisation’s reputation is its most valuable asset. Recommendations are made to improve the performance of smaller charities by addressing marketing and wider management practices.

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Declaration of own work

I, Elizabeth (Lizette) van Niekerk, hereby declare that this study is my own work. All research materials utilised have been acknowledged. This study has not previously been submitted for the purposes of a degree at any institution.

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CHAPTER1: ORIENTATION

1.1 Introduction

Most people, at some stage during their lives, are persuaded to part with a few coins to sponsor a sick child, donate blankets to the homeless, give blood, donate clothes to victims of a natural disaster like a Tsunami, buy and wear a red ribbon to support HIV/AIDS patients, recycle plastic bags, attempt to stop smoking, attend a fundraising concert; or support some other worthy cause. Often the issues at stake do not touch their lives directly but they are persuaded to care enough to “pay” the required “price”, be it money, time or a change in behaviour. Particular choices are also made as to the issues or causes supported and between the thousands of organisations active in the not-for-profit sector. Often the person making the choice does so instinctively without considering why this particular organisation rather than another, just as worthy one, was chosen. Why do people, for example, donate to the World Wide Fund for Nature (WWF) rather than the World Society for the Protection of Animals (WSPA), or vice versa?

When a customer purchases a product or service there is usually a measure of awareness that the reason for the choice of the product or service can in some way be linked to a marketing effort on the side of the company. The same awareness and associations are often not made about those “purchases” that are not commercial and are often intangible, relating to ideas or causes. Even when customers are presented with two similar products on a store shelf, one endorsed by a charity and the other not, what makes them decide to select the one with the pink ribbon or heart logo rather than the other? Whether they realise it or not, members of the public are targeted by more, or less, sophisticated forms of not-for-profit marketing virtually on a daily basis.

The concept, and use, of not-for-profit marketing has been around for almost four decades. The contributions of Kotler and Andreasen (2003), Bennet and Sargeant (2003), Sargeant (2003) and Bennet (2006) have emphasised the applicability of marketing principles originating in the commercial sector in the not-for-profit sector. Gonzalez et al. (2002) illustrated that there has been some resistance on the side of not-for-profit organisations themselves to learn from the commercial sector and

Ewing and Napoli (2005) highlighted the role of increased competition in the sector, necessitating a more business-like approach. The rise of market orientation was investigated by Vasquez et al. (2002), Gainer and Padanyi (2005), and through the seminal works of Kohli and Jaworski (1990) and Narver and Slater (1990). Particular areas of the construct were highlighted by Bulla and Starr (2006) and Sargeant and Ford (2007).

Hankinson (2001) has done much to promote the idea of brand management in the not-for-profit sector and this was further developed by Grounds (2005), Haigh and Gilbert (2005), Sargeant (2005) and more recently, Bennet (2007).

The reputation construct was investigated by Bennet and Gabriel (2003), Sargeant (2005), Sargeant and Lee (2002, 2004), Stride (2006), Money and Hillenbrand (2006), and Sargeant and Ford (2007).

Despite some resistance from the not-for-profit sector itself there has been uptake of the idea that the marketing principles applied in the commercial sector can be successfully applied to not-for-profit organisations. Since the 1990s there has been recognition, especially amongst the larger, more professionally run not-for-profit organisations, that they can benefit from the marketing lessons learnt from business. There is still, however, limited awareness and utilisation amongst organisations of their brands and that the choices donors make are often linked to their perceptions about the organisation and what it stands for, their brand equity. The not-for-profit organisations themselves are often unaware of the value of their brands, and even when they are, they are unable to take advantage of it due to a lack of resources and skills. This is particularly the case with smaller charities. Many of these organisations do not benefit from the skills of professional marketing members of staff and only have an ill defined awareness of why people donate with very limited business-like management skills guiding their marketing efforts and brand management.

The reasons why people donate to not-for-profit organisations are varied and complex but very often it has to do with some aspect related to the reputation of the organisation. People form perceptions in their minds based on aspects such as trust, image, personality and values and this influences their support for organisations.

1.2 Objectives of the study

The overall purpose of this study is to investigate the phenomenon of not-for-profit marketing and the application of marketing principles that originated in the business environment in an area where objectives other than profit are pursued.

1.2.1 The effectiveness of not-for-profit marketing

This study aims to establish the effectiveness of not-for-profit marketing in encouraging the public and stakeholders to “pay” the required “price”.

1.2.2 The influence of a charity’s brand on stakeholder choices

This study further seeks to investigate whether the phenomenon of brand equity applicable in the commercial sector also applies to charity brands and the influence a charity’s brand has on stakeholder choices and perceptions.

1.2.3 The importance of a charity’s reputation as a deciding factor in stakeholder behaviour and support

The study seeks to investigate the role that a charity’s reputation plays in deciding donor behaviour and support.

1.2.4 Brand awareness and utilisation by smaller charities

The final objective of the study is to investigate whether smaller charities are aware of their brands and if they use them.

1.3 Importance of the study

Since the nineteenth century not-for-profit organisations have become more prominent in addressing those issues that governments often found difficult or unable to deal with. In the past thirty years there has been an explosion in the number of these organisations in response to a changing global environmental, social and economic conditions. These conditions include the impact of climatic changes,

increasing national debt, the emergence of new diseases, the breakdown of some traditional political structures, and an ongoing succession of armed conflicts (Sargeant, 2005). In many cases globalisation and the inability of governments to provide previously expected social support to their citizens have necessitated not-for-profit organisations to fill the gap left by local and national governments.

In most countries the not-for-profit sector is significant. Although the level of giving differs significantly between countries depending on factors such as wealth, national insurance, culture and taxation legislation, the sector is generally substantial enough to warrant the attention of researchers. A survey by the Charities Aid Foundation (CAF, 2006) conducted in 12 countries found that national giving levels represented on average 0.5% of Gross Domestic Product (GDP). This ranged from between 1.67% of GDP in the United States and 0.14% in France. Even in a mid-level country such as South Africa giving represented 0.64% of GDP. In figure 1.1 levels of giving expressed as a percentage of GDP indicate that giving levels do not necessarily correlate with the level of economic development in a country.

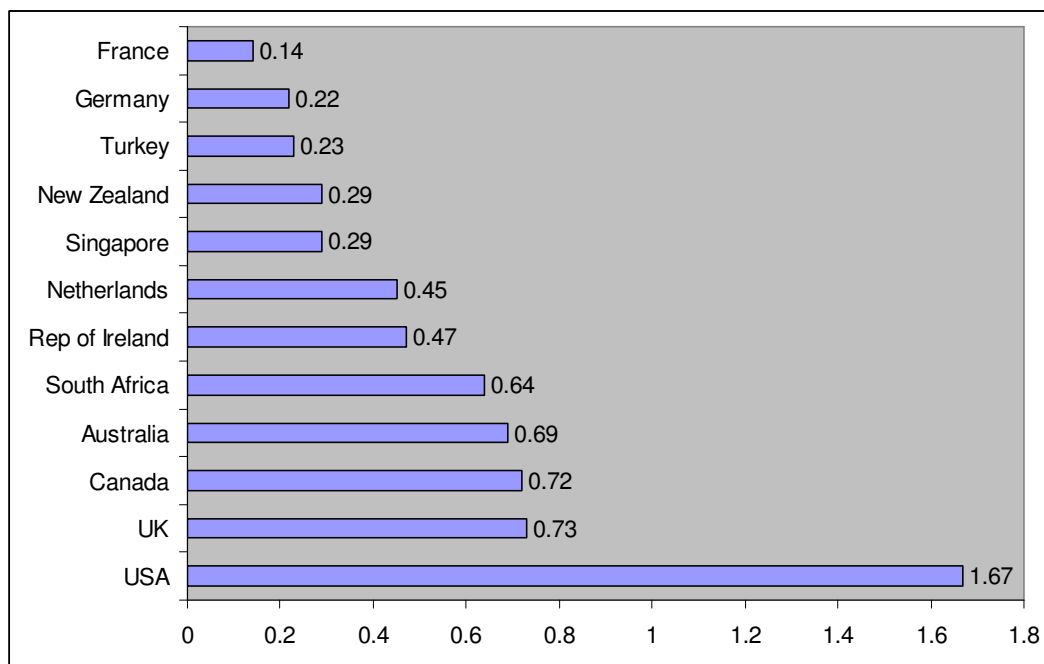


Figure 1.1: Levels of giving expressed as a percentage of GDP.

Source: CAF (2006:8)

Figure 1.1 reveals that the not-for-profit sector in most countries is significant. In the United Kingdom alone the estimated annual income in 2004 for all registered

charities in the country was nearly £35 billion (CAF, 2006). Individual giving was estimated in 2005/6 at £8.9 billion (NCVO, 2005/6).

The not-for-profit sector is also extremely competitive. In an environment of increasing need but decreasing funding, not-for-profit organisations are facing fierce competition, not only from each other, but also from the corporate sector entering the area as part of corporate social responsibility programmes. There are approximately 168 000 registered charities in England and Wales alone (Guide Star UK, 2007). It is estimated that the sector in fact might contain as many as 500 000 voluntary organisations, many not registered charities (Sargeant, 2005). Smaller charities are the biggest losers in this competitive environment with almost 90% of income generated by just 7% of charities (CAF, 2006)

Given the increasing significance of the sector and the fact that the idea of applying business marketing principles to this sector have been around for more than three decades, one would expect an abundance of research and literature in the marketing field on the subject. Despite significant contributions by some academic researchers and authors, the discipline is still under researched compared to the broader area of commercial marketing. Particular areas related to not-for-profit marketing such as branding and brand equity have received even less attention. Hankinson (2001) points out that there is a “paucity” of scholarly activity on brands and their management in the charity sector. This opinion is supported by Ewing and Napoli (2003) who point out that it is only in recent years that researchers have begun to investigate the salience of brand management within the sector. The role that brands play in the not-for-profit sector and the link between an organisation’s reputation and brand equity is only now receiving attention.

The relative lack of attention from the academic community can be explained to a certain degree by the fact that marketing studies cover such a wide discipline and that research is often funded through commercial enterprises. The real concern, however, is the lack of attention within charities themselves. The overwhelming focus on fundraising within these organisations have diverted attention away from the importance of taking a step back and looking at the overall marketing strategy, strategic planning and management of these organisations. Even those organisations that have accepted the need for marketing often neglect to take stock of how donors

perceive their organisations and why people give, and why not. They fail to test the perceptions of their “customers” and neglect to take advantage of their brand equity and even when they are aware of this; smaller organisations are generally unable to do so due to lack of resources and management skills. Not-for-profit organisations often neglect to realise the importance of managing their brands effectively to maximise their income and serve their diverse stakeholders better. This is particularly the case in smaller organisations constantly struggling for survival and attention against competition from more business-like established organisations. These organisations are missing out on the advantages that their brand as an intangible asset can offer, and even when they have a realisation of its importance, resource limitations and a lack of data make it nearly impossible to measure. The study attempts to provide some recommendations to smaller charities on how to improve their marketing efforts.

1.4 Scope of the study

It has been thirty-eight years since Kotler and Levy first introduced the idea that the tools and techniques of marketing might have something to offer not-for-profit organisations (Andreasen and Kotler, 2003). Since then the idea has been developed by a number of researchers and applied to most areas that do not directly involve the selling of a product or a service in return for a profit.

Marketing and marketing techniques have been applied to academic institutions, public awareness campaigns, medical research foundations, political campaigns, cultural organisations, civil rights organisations, development assistance, environmental awareness, and many others. For the purposes of this study the focus is on not-for-profit organisations that are charities.

Sargeant (2005) points out that a charity is a particular type of voluntary organisation that in many countries refers to a distinctive legal form of organisation that has a series of tax advantages enshrined in law. Although not-for-profit marketing is a worldwide phenomenon this study tends to concentrate on research from the United Kingdom and Europe, and to a lesser degree, the United States. The study survey involves international data collection, including the United Kingdom and South Africa.

1.5 Clarification of concepts

For the purposes of this study a number of concepts are used that require clarification. The study makes use of concepts applied in marketing literature and also by the not-for-profit sector. A number of these concepts are defined below.

1.5.1 Marketing

Marketing has numerous definitions but in this study it is defined as an influence process. As not-for-profit organisations often deal with intangible “products” and rather seek to promote an idea than to sell particular products, the definition used by Andreasen and Kotler (2003:39) is particularly relevant. They define marketing management as “the process of planning and executing programs designed to influence the behaviour of target audiences by creating and maintaining beneficial exchanges for the purposes of satisfying individual and organisational objectives”.

1.5.2 Not-for-profit marketing

Since the idea of applying marketing principles to organisations that do not pursue profit was first proposed in the late 1960s and early 1970s, the concept has undergone numerous revisions and has seen application in areas such as education, health, recreation, libraries, the arts and politics.

Not-for-profit marketing has some characteristics of service marketing in that it is intangible, production and consumption is inseparable, it is heterogeneous and perishable (Sargeant, 2005).

The difference, however, is that while a bank might promote its service in exchange for a profit for its shareholders, not-for-profit organisations do not pursue profit as a primary objective, but some other form of benefit, or “payment”, will accrue. Drucker (2005) emphasises that the not-for-profit organisation neither supplies goods or services nor controls. He points out that its product is neither a pair of shoes nor an effective regulation but a changed human being.

The concept of marketing as an influence process is therefore very applicable to this type of marketing. The international classification of not-for-profit organisations allows for as many as 12 groups (Appendix A).

Andreasen and Kotler (2003) have identified four “costs” that consumers are asked to “pay” by the not-for-profit organisation. These are economic costs such as money or goods; the sacrificing of old ideas, values, or views of the world for example that women are inferior; sacrifices of old patterns of behaviour such as the wearing of seat belts; and sacrifices of time and energy such as donating blood.

In return for the “payment” the consumer receives benefits that are either economic (goods and services), social, or psychological. A combination of these kinds of sacrifices and benefits are outlined in the matrix in table 1.1.

Not-for-profit marketing has developed numerous sub-branches since the idea was first promoted. For example there are now study fields specifically dedicated to political marketing and social marketing. The former attempts to assist political parties in meeting the needs of their voters in exchange for election success and the latter is a particular sub-set which has as its aim change in behaviour to the benefit of society as a whole (Sargeant, 2005).

Table 1.1: Cost/benefit matrix for the profit/nonprofit sector

Cost/Benefit Matrix for the profit/Nonprofit Sector				
Benefits				
<i>Costs</i>	<i>A Product</i>	<i>A Service</i>	<i>Social</i>	<i>Psychological</i>
Give up economic assets	Buy a poster	Pay for surgery or education	Donate to alma mater	Donate to a charity
Give up old ideas, values, opinions	Receive free Goodwill clothing	Support neighborhood vigilantes	Support Republicans	Oppose abortion
Give up old behaviors, undertake or learn new behaviors	Practice birth control and receive a radio	Undertake drug detoxification treatment	Go to geriatric group once a week	Wear seat belts
Give up time or energy	Participate in a study and receive a coffeemaker	Attend a free concert	Volunteer for Junior League	Give blood

Source: Andreasen and Kotler (2003:39)

This study uses the wider view of not-for-profit marketing focusing on the concept as an influence process attempting to achieve a benefit other than profit. It should be kept in mind that often the donors and beneficiaries in the process are not the same.

The concepts of not-for-profit and nonprofit are used interchangeably in literature and research to indicate the same concept. For the purposes of this study preference is given to the term not-for-profit, abbreviated as NFP.

1.5.3 Not-for-profit sector

The work of most not-for-profit organisations fall within what is now often termed the “third sector” or the “independent sector”. This sector is seen as being separate from both government and the private sector enterprise in its objectives and functioning. Sargeant (2005:4) points out that the “third sector” is often willing to engage in the “neglected space where neither government nor private sector enterprise is willing to engage where the so-called third sector has a critical role to play”. This sector often deals with local, politically unpopular issues or with issues that attract little attention from the other sectors.

1.5.4 Charity

In most countries charities hold a particular position related to their legislative and tax status. In the United Kingdom larger charities are required to register with the Charity Commission. Charities are not-for-profit organisations that undertake activities that contribute to society (GuideStar UK, 2007). This definition is rather wide but in broad terms charities perform three services. They provide help, they represent or campaign and they provide resources such as grants or volunteer help. They have three main types of beneficiary groups - individuals, institutions and the environment. The majority of references in this research involve not-for-profit organisations that are charities.

1.5.5 Brand and brand equity

As in the case of marketing, defining a brand is equally complicated. The American Marketing Association (AMA) defines a brand as a “name, term, design, symbol, or

any other feature that identifies one seller's good or service as distinct from those of other sellers" (AMA, 2007).

In the case of not-for-profit organisations a brand gives a hint to donors and the public of what they can expect from an organisation. Sargeant (2005:125) rightly points out that a brand is "in essence a promise to the public that an organisation possesses certain features, or will behave in certain ways". It therefore goes beyond mere visual recognition. Aaker (1997) indicates that brands can convey attributes, benefits, values, culture, personality and a sense of the user. The application of the concept in the not-for-profit sector is investigated in Chapter 2.

As brands convey a certain meaning they also have value, they have equity. Although brand equity can be defined from a variety of perspectives, two perspectives are usually adopted: the value of the brand to the firm and the value of the brand to the customers. In the former case it has financial meaning but Ambler (2003) points out that brand equity as an asset needs to be distinguished from measures that, like valuation and market share, merely quantify it. In the latter case brand equity is seen from the customer's viewpoint, this is consumer-based equity. For the purpose of this study a simple, yet imaginative, way suggested by Ambler of looking at what in essence is a very large concept is used. He defines brand equity as "what is in people's heads about the brand" (Ambler, 2003:65). This definition is particularly useful in the not-for-profit sector where how people perceive an organisation and what it stands for, is very difficult to express.

1.5.6 Reputation

Reputation is variously perceived as brand equity, image, values, trust and personality. It relates to the perceptions of the public and stakeholders of an organisation. This concept is discussed in more detail in chapter 2 where a working definition is provided

1.6 Plan of the study

The orientation of the study outlined in chapter 1 is followed by an overview of the theoretical and literature background to the study in chapter 2. The problem is stated

in chapter 3. In chapter 4 the research methodology is discussed in detail and in chapter 5 the results are presented. The final section of this study is contained in chapter 6 where the research findings are discussed, conclusions drawn and recommendations made.

CHAPTER 2: THEORETICAL FOUNDATION OF THE STUDY AND LITERATURE REVIEW

2.1 Introduction

In the previous chapter the orientation of the study was outlined and the research objectives spelt out. Chapter 2 provides the relevant theoretical foundation and literature review. The development and application of not-for-profit marketing is discussed and the awareness and usage of branding in the sector is investigated. The last section of the literature review deals with the reputation construct.

2.2 The development and application of not-for-profit marketing

The idea of applying marketing to not-for-profit organisations had its birth in a series of articles by Kotler and others between 1969 and 1973. These articles argued that “marketing is a pervasive societal activity that goes considerably beyond the selling of toothpaste, soap and steel. Political contests remind us that candidates are marketed as well as soap; student recruitment in colleges reminds us that higher education is marketed; and fundraising reminds us that ‘causes’ are marketed... [Yet no] attempt is made to examine whether the principles of ‘good’ marketing in traditional product areas are transferable to the marketing of services, persons and ideas” (Andreasen and Kotler, 2003:7).

During the 1970s and 1980s the philosophy developed and achieved considerable acceptance. Early applications were in service marketing areas like education, health care, recreation, transportation, libraries and the arts as well as areas such as contraceptive social marketing. A number of dedicated academic journals now investigate numerous aspects of marketing in the not-for-profit sector. In his guest editorial in the *International Journal of Nonprofit and Voluntary Sector Marketing*, Bennet (2006:89) remarked that “serious research in nonprofit marketing is now being conducted throughout the world”. This is in contrast to earlier remarks by Bennet and Sargeant (2003:802) that “whilst interest in the topic is growing, as evidenced by the emergence of a range of specialist journals, the quality of research is variable and the volume low when compared with that grounded in other sectors of the marketing discipline”.

2.2.1 Objections to the application of marketing in the not-for-profit sector

Academic acceptance and application of marketing as a useful means of meeting not-for-profit organisational objectives has not been uniform. A review of literature over the past decade reveals that research, acceptance and application have not necessarily gone hand in hand. Gonzalez et al. (2002) point out, however, that there has been increased acceptance since the 1990s among practitioners and academics that marketing principles are applicable to the management of NFP organisations. Although the philosophy has gradually gained support from the academic community with research conducted on such topics as advertising effects, market orientation, fundraising and relationship marketing, there was, and still is, resistance from within the NFP sector itself (Ewing and Napoli, 2005).

Sargeant (2005) summarises the objections most often raised by these organisations, as follows:

- Marketing is not necessary

This objection stems from the belief that the work that the not-for-profit organisation does is worthwhile in itself and therefore worthy of support for its own sake. This attitude appears to be particularly prevalent amongst managers who have worked in the industry for a long time and do not necessarily have a business background.

- Marketing invades an individual's privacy

This criticism of marketing as intrusive often relates to market research and the use of particular tools such as direct mail and telemarketing.

- Marketing lowers perceived quality

The objection that by marketing a service it somehow “cheapens” it is often expressed by traditionalists in higher education now forced to compete for students due to decreases in government support.

- Marketing is immoral

There is sometimes a belief in the NFP sector that people should give willingly and not be put under pressure and that using marketing principles will do this.

- Marketing will stifle innovation

This objection is raised by those who argue that a marketing orientation in an organisation will serve to meet the needs of the target market without giving attention to the development of new initiatives that could benefit society as a whole.

The existence of these objections is supported by Andreassen and Kotler (2003) who point out that in some instances marketing in the NFP sector is in fact regarded as “evil” for wasting public money, intruding on people’s personal lives and manipulating the market.

The level of acceptance and application still varies considerably. A number of particular conditions experienced by NFP organisations worldwide have, however, contributed towards the promotion of a more business-like approach to the management of these organisations and the accompanying acceptance and application of marketing principles. This is especially the case with larger organisations.

2.2.2 Factors promoting the use of marketing in the not-for-profit sector

Despite objections raised to the use of marketing principles developed by business in the NFP sector, a number of developments since the 1990s have contributed towards the increased acceptance of the philosophy by many organisations.

These developments are both environmental and attitudinal in nature and a review of literature reveals that although they have often been dealt with individually by researchers, an overall perspective of causal factors is not readily available.

For the purposes of this study four of the most common factors will be highlighted, but the list should not be regarded as exhaustive:

- Increased Competition

The NFP organisation now operates in a much more competitive environment. Andreassen and Kotler (2003) point out that these organisations today find themselves in a stage of their development, called the competitive/market stage, characterised by an increasing withdrawal of traditional sources of support such as the government and major foundations and increased competition from other NFPs seeking the same support. They emphasise that the consequence is that the greatest challenges facing these organisations are competitive challenges and that “marketing and marketing skills inevitably must play a more central role” (Andreassen and Kotler, 2003:11).

Drucker (1995) highlights a number of trends that have influenced the NFP sector in the United States over the past four decades. He makes particular reference to the fact that although over a forty year period the total amount collected by the sector has increased, expressed as a percentage of GNP, it has in fact remained constant. Coupled with a situation where the number of community foundations alone (representing a popular form of NFP in the US) almost doubled in the 1990s (Sargeant, 2005), the classic economic situation of unlimited wants and limited resources presents itself.

The nature of the NFP sector is now defined by increasing demand for the services offered, a reduction in the traditional government financial support and the growing number of participants who fiercely compete to raise funds (Vazquez et al., 2002).

The Charity Commission in the United Kingdom estimates that the total annual income in 2004 for all registered charities in the country was nearly £35 billion. The report comments that the majority of donations are made to a few large charities. In essence 90% of the £35 billion total goes to just over 7% of all charities in existence (CAF, 2006). The report also notes that the income gap between large and small charities is huge. In 2003/04 the top ten charities received almost a quarter of all voluntary income representing £1.5 billion between them. In a sector with 168 000

officially registered charities in England and Wales alone, but as many as 500 000 voluntary organisations (many not registered charities) in total, (Sargeant, 2005 and GuideStar) the competition is fierce. The top charities have succeeded over many years in maintaining their dominant position (tables 2.1 and 2.2) leaving the rest of the organisations to fight over the (very significant) “crumbs”.

Table 2.1: Top ranking UK charities according to income. Totals include money from fundraising, legacies, charity shop sales, the National Lottery and other donations. Does not include money from Government.

Charity	Voluntary income £m
Cancer Research UK	306
The National Trust	144
Oxfam	134
British Heart Foundation	119
Royal National Lifeboat Institution (RNLI)	91
Salvation Army	91
Macmillan Cancer Relief	84
NSPCC	82
RSPCA	76
Save the Children (UK)	70

Source: CAF (2006:11)

Complicating this picture even further is the fact that NFP organisations are now not only competing with each other but also with private companies and other bodies to provide their services.

The response to this more competitive environment is that many NFP organisations are increasingly coming to resemble business organisations in the manner in which they are operated or managed, prompting Sargeant (2005:16) to remark that “hard-nosed contractual negotiations and business deals now sit alongside the more traditional collecting tins and flag days”.

Table 2.2: The top ranking UK charities have remained remarkably similar over the years.
(NB: Cancer Research Campaign and Imperial Cancer merged to form
Cancer Research UK in 2002).

2003/04	2001/02	1996/97	1986/87
Cancer Research UK	Cancer Research UK	Oxfam	RNLI
The National Trust	Oxfam	The National Trust	The National Trust
Oxfam	The National Trust	Imperial Cancer Research	Oxfam
British Heart Foundation	RNLI	Cancer Research Campaign	Imperial Cancer Research
RNLI	British Heart Foundation	British Heart Foundation	Cancer Research Campaign

Source: CAF (2006:38)

An interesting observation is also made by Andreassen and Kotler (2003) that even institutions with easily identifiable organisational competitors often face product competition from unlikely quarters such as art museums, competing for family leisure time with aquariums.

In this increasingly competitive environment large NFP organisations have been turning to marketing principles to increase their survival chances and give them a competitive advantage. Bennet (2005) points out that numerous studies from the mid-1990s onwards in the charity fundraising sphere have noted the connection between the increasing level of competition among charities for donations and the taking up by charities of marketing philosophies and the latest marketing techniques.

As pointed out earlier the level of acceptance and application has not been uniform, however, and is difficult to measure beyond the activities of the large organisations. Research on the role competition has played in encouraging the uptake of marketing principles in smaller charities is almost non-existent. It is likely though that the trend is similar as exhibited by the plethora of marketing training opportunities aimed at smaller charities now being offered by sector oversight and umbrella bodies.

- The rise of market orientation

Inextricably linked to the forces of competition that have encouraged NFP organisations to look towards marketing principles to provide an advantage, has

been the increasing awareness that although NFPs do not have “customers” in the traditional sense they do have to become more aware of what their stakeholders want. Vazquez et al. (2002:1024) conclude that the “growing number of participants who fiercely compete to raise funds” was a major factor making the concept of market orientation highly relevant for the NFP sector.

One of the basic differences between business and NFP organisations is that the latter always have a multitude of constituencies (Drucker, 1990). Many of these stakeholders such as trustees, donors, service users, employees and management require different things from the organisation. This makes for a difficult operating environment and Gainer and Padanyi (2005) point out that it is challenging in the NFP sector to define the market towards which an organisation might be orientated in as much as these organisations engage in relationships with several markets at once. As the donors and the beneficiaries are often not the same, the organisation has to meet needs that are very diverse. Gonzalez et al. (2002) refer to the existence of a dual targeted market rather than a single “customer”, being on the one hand the beneficiaries and on the other the resource donors. While in the profit environment users pay for products, in the NFP environment users normally do not, or pay for only a part, of the costs of the services and donors pay the rest. In addition to these two stakeholder groups (donors and beneficiaries), NFP organisations also have to take note of the views of all other entities that may influence the final perception of the benefits received (Vazquez et al. 2002). Gonzalez et al. (2002) add yet another group. They emphasise that a group of factors exist that influence the relationship of an organisation with its targeted market and included in these factors is the organisation’s competitors. They indicate that an organisation should have a competitor orientation to learn the strong and weak points of all those organisations that offer an alternative to capture the attention and loyalty of donors and beneficiaries.

The danger of not meeting the needs of mainly the two primary stakeholder groups is that the NFP will fail to achieve both its organisational and mission objectives. A market orientation thus becomes a necessity rather than a luxury.

Most of the literature referring to the adoption of the market orientation concept refers to the commercial sector but Vazquez et al. (2002) point out that there is a broad

consensus on the concept's applicability in the NFP context. Bennet (2005:456) indicates that "it could well be that positive and significant connections exist between competitive factors and the degree of market orientation exhibited by a charitable organisation in respect of its provision of services to beneficiaries". This is reiterated by Bennet and Sargeant (2005) when they emphasise that success in fundraising links closely to a NFP's level of market orientation. They point out that there has been considerable academic interest in the operationalisation of the marketing concept and the relationship between the market orientation construct and various measures of NFP performance.

Academic research on the market orientation in the NFP sector has its roots in research developed from a commercial perspective. During the 1990s a number of researchers, notably Kohli and Jaworski (1990) and Narver and Slater (1990), presented elements of the construct. They have often served as the starting point for academic research into market orientation in the NFP sector, despite the often expressed criticism that it was not specifically developed for the sector. Vasquez et al. (2002:1022) emphasise that although the literature on market orientation in the NFP sector indicates that the same benefits will accrue as in the profit sector, the empirical evidence to this effect is "practically non-existent". They proceed to present the results of a sample of 779 Spanish private NFP foundations testing the level of market orientation in these organisations. A special assessment methodology for the market orientation concept was developed based on a combination of previous research examples. Results prove that there is a positive correlation between the level of market orientation in the NFP organisation and its results. In particular, it found that an increase in the degree of market orientation in the foundations had direct, positive repercussions on the results of actions undertaken. Market orientation, they found, contributes directly and indirectly to the success of the foundation itself in the accomplishment of its mission. In turn the degree of the mission's fulfilment is also fostered by an improvement in results, favoured itself by a greater market orientation. The investigation found that the market orientated foundations will perform a greater number of activities directed towards their beneficiaries. They will also obtain a greater volume of income. The study is limited, however, in that it tested the construct from the viewpoint of the organisations themselves, and not that of the donors, and that the sample was limited in the types of organisations tested.

Two other examples of recent empirical testing are those presented by Bennet (2005) and Gainer and Padanyi (2005). Although the study by Bennet also looked at the wider issues around the types of marketing employed by charities, like relational and transactional, the results found that beneficiary satisfaction was found to depend substantially on an organisation's implementation of relationship marketing and on the extent of its market orientation. A strong connection was also observed between market orientation and the managerial perception that a charity was offering high quality services. Bennet found that competitive pressures engendered market orientated behaviour and the implementation of relationship marketing. The study was also conducted from the point of view of the organisations, targeting 618 charities or regional offices of charities in the UK's 20 largest cities. It concentrated on "people" charities, which are "organisations that provide some form of human service activity that primarily impact on the quality of life" (Bennet, 2005:460).

The research conducted by Gainer and Padanyi (2005:857) start out from the point of view that "a number of studies show that there is a positive relationship between market orientation and organisational performance in nonprofit organisations" and proceeds to investigate the causal relationship between the values and activities dimensions of the market orientation construct. The research was conducted from a sample of 1958 NFP organisations in the Toronto and Montreal areas of Canada and confirmed that both client-oriented culture and client-oriented behaviour are important in predicting organisational performances and that there appears to be a causal relationship between them in which a client-oriented culture mediates the relationship between engagement in a specific set of activities and higher levels of client satisfactions. They conclude that this "study supports previous findings on the market orientation-performance relationship and provides empirical evidence that the theory can be extended to the nonprofit sector" (Gainer and Padanyi, 2005:860).

The complexity of the adoption of a market oriented culture and management strategy is illustrated by figure 2.1 developed by Gonzalez et al. (2002) which takes into account the numerous stakeholder relationships and the need for intelligence generation and dissemination. The market orientation is illustrated outlining the interaction between donors, competitors, beneficiaries and the effect of environmental factors.

They characterise the market orientation in the NFP sector as having the following elements:

- The organisational analysis and planning are to begin and end with the “customer”
- Market studies are deemed a basic tool for knowledge generation
- Market segmentation is assumed as a habitual organisational practice
- The competition would be delimited in terms of the needs, desires and demands of the “customer”
- Marketing tools are to be used collectively, without being limited to the use of communication

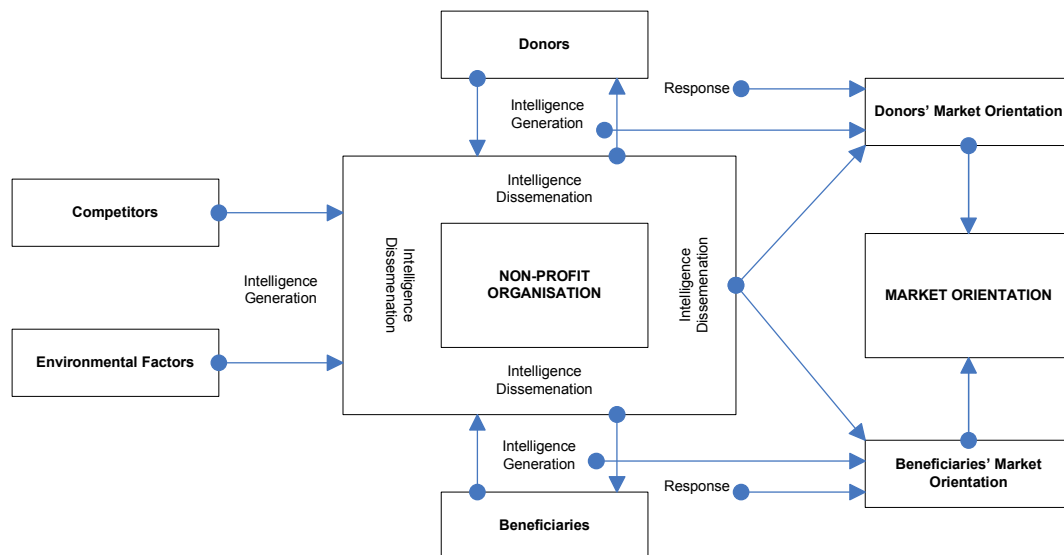


Figure 2.1: Market oriented culture in the not-for-profit sector

Source: Gonzalez et al. (2002:60)

There are still, however, researchers that are not comfortable with the use of the term “market orientation” when applied to the NFP sector.

To conclude the section on the role of market orientation in the uptake of marketing in the NFP sector the views of Sargeant (2005) will be considered. He reiterates that the terminology was developed with the commercial sector in mind and that it does not transfer well. In particular, he objects to the use of “market” pointing out that NFP

organisations often do not have markets in the economic sense of the term and that their existence can in fact imply a response to a particular form of market failure. He also objects to the term in that it implies an exchange relationship which is not always applicable to the NFP sector. As an alternative to the term “market orientation” Sargeant et al. (2002) propose the use of the term “societal orientation”.

The model illustrated in figure 2.2 argues that “the nonprofits will only be able to achieve a societal orientation if they have a strong, clear mission that reflects the goals of the organisation’s key stakeholder groups. Similarly these goals should be common across all the stakeholder groups and the nonprofit must have established appropriate systems and structures in place that they are in a position to be achieved” (Sargeant, 2005:47). These are considered the antecedents. In respect of the benefits the authors posit that societally oriented organisations will achieve significantly higher performance than those without such an orientation. They conclude that in the NFP sector this means that NFPs will be more effective in achieving mission objectives and make more efficient use of resources along the way.

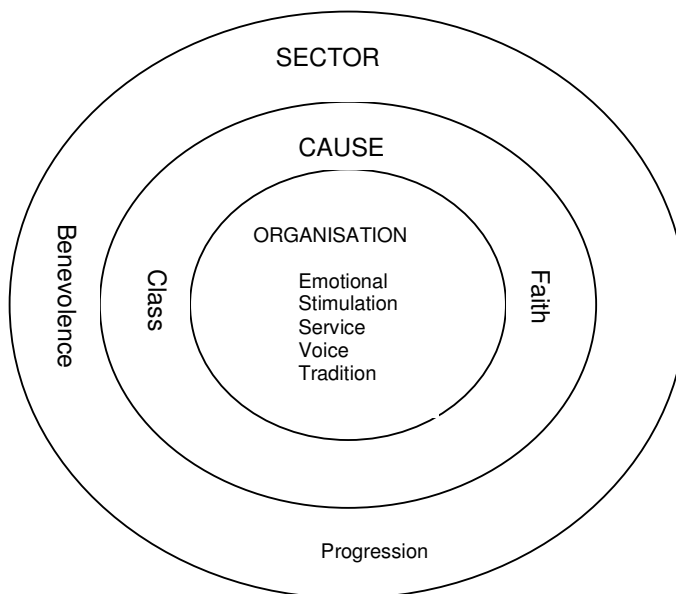


Figure 2.2: Societal orientation

Source: Adapted from Sargeant and Ford (2007:12)

Although the model certainly offers an interesting alternative it does not appear to have achieved support from other researchers in the field. This might change in future as the volume of literature on marketing in the NFP sector grows.

- Not-for-profit organisations become more business-like

Increased competition, decreasing resources, more oversight and the entrance of companies seeking to establish long-term, mutually beneficial, relationships with NFP organisations, are all factors that have encouraged these organisations to become more professional and business-like. Drucker (1990:109) points out that although the NFP organisation does not have a traditional bottom-line, it does not get paid for performance but “it does not get money for good intentions either”. Here lies the crux of the matter. Although most of these organisations are established with excellent intentions and often noble visions, they can not survive if donors and beneficiaries do not support them. Donors especially want to be assured that their money will be used responsibly and to the best advantage of the intended beneficiaries. Andreasen and Kotler (2003) point to financial scandals in the United States involving larger NFP organisations and emphasise that especially the large organisations “are under significant pressure to introduce much better, more sophisticated management”. These organisations, both in the US and the UK, are increasingly being forced by government, the media and sector oversight bodies to be more accountable and to upgrade their financial reporting mechanisms. Charities in the United Kingdom, for example, earning an income above £250 000 have to submit annual returns to their oversight bodies. The introduction of more business-like financial management systems in these organisations have also highlighted the needs in other areas of the organisation such as human resource management, risk management, communications, information technology, and marketing.

In the United Kingdom the sector has seen a move towards the employment of professional marketing staff since the 1990s (Andreasen and Kotler, 2003). These appointments brought with them their experiences from the commercial sector and have in many ways benefited the larger NFP organisations. An example of the level of marketing professionalism in some of these organisations is illustrated by the fact that no less than 19 NFP organisations reached the final stage of the Direct Marketing Association’s Awards in 2006 (DMA, 2006). Problems do remain, with

many marketing professionals in these organisations complaining about the difference in culture and frustrations associated with meeting the demands of such a diverse stakeholder group, making the decision process long and complicated. Smaller NFP organisations struggle to attract good marketing staff due to financial constraints leaving existing staff to take on the marketing duties although they are not trained for it. Marketing is often not regarded as central to the organisation's mission but somehow separate.

- Globalisation

The NFP sector was not left unaffected by globalisation. Many of the larger NFP organisations are global and the issues they address, such as HIV/AIDS do not take note of geographical borders (Sargeant, 2005). In some cases corporate sponsors also require their partners to have an international focus like UNICEF and other large organisations.

The fall of communism has seen the rise of traditional business practices in these former state-run countries. A study conducted by Bulla and Starr-Glass (2006) in the Czech Republic has found that the understanding and use of marketing principles, both in the profit and NFP sectors, are rising. Although it was found that there is still considerable inexperience and ignorance on the side of practitioners there is increased interest in the discipline but at present it is still very much a "selling" concept. The experiences of NFPs in the other former Soviet-controlled countries are likely to be the same.

The Internet has had a significant impact on the use of marketing in the NFP sector. Organisations are now able to reach donors and possible beneficiaries through the use of their websites and on line fundraising tools specifically aimed at charities, such as eBay's charity section. The use of on line newsletters is now widespread and considered an effective tool to reach donors and beneficiaries. Research has been conducted on the benefits of the Internet as a marketing tool in the NFP sector but a detailed discussion of this aspect falls outside the scope of this study.

It is clear that a number of factors have promoted the acceptance and application of marketing principles in the NFP sector. Research is, however, still limited with

particular researchers concentrating on specific areas of interest leaving considerable scope for more study on the overall contributing factors.

It should also be pointed out that numerous challenges remain and Andreassen and Kotler (2003:28) emphasise that “marketing in this special environment is not the same and, indeed is much harder”. They point to a number of aspects that make marketing in the NFP sector unique:

- There is often very little secondary data available about consumer characteristics, behaviour, media preferences, perceptions and attitudes, compared to what is available in the commercial sector
- Because the sacrifices that consumers are asked to make often involve central ego needs as well as attitudes and behaviours with respect to controversial or taboo topics it is often very difficult to secure reliable research data from consumers to serve as the basis for marketing decisions
- Often consumers are asked to make sacrifices where they are often largely indifferent about the issue
- Consumers are often asked to make 180-degree shifts in attitude or behaviour while in the private sector they are only asked to value a product more than they used to
- In the NFP sector there is less flexibility to modify an offering to meet consumer needs and wants better.
- As some of the issues NFPs deal with, such as medical research, involve very complicated and confusing terminology and ideas these organisations have to communicate large amounts of information to consumers
- Very often the benefits resulting from the sacrifice are not evident
- In some cases the benefits accrue to others
- As many of the changes to the marketed involve intangible social and psychological benefits, it is often difficult to portray the offering in media presentations.

In the following section a review of the applicable literature on the awareness and usage of branding in the NFP sector is done.

2.3 The awareness and use of branding in the not-for-profit sector

In the previous section an overview was provided of research and empirical studies into the acceptance and application of marketing in the NFP. Factors favouring not-for-profit marketing were highlighted and remaining challenges highlighted. It was clear that one of the largest challenges facing the NFP sector is increased competition and that organisations have turned to marketing principles to address this challenge. In the next section branding is investigated.

- Branding in the not-for-profit sector

In Chapter 1 it was highlighted that consensus on the terminology of brand and brand equity is still elusive. What is undeniable, however, is that a strong brand can be an extremely powerful influence in the customer decision making process and the Interbrand Annual Survey on Brands and Branding (2007:4) found that the brand “directly impacts the business, driving top-line revenue and distinctiveness”. Research in the NFP sector focussing on branding and brand equity has tended to adopt terminology from the commercial sector, with varying degrees of success.

The use of the concept has also required overcoming certain reservations on the side of members of the sector as Grounds (2005:65) highlights when he says that “the concept of charities and campaigning organisations as brands still seems to provoke furrowed brows and flurries of concern”. As a senior marketing professional in the sector he still comes across individuals that hold the view that “the world of branding and corporate identity is something for the ‘dirty’ world of business and consumer products to worry about” and that the NFP sector should not be “tarnished by such mercenary behaviour”. He points out that in those cases where it is accepted, concerns relate to increased expense and the unjustifiable use of donor funds. He attributes some of the reluctance to a lack of clarity on what the concept actually represents, and confusion on its usage. The lack of consensus on terminology experienced in the commercial sector is therefore also problematic in the NFP sector.

Hankinson (2001) has done much to promote the idea that NFP organisations are brands and that the issues of brand orientation, brand management and brand equity are applicable to the sector. She remarks that the reluctance of management and

boards in the NFP sector to embrace these marketing concepts has resulted in a situation where charities have developed brand by “stealth” (2001:351). She points out that there is a “paucity of scholarly activity on brands and their management in the charity sector, despite the fact that marketing ideas have been applied to the charity sector for at least the last 30 years” (Hankinson, 2001:347).

Haigh and Gilbert (2005:107) emphasise that one of the great challenges in marketing is that there is “no uniform definition of brand” and that the terminology is used in different ways. They found that there are three different concepts which are most often used. In the first instance it can refer to a logo and associated visual elements, secondly it can refer to a larger group of trademark and intellectual property, and thirdly it can refer to a holistic company or organisational brand. Andreasen and Kotler (2003) show that brands can imply certain information, convey emotions and even have their own personality. The American Marketing Association (AMA) defines a brand as a “name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers” (AMA, 2007). Sargeant (2005:125), transferring terminology from the commercial to the NFP sector, says that a brand is “in essence a promise to the public that an organisation possesses certain features, or will behave in certain ways”. It therefore goes beyond mere visual recognition.

A review of branding literature often includes references to the work done by Aaker (1997) on the subject who argues that brands can in fact convey up to six distinct levels of meaning to a consumer. These include attributes, benefits, values, culture, personality and a sense of the nature of the user. In recent literature the concept of a brand as a distinct personality and a means of differentiation have seen increased interest from researchers, also in the NFP marketing sector.

Commenting on Aaker's work Sargeant (2005) explains that in the NFP sector a brand can convey a distinctive personality and that there are often personal characteristics that can be attached to the image of an organisation.

The perception of a brand as a personality is investigated in more detail.

- The not-for-profit brand as a personality

The perception that a brand has a personality that can provide competitive advantage through differentiation has attracted increased interest from researchers in the past decade, both in the commercial and, more recently, in the NFP sector.

Haigh and Gilbert (2005) emphasise that brands are not simply heavily promoted names but acquire unique personalities which identify them. They argue that certain brands have the ability to persuade people to make economic decisions based on emotional rather than rational criteria. Research published by Sargeant and Ford (2007) found that not only do individual charity brands have distinct personalities in the minds of supporters and the public, but the NFP sector itself has a brand personality. In a study to be published later in the year, Sargeant et al. (2007) argue that the communication of an appropriate brand personality in the NFP sector would contribute to the stimulation of donor support. Through a two-stage focus group and quantitative survey in the United Kingdom they found that charities tend to have generic traits that are attributed to them by virtue of being charitable organisations. These are classified as benevolent, characterised by being caring, compassionate, supportive, fair, ethical, honest, trustworthy and helpful; and progression, reflecting a progressive engagement in society such as the advancement of religion/education, relief of financial hardship and to effect societal change. They point out that the implications of the study for brand managers in the NFP are significant as it illustrates that these organisations start out with a positive advantage as certain facets of the brand personality are shared, not requiring any branding investment or activities. They contend that brand conceptualisation appears to develop in a very different way in the NFP sector from that observed in the commercial sector.

The downside of the presence of these generic factors is that they did not have any ability to affect giving behaviour. The difficulty therefore was to identify those factors that do differentiate between charity brands and by implication can affect donor behaviour. This proved challenging but the researchers identified four components of brand personality that provided opportunity for differentiation. They found that these traits that differentiate between different institutions are more important to giving than the generic traits that transcend institutions. In the first instance organisations were advised to take note of the emotional stimulation generated by their brand through

perceptions such as heroism, humour, inspiration and innovation that have the ability to evoke an emotional response in donors to encourage them to give money. They point out that the level of emotional stimulation appeared to make the contact with the charity more memorable, thus prompting higher levels of support. Secondly, organisations that had a strong and distinct media voice were more favourably perceived. Thirdly, organisations should look at the character of their service provision. Charities who were perceived to be effective and doing what they claimed, were more likely to receive donor support. They indicate that human service charities in particular might carve out a unique personality on the basis of characteristics such as inclusive, approachable, dedicated, or compassionate behaviour in the way they deal with their service users. The last trait identified related to the extent to which an organisation might be viewed as traditional. Donors regard some organisations as traditional and consider giving a duty, particularly during certain times of the year such as Christmas and Remembrance Day.

Although the research is exploratory and will require more quantitative research, the stakeholder perceptions are interesting. The researchers contend that it will enable marketing professionals at NFP organisations to direct their efforts based on specific personality traits, and not only rely on perceptions of goodwill that exist as generic traits anyway, but have no impact on donor giving. It is clear that charity brands can be differentiated, that a hierarchy of brand personality traits exist and that the extent to which these traits are present influence donor giving behaviour. This might in future require NFP organisations to rethink their own conceptions of how their brands are perceived and valued by stakeholders, their brand equity. NFP organisations might also have to consider adding elements of these personality traits to their measuring system in an increasingly competitive environment.

- Brand orientation and brand equity in the not-for-profit sector

Brand equity is regarded as a very important concept in business practice as well as academic research because marketers can gain competitive advantage through successful brands (Lassar, Mittal & Sharma, 1995). Ambler (2003:64) points out that “marketing is first and foremost about the building of brand equity” and it is not something apart from but central to business decision-making. He is emphatic that for many companies their brand equity is their biggest and most valuable asset. The

challenge around brand equity, however, is that no generally accepted, universal definition can be identified. This is even more difficult in the case of the NFP sector. Ambler suggests that to overcome the limitation around terminology, brand equity should be defined as “what is in people’s heads about the brand” (2003:65). This definition appears to have gained support from marketing professionals in the NFP sector and Grounds (2005:65) comments that every experience a person has with a charity “shape the brand in the mind of that person, and those experiences are the results of the actions of every person who works for that charity”. He points to the two-way relationship that exists between a charity’s brand and its donors. “Donors buy the set of brand values they attribute to a charity when they come to support it – and one hopes that they are the same values that the charity has been seeking to convey through communications” (Grounds, 2005:66).

Hankinson (2001) makes the point that although successful charities have always been brands the sector was very slow to recognise that brands required attention and that ignoring the brand results in a decline of the brand in a changing environment. She observes that “managing the brand is an area of weakness in the charity sector” (Hankinson, 2001:354). Her study of the brand orientation and practices of the Top 500 UK charities was one of the first attempts to investigate the various aspects of branding as applied in the NFP sector. The study found that there are four common themes which reflect the concepts and practices of branding in the sector. These are:

- Understanding the brand in terms of what it does, its charity cause, and the values it represents, its beliefs
- Communicating the brand to both external and internal audiences
- Using the brand as a strategic resource to achieve a range of organisational objectives
- Managing the brand actively and deliberately

The study found that although there is more brand orientation than previously, the application is not uniform and the realisation of its strategic implications not high. Building on Hankinson’s work, Ewing and Napoli (2003) developed a measure of NFP brand orientation and found that although brand management in the NFP sector was still in its “infancy” it was gaining ground and that some of the commercial

branding principles were transferable to the NFP sector. Like Hankinson, this study also mentions that there are general challenges around measurement.

Very little research has been done in the NFP sector on measurement and then mostly with a view to using metrics used in the commercial sector and focusing on the practices of the large organisations. Bennet (2007) will publish research later in the year that for the first time gives an overview of the metrics employed by NFP organisations. His empirical study sought to identify the marketing metrics that were most commonly used within a sample of UK charities, which metrics were regarded as the most useful, which metrics were presented to senior management, and which metrics were seen as the most important when petitioning governing bodies for increases in marketing budgets. The study found that all the organisations measured income per donor, numbers of fresh donors per period and the ratio of advertising spending to donations. Other favoured metrics were the recency and frequency of donations (employed by 92% of the organisations), donor acquisition costs (89%), marketing spend per donor (86%), market share (77%) and evaluations of overall donor satisfaction (74%). The least favoured metrics were brand recognition and brand value. The research appears to follow a similar trend in the commercial sector where financial metrics are favoured. It also supports a case study presented by Haigh and Gilbert (2005) on the UK's leading pet charity the PDSA, showing a very strong preference for the use of financial metrics. Bennet (2007) remarks that there is little evidence of attempts to measure brand equity. Organisations did not appear to pay much attention to brand valuation or to the measuring of public recognition of charities as brands. Ambler (2003) points out that brand equity represents an organisation's biggest intangible asset and should be considered along with financial metrics.

It is clear that larger NFP organisations are following a trend that is also apparent in many businesses where the main focus is on financial metrics that can be presented in figures and percentages and the value of an organisation's intangible assets are not considered. This is problematic as the importance of brand equity is not realised and as Sargeant (2005) shows, even more problematic in the NFP sector due to the intangible nature of many of the services provided, making it inherently harder to measure. These problems are compounded by the lack of resources in smaller charities. These organisations are often run by a core permanent staff relying heavily

on volunteers to provide services and fulfil objectives. Tens of thousands of small organisations exist where there is no sophisticated data available and no marketing budget to speak of. These organisations are competing with large organisations for a declining pot of money while treading water to keep afloat. Many do not even know what market share is, and certainly do not have the time or resources to find out. They often only have a vague idea of how their stakeholders perceive them and sometimes only when they receive complaints or see a reduction in donor income.

These organisations often do not think about the brand equity of their organisations, but they do think and care about their organisation's reputation.

2.4 Reputation as an element of brand equity

For the thousands of small charities with limited financial and human resources their biggest, and even in some cases only, asset is the positive way in which they are perceived by the public and stakeholders. This is the goodwill they have built up that enable them to do their work. Without it both donors and recipients will disappear. Ambler (2003) refers to brand equity as a store of value for the future which will be the source of the company's cash flows. If one applies this argument to the NFP sector it might in fact be that this intangible asset will also be the source of the future income of these organisations.

It has already emerged from the previous section that many NFP organisations are also applying financial metrics to measure their brand equity, if at all, but that this might be problematic, especially for smaller organisations. The question can now be asked whether the goodwill or perceptions that stakeholders have of an organisation might offer a better indicator of how well the brand is doing and where efforts should be concentrated? Can the reputation of an organisation provide clues to its brand equity? What role does an organisation's reputation play in donor giving?

The link is not as tenuous as it might appear at first. Research conducted by Ambler (2003) reveals that many of the leading brands already link brand equity and reputation. Terminology is used interchangeably with brand equity being described as "brand goodwill" (Gallagher), "brand image" (Brown-Forman) and "reputation"

(Lloyds TSB and 3M). There is a realisation at these companies that financial measures are not telling the whole story.

Herbig and Milewicz (1997:28) observe that “to have become successful and hence profitable, brands must have developed a positive reputation”. Sargeant and Ford (2007:46) indicate that a strong brand can provide NFP organisations with “reputation insurance” to weather any bad news that temporarily damages the organisation’s reputation. In their analysis of the antecedents and consequences of reputation Money and Hillenbrand (2006:4) comment that “while reputation is clearly an asset of the firm, it is also a concept held in the minds, or cognitions, of stakeholders”. This sounds remarkably similar to Ambler’s (2003) definition outlined earlier of brand equity.

In attempting to obtain an overview of research on reputation in the NFP sector it is clear that previous studies have tended to concentrate on specific aspects, using terminology interchangeably, interpreting the construct diversely, creating links to other constructs such as image, values and trust and providing often conflicting advice to NFP organisations as a consequence. As is the case with research on NFP marketing in general and branding in particular, reputation appears to be an under researched area. The cause, again, can partly be attributed to confusion in the literature as to the terminology:

- Image

Ambler (2003) points out that companies often use image and reputation interchangeably while Bennet and Gabriel (2003) go to great lengths to provide empirical evidence that while the two concepts are related, they are in fact different, but that charities need both to survive.

- Trust

Sargeant (2005), Sargeant and Lee (2002) and Sargeant and Lee (2004) highlight the importance of trust in view of increased media and government focus on accountability and the maintenance of public goodwill towards the sector and perceptions of individual organisations.

- Values

Stride (2006) argue that with the shift in branding theory from a focus on tangible aspects of brand (such as name and logo) to intangible or symbolic aspects (such as identity, personality and image) it is the values dimension of branding that now form the essence of the branding experience in the commercial context. She goes on to use the metaphors of brand as a mirror, as a lamp and as a lens. In the first instance the values that consumers identify with or to which they aspire are mirrored back to them via the brand image.

In the second instance an organisation's own values are used as a light in order to influence the values of a target audience. In the third instance, organisations are encouraged to remain true to a core set of organisational values while also reflecting the needs of the customer in the brand's unique cluster of values.

Bennet (2003) also points out that an organisation's values have the potential to influence the specific genre of a charity that an individual might choose to assist.

- Brand Personality

In addition to the aspects already mentioned, the new research by Sargeant and Ford (2007) mentioned earlier, highlight the fact that the sector as a whole and individual organisations have brand personalities in the minds of donors, influencing the way they are perceived.

It is clear from this overview, which is by no means exhaustive, that the concept of reputation is not easily defined. For the purposes of this study all of these aspects will be considered as containing some link to the reputation of a NFP organisation, whether to a more or lesser degree.

The dimensions of the construct are illustrated in figure 2.3 highlighting the interaction between trust, values, image and brand personality.

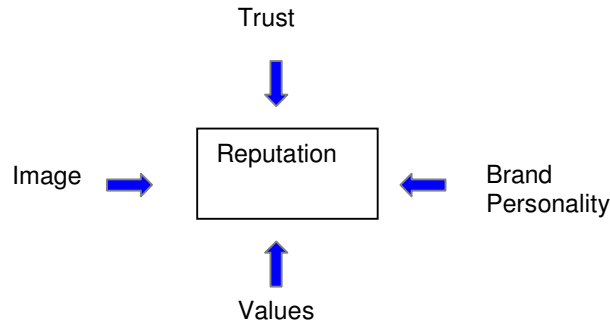


Figure 2.3: Dimensions of reputation

This brings one back to the question raised earlier, as to the role of this multidimensional construct and whether it can be used to provide clues as to how well an organisation's brand is doing? In addition (and crucially) what role does an organisation's reputation play in donor giving?

2.5 Summary

There is a general lack of research on not-for-profit marketing with only a small number of researchers and authors giving attention to the application and implementation of the principles of marketing in this sector. Research was often adapted from original research intended for use in the commercial sector without consideration for the different environment that NFP organisations operate in. This had resulted in limited unique research specifically aimed at looking at NFP marketing as different and often more challenging from that in the commercial sector.

In those cases where empirical studies were conducted almost no attention was given to the situation of smaller organisations. There has been an almost wholesale neglect of what is in fact the majority of the NFP sector. Data collection was almost exclusively done from the viewpoint of the management of larger charities. Other stakeholders, like donors and employees, have received almost no attention whatsoever, leaving doubts as to the actual applicability of much of the research. There appears to be an abundance of academic wisdom but limited practical advice that can bring about improved marketing practices in the sector.

In addition to these challenges, others can be added such as management ignorance as to the role of marketing, low skills levels, resource limitations, and the narrow focus on fundraising, what can be termed philosophical resistance from older members of the organisation, and lack of overall strategic direction, especially in smaller organisations.

The overview that was provided in this section on the factors that have given rise to the increased acceptance and application of marketing in the NFP sector has revealed that it remains a very under researched area compared to what is available on marketing in the commercial sector. There has been some progress from leading authors in particular fields, such as market orientation, but much more research is required to understand the phenomenon and how it is taking effect in the NFP sector.

An ongoing challenge for researches has been the lack of consensus on terminology and the often confusing interchangeable use of terms that are closely related. This had resulted in some contradiction.

A particular problem has been the limited research on branding and brand equity in the NFP sector. The contribution of a small number of researchers has seen more attention given to this area in recent years but it remains under-researched and no attention has been given to the utility and application of brand equity in smaller organisations. These organisations suffer from resource limitations that make it impossible for them to take full advantage of their brands and researchers appear to neglect these limitations in their research.

It is difficult to comprehend why the majority of NFP organisations remain virtually invisible after almost four decades of research.

In chapter 2 the applicable literature was reviewed. In the following chapter the problem statement is outlined.

CHAPTER 3: PROBLEM STATEMENT

3.1 Introduction

In chapter 2 the theoretical foundation and literature review was provided to form the basis of chapter 3 in which the research problem and four research questions are formulated.

3.2 Problem Statement

In the decades since the idea of applying marketing principles to the NFP sector was first introduced, researchers have concluded that, mostly due to the reasons outlined in Chapter 2, NFP marketing has become more accepted and adopted. Research was, however, often adapted from original research intended for use in the commercial sector without consideration for the uniqueness of the NFP environment. Andreasen and Kotler (2003) point out that the transferability of research developed in the commercial sector is not always clear. Bennet and Sargeant (2003) emphasise that the general volume of research on NFP marketing is low and the quality variable.

Most of the research relating to marketing by charities has focussed on the surveyed opinions of managers working for the larger charities, in most cases the biggest organisations receiving the bulk of donor support. Other stakeholders, like donors and employees, have received almost no attention. The experiences of smaller organisations remain un-researched.

Despite the fact that there has been considerable research in particular areas of NFP marketing, much more research is required in order to understand the phenomenon and how it is truly taking effect in the wider NFP sector. Grounds (2005) and Hankinson (2001) point out that branding in the NFP sector remains under researched. Research on the brand management practices of smaller charities is virtually non-existent.

This study investigates the effectiveness of NFP marketing as perceived by donors and smaller charities with special reference to the role of branding and reputation.

The study seeks to make recommendations that can provide practical guidance to, especially smaller, charities on their marketing activities.

3.3 Research questions

In order to investigate the problem statement highlighted in the previous section, four research questions are identified.

3.3.1 Research question 1: How successful is NFP marketing at encouraging the public and stakeholders to “pay” the required “price”?

Marketing as an influence process, and NFP marketing in particular, seeks to convince stakeholders to support a particular cause or change their behaviour. Unlike commercial marketing the overall objective is not profit, but some other form of “payment” is required. This study aims to answer the question on how successful NFP marketing is at encouraging the public and stakeholders to “pay” the required “price”.

3.3.2 Research question 2: Does a charity’s brand influence the choices of stakeholders?

Often the person making a choice between different causes does so instinctively without considering why a particular cause rather than another, just as worthy one, was chosen. Specific choices are also made between organisations working for the same cause. This study seeks to investigate whether the phenomenon of brand equity applicable in the commercial sector also applies to charity brands and the influence a charity’s brand has on stakeholder choices and perceptions.

3.3.3 Research question 3: How important is a charity’s reputation as a deciding factor in stakeholder behaviour and support?

Brand equity is an intangible asset and difficult to measure, especially in the NFP sector where the “price” that is “paid” is often not monetary in nature. This study seeks to identify the role that a charity’s reputation plays in deciding donor behaviour.

3.3.4 Research question 4: Are smaller charities aware of their brands and do they use them?

In charity organisations marketing is often not regarded as central to the organisation's mission but somehow separate. Maple (2003:20) points out that "in some of the larger not-for-profits marketing considerations tend to follow the communications strategy rather than dictate them". It is reasonable to assume that if this is the case at large charities the situation at smaller charities is even more complex. These organisations face competition from more business-like established charities and struggle constantly to have their voices heard. They operate in an environment characterised by constant worries about financing to meet their objectives, limited skills and lack of data. Issues such as branding and brand equity are often not foremost on their minds. This study investigates the perception, awareness and utility of their brands amongst smaller charities.

3.4 Summary

Research into NFP marketing has tended to look at the practices used by larger charities with almost no attention given to smaller charities and very little research conducted on the perceptions of stakeholders. More research is required on the phenomenon of NFP marketing and how it is taking effect in the wider NFP sector. Particular areas of research have received more attention than others.

This study investigates the level of awareness and effectiveness of not-for-profit marketing as perceived by donors and smaller charities with special reference to the role of branding and reputation. Four specific research questions relating to the public perceptions of NFP marketing; how a charity's brand influences stakeholder choices; the role of reputation, and the awareness and utility of brands amongst smaller charities, are investigated.

In chapter 4 the research design and analysis is outlined.

CHAPTER 4: RESEARCH DESIGN AND ANALYSIS

4.1 Introduction

In the previous chapter the problem statement was outlined and the specific research questions identified. In chapter 4 the research design and analysis for this study is outlined. The following aspects are covered: research approach, sampling, measuring instruments, data analysis and limitations of the study.

4.2 Research approach

Leedy and Ormond (2005) point out that research seeks to increase understanding of the phenomenon concerned and usually follows a systematic approach typically involving eight distinct characteristics. These characteristics are:

- Research originates with a question or problem
- Research requires clear articulation of a goal
- Research requires a specific plan for proceeding
- Research usually divides the principle problem into more manageable sub problems
- Research is guided by the specific research problem, question or hypothesis
- Research accepts certain critical assumptions
- Research requires the collection and interpretation of data in an attempt to resolve the problem that initiated the research
- Research is, by its nature, cyclical, or more exactly helical

They point out that it is a cyclical involving the following process:

- Research begins with a problem: an unanswered question in the mind of the researcher
- Research defines the goal in terms of a clear statement of the problem
- Research subdivides the problem into appropriate sub problems
- Research posits tentative solutions to the problem(s) through reasonable hypotheses. These hypotheses direct the researcher to appropriate data

- Research looks for data directed by the hypotheses and guided by the problem. The data is collected and organised
- Research interprets the meaning of the data, which leads to a resolution of the problem, thus confirming or rejecting the hypotheses and/or providing an answer to the question that began the research cycle. At this point one or more new problems may emerge.

This study has now reached the stage where data need to be collected to answer the research questions identified in the previous chapter. The most appropriate methodology should be used to obtain relevant, objective, reliable and valid data.

The research approaches available for collecting data have generally been classified into two broad categories, namely qualitative and quantitative research.

4.2.1 Qualitative research

Leedy and Ormond (2005) point out that qualitative research is typically used to answer questions about the complex nature of phenomena by describing and understanding the phenomena from the point of view of the participants.

The qualitative approach is also referred to as the interpretative, constructivist, or post-positivist approach. This usually involves inductive reasoning. A qualitative study is more likely to end with tentative answers or hypotheses about what was observed. These tentative hypotheses may form the basis of future studies. Lee (1999) emphasises that qualitative research is a process of data reduction that simultaneously enhances the data's meaning and there is little standardisation of instruments in the procedures. Qualitative researchers seek a better understanding of complex situations that are often exploratory in nature and can lead to the building of theory from the ground up.

The qualitative research process is more holistic and emergent and researchers enter the setting with an open mind (Leedy and Ormond, 2005). Qualitative researchers construct interpretive narratives from their data and try to capture the complexity of the phenomenon under study. Often the participant's own language and perspectives are included.

4.2.2 Quantitative research

Quantitative research is used to answer questions about relationships among measured variables with the purpose of explaining, predicting, and controlling phenomena (Leedy and Ormond, 2005). This approach is sometimes referred to as the traditional, experimental or positivist approach.

A quantitative study usually ends with confirmation or disconfirmation of the hypotheses that were tested. Quantitative researchers seek explanations and predictions that will generalise to other persons and places. The intent is to establish, confirm, or validate relationships and to develop generalisations that contribute to theory. The methods selected should allow for objective measure of the variables of interest. Quantitative researchers identify one or a number of variables that they intend to study and then collect data specifically related to those variables. Quantitative researchers tend to rely more on deductive reasoning and is most often presented in the form of statistical summaries. The distinguishing characteristics of both methods are summarised in table 4.1.

Table 4.1: Distinguishing characteristics of quantitative and qualitative research methodologies

Question	Quantitative	Qualitative
What is the purpose of the research?	To explain and predict To confirm and validate To test theory	To describe and explain To explore and interpret To build theory
What is the nature of the research process?	Focused Known variables Established guidelines Predetermined methods Somewhat context-free Detached view	Holistic Unknown variables Flexible guidelines Emergent methods Context-bound Personal view
What are the data like, and how are they collected?	Numeric data Representative, large sample Standardised instruments	Textual and/or image based data Informative, small sample Loosely structured or non-standardised observations and interviews
How are data analysed to determine their meaning?	Statistical analysis Stress on objectivity Deductive reasoning	Search for themes and categories Acknowledgement that analysis is subjective and potentially biased Inductive reasoning
How are the findings communicated?	Numbers Statistics, aggregated data Formal voice, scientific style	Words Narratives, individual quotes Personal voice, literary style

Source: Leedy and Ormond (2005:96)

From table 4.1 it is evident that the main differentiating characteristics between qualitative and quantitative research methodologies relate to the differences in purpose, nature, data and data collection, data analysis and how findings are communicated.

A key distinguishing characteristic is highlighted in the first row. The two methodologies differ substantially on the purpose of the research; quantitative methodology is aimed at testing theory while qualitative methodology is more focussed on building theory.

It must be emphasised, however, that the separation is not always as distinctive as often imagined.

4.2.3 Blending qualitative and quantitative research

Leedy and Ormond (2005) point out that both methods can complement each other. Lee (1999) describes instances where a blending of quantitative and qualitative methods can add to the research quality.

The nature of the current study lends itself to the use of both qualitative and quantitative research. The identified research questions make assumptions based on the review of available literature in chapter 2. These relate in particular to the current level of donor awareness of NFP marketing and the level of brand awareness amongst the smaller charities.

In the primary data collection process the study needs to test the correctness of these theory-based assumptions. The views of donors and supporters need to be collected, lending itself to a quantitative process through a survey. In order to assess the current marketing practices used by smaller charities a more qualitative approach is required through the use of a focus group.

The research seeks to triangulate data through the information gained from the literature referring to previous studies, the questionnaire and the focus group.

4.3 Sampling

Leedy and Ormond (2005) emphasise that different sampling designs may be more or less appropriate in different situations.

Diamantopoulos and Schlegelmilch (2000) identify the following sampling process:

- Define the population: Specification of the target population in terms of elements, sampling units, extent and time
- Specify the sampling frame: Specification of the listing, directory, or roster from which the sample will be chosen
- Select the sampling method: Specification of whether a probability or non-probability approach will be applied to draw the sample and exactly how the sample members will be selected
- Determine sample size: Specification of the number of sample elements to be included in the final sample as well as the number of any intermediate sampling units
- Draw the sample and collect the data: Specification of the operational procedure for the selection of sample members and carrying out the fieldwork

An important decision in sampling is the selection of a probability or non-probability approach.

In table 4.2 a summary of the selection criteria for both methods is provided. The choice of sample members for each method is explained.

Non-probability methods highlighted are convenience sampling, judgemental sampling, purposive sampling, quota sampling and multiplicity sampling.

The probability sampling methods discussed are simple random sampling, systematic sampling, stratified sampling, cluster sampling and multistage sampling.

Table 4.2: Selection criteria of non-probability and probability sampling methods

Selection Criteria	
Non-probability methods	
Convenience (chunk) sampling	Sample members are chose on the basis of their being readily available/accessible; thus selection is done on the basis of convenience
Judgmental sampling	Sample members are chosen on the basis of the researcher's judgement as to what constitutes a representative sample for the population of interest; thus potential sample members are screened judgmentally as to whether or not they should be included in the sample.
Purposive sampling	Sample members are chosen with a specific purpose/objective in mind; the sample is thus intentionally selected to be non-representative.
Quota sampling	Sample members are chosen on the basis of satisfying some pre-specified criteria thought to apply to the population; the researcher is free to choose which elements to include in the sample as long as they qualify on the pre-defined characteristics.
Multiplicity (snowball) sampling	Sample members are initially chosen either judgementally or through a probability sampling method and are subsequently asked to identify others with the desired characteristics; thus, the final sample is constructed from referrals provided by the initial respondents.
Probability methods	
Simple random sampling	Sample members are chosen randomly for inclusion in the sample, with each population element having an equal probability of being selected; further, each possible sample of n elements has a known and equal chance of being the one actually chosen.
Systematic sampling	Sample members are chosen at regular intervals after a random start; the sampling interval is the ration N/n , where N and n represent the population and desired sample size, respectively.
Stratified sampling	Sample members are chosen randomly from different segments (strata) of an overall population; each stratum may be sampled in proportion to its size in the overall population (proportionate stratified sampling) or sample members of different strata may have disproportionate chances of being selected (disproportionate stratified sampling).
Cluster sampling	Sample members are chosen in groups (clusters) rather than individually; the clusters themselves are chosen randomly from a population split into groups.
Multistage sampling	Final sample members are chosen by means of one of the other probability methods described above but a number of stages precede the final selection.

Source: Diamantopoulos and Schlegelmilch (2000:14)

From table 4.2 it is evident that non-probability methods involve the application of selection criteria involving judgment on the side of the researcher on what constitutes the most appropriate method. Probability methods are random in nature.

Leedy and Ormond (2005:199) identify probability sampling as an approach where “the researcher can specify in advance that each segment of the population will be represented in the sample. They point out that in the case of non-probability sampling the researcher is unable to forecast or guarantee that each element of the population will be represented in the sample.

The samples of both the focus group and questionnaire are selected to optimise the significance of the results and represent the population adequately.

4.3.1 Focus group sample

A focus group of current employees of small charities is convened to investigate the NFP marketing and brand practices in this, the biggest, part of the sector. The results from the focus group are used to answer research question 4 identified in the previous chapter as relating to the perceptions, awareness and utility of their brands amongst smaller charities.

In selecting the sample for the focus group a non-probability approach is followed and a judgmental sampling done. The members of the focus group are selected based on their experience in the NFP sector working for small charities with an income of less than £1 million (£13 million estimate) per annum. Members are also selected to represent different areas of the NFP sector and must have at least three years experience working in the sector. It was decided that the focus group members should have experience and knowledge of the national situation in the United Kingdom, although based in London at the head offices of the various organisations. Selected members are required to have chosen the NFP sector as a career rather than coming to it by accident. This is likely to give them experience from a number of organisations during the length of their careers, increasing their ability to compare. The focus group was required to consist of no more than 10 members to ensure effective interaction and inclusion. A list of open-ended questions was prepared to

provide structure to the interaction of the focus group. The questions are included in Appendix B.

Participants were requested to provide biographical information and their career histories. Permission was obtained to record the session. The overall objectives of the study were presented and an assurance provided that they would not be individually identified to encourage honest and open discussion. A list of prepared questions was used to provide structure to the conversation but participants were encouraged to provide comments and follow up on remarks by other participants. Questions were thematically arranged and the focus group session lasted for 4 hours.

Lee (2000) points out that like all research techniques focus groups have certain strengths and weaknesses. He is in favour of focus groups because a substantial amount of information on a particular topic can be gathered in a short space of time. The interaction of group members allows for the modification of hypotheses based on the responses. The main weakness of the focus group is that it is limited to verbal descriptions and within-group interactions and is limited in the time available. He makes the point that focus groups may not produce the depth or richness of information that may be gathered using other qualitative techniques.

4.3.2 Questionnaire sample

The sample selection for the questionnaire to collect the data for research questions 1, 2 and 3 is done through a non-probability method. A convenience (chunk) sampling approach is followed. The total population is the general public. The data collection was done both in the United Kingdom, South Africa and other, non-specified, countries. The sampling was done from members of the total population who had access to electronic mail, either at home or at work. Leedy and Ormond (2005) point out that the basic rule is that the larger the sample the better, but that for a population of over 5000 units or more a sample size of 400 should be adequate. As the population sampled for the questionnaire is the general population it was aimed to have a sample size of greater than 400. The number of correctly completed and submitted questionnaires was 419. The questionnaire is included in Appendix C.

4.4 Measuring instruments

Leedy and Ormond (2005) highlight that two techniques are available that facilitate both evaluation and quantification of behaviours and attitudes. A checklist is a list of behaviours and characteristics or other entities that a researcher is investigating. A rating scale is more useful when a behaviour, attitude or other phenomenon of interest needs to be evaluated on a continuum. Rating scales are sometimes called Likert scales.

In compiling the questionnaire a combination of checklist and rating scales is used due to the variation in data required. The questionnaire results are both metric and non-metric in nature.

The results from the focus group have some frequency dimensions but as this is not the aim of the research, more emphasis is placed on the individual responses of participants.

Research measurement instruments have to take note of reliability and validity. These aspects influence the extent to which results are significant, and meaningful conclusions can be drawn from them (Leedy and Ormond, 2005). The validity of a measurement is the extent to which the instrument measures what it is supposed to measure. Reliability refers to the consistency with which a measuring instrument yields a certain result when the entity being measured has not changed. Reliability is a necessary but insufficient condition for validity. Both aspects reflect the degree to which error in measurement might exist. In general validity errors reflect the biases in the instrument being used and are relatively constant sources of error. Reliability errors reflect the use of the instrument and vary unpredictably (Leedy and Ormond, 2005). Diamantopoulos and Schlegelmilch (2000) emphasise that the extent to which a particular measure is free from both systematic and random error indicates the validity of the measure and the extent to which a measure is free from random error indicates the reliability of the measure.

The validity of an instrument is in essence the extent to which the instrument measures what it is intended to measure. In the current study the use of both a focus group and questionnaire to measure the NFP marketing practices of charities and

their use of branding satisfies the requirements of criterion validity which “is the extent to which the results of an assessment instrument correlate with another related measure” (Leedy and Ormond, 2005:92). To measure the role of reputation in the NFP sector inferences are made from responses to the questionnaire pertaining to the giving behaviour of respondents therefore aiming at meeting the requirements of construct validity. The construct validity of the focus group is promoted by requesting specific examples of behaviour from participants.

The content validity of the focus group is promoted by applying rigorous selection criteria for participation ensuring that participants are in fact competent to judge the state of the sector due to their personal experiences and length of involvement. The content validity of the questionnaire to a large extent depends on the response rate. A total of 419 questionnaires from the 431 submitted were completed accurately and utilised for analysis. The face validity of both instruments remains dependent on the subjective judgement of respondents.

The reliability of the instruments is dependent on the extent to which they yield consistent results. Reliability is pursued through a process requesting participants in the focus group and respondents to the questionnaire to answer questions seeking to test the same variable more than once in different ways. Through repetition the consistency of opinions and responses is tested. The equivalence requirements are promoted in this manner.

The reliability and validity of the questionnaire method was promoted in the design of the instrument itself. The questionnaire was designed in HTML (Hypertext Markup Language) format and posted on an internet website hosted in the United Kingdom. It was decided not to send out paper questionnaires due to the low rate of response often received and the cost involved. This was particularly relevant as an international perspective was required. Requests to complete the questionnaire were sent out electronically to a contact list made up of professional and personal contacts. A request was also placed on a specially created internet social networking group site to increase the response rate.

The often-used electronic approach requiring respondents to duplicate the questionnaire and then complete it (“copy” and “paste”), was avoided as it is time

consuming, likely to discourage respondents from participating, and might be done inaccurately due to a lack of technical proficiency, thereby influencing the results. Instead a direct internet link was provided in the invitation to complete the survey. Answers were instantaneously recorded on a server based in the United Kingdom and a statistical record kept. The results were recorded on a central database with very limited access. Although the Internet Protocol (IP) addresses of respondents were registered during the data collection process no attempt was made to identify them or manipulate responses. Participants in the focus group and respondents to the questionnaire were given the opportunity to request a summary of the results of the research.

Participants in the focus group were volunteers who had met the previously identified requirements and their anonymity was preserved. Permission was obtained beforehand to record their responses. The questionnaire was designed in such a manner that their anonymity was guaranteed.

It should be noted that the current study is an initial attempt to focus on areas that have been neglected by previous research, taking particular interest in the opinions of stakeholders such as donors and smaller charities. Some of the concepts used in the study, such as brand, do not have universally accepted definitions and are somewhat dependent on the perceptions and understanding of the respondents.

Ideally a second focus group consisting of participants from smaller charities in South Africa would have been useful. For reasons of practicality only one focus group in London was possible.

The use of questionnaires has both advantages and disadvantages (Leedy and Ormond, 2005). One of the major advantages of the use of questionnaires is that it enables the researcher to reach respondents who are geographically distant as was the case in this study. It provides respondents with the opportunity to remain anonymous and encourage participants to provide their honest opinion. Questionnaires also have drawbacks. The response rate is often low and the participants who do respond might skew the representativeness of the sample due to different levels of education and individual interpretations of questions. While all attempts were made to clarify concepts, provide guidelines for completion and take

into account varying levels of technical proficiency, the submission of 12 incomplete questionnaires indicate that not all the obstacles were overcome. These questionnaires were discarded in their totality for purposes of analysis as the validity and reliability of these responses were compromised.

4.5 Data analysis

According to Diamantopoulos and Schlegelmilch (2000) data description is a typical first step in any data analysis project. Descriptive analysis provides a useful initial examination of the data. The purpose of descriptive analysis is to:

- Provide preliminary insight as to the nature of the responses obtained, as reflected in the distribution of values for each variable of interest
- Help detect errors in the coding process
- Provide a means of presenting the data in a digested manner through the use of tables and graphs
- Provide summary measures of 'typical' or 'average' responses as well as the extent of variation in responses for a given variable
- Provide an early opportunity for checking whether the distributional assumptions of subsequent statistical tests are likely to be satisfied

The starting point in descriptive analysis is the construction of a frequency distribution of each variable of interest. This shows in percentage terms how often the different values of the variable are encountered in the sample.

The results are presented according to the kind of scale used. The nominal and ordinal scales are presented as bar charts or pie charts. Responses are analysed in percentage terms and presented as relative frequencies. Where detailed responses were required the exact responses are recorded and presented.

4.6 Summary

In this chapter the research design of this study was presented. A blending of the qualitative and quantitative approaches is adopted. Triangulation in data collection is

pursued. Care is taken to promote the validity and reliability of the instruments and the results are presented graphically.

In chapter 5 the results are presented.

CHAPTER 5: RESULTS

5.1 Introduction

In the previous chapter the research design of the study was outlined. The results with respect to each of the four research questions are provided in this chapter. The results obtained from the focus group and questionnaire are presented.

The demographic characteristics of the survey participants are presented in the next section.

5.2 Demographic information of survey respondents

The demographic information on survey respondents indicate that 64% are female and 36% male (illustrated in figure 5.1) and that 99% of respondents fall within the economically active age groups (figure 5.2).

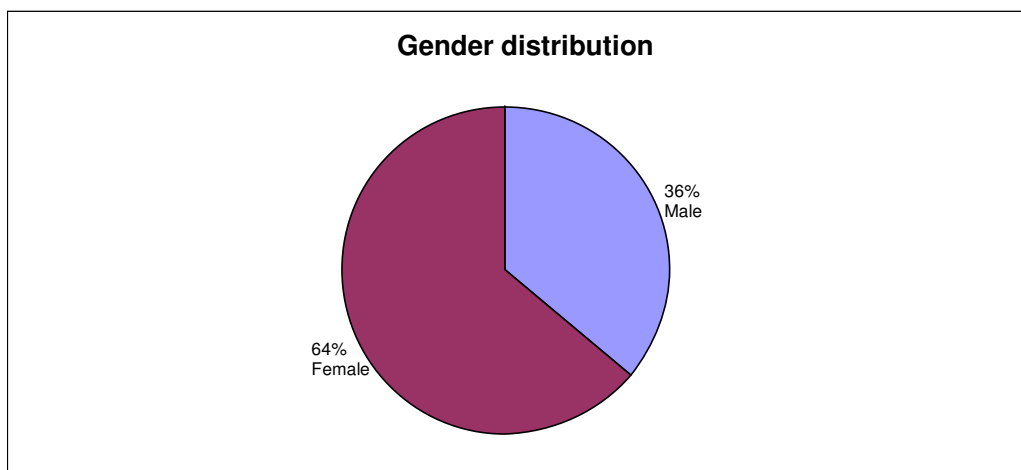


Figure 5.1: Gender distribution of the survey population.

The age distribution in figure 5.2 illustrates that the majority (53%) of the survey population fall in the 21 to 35 age group and slightly less (46%), in the 36 to 65 age group, indicating the economically active population members who are able to donate to charity organisations.

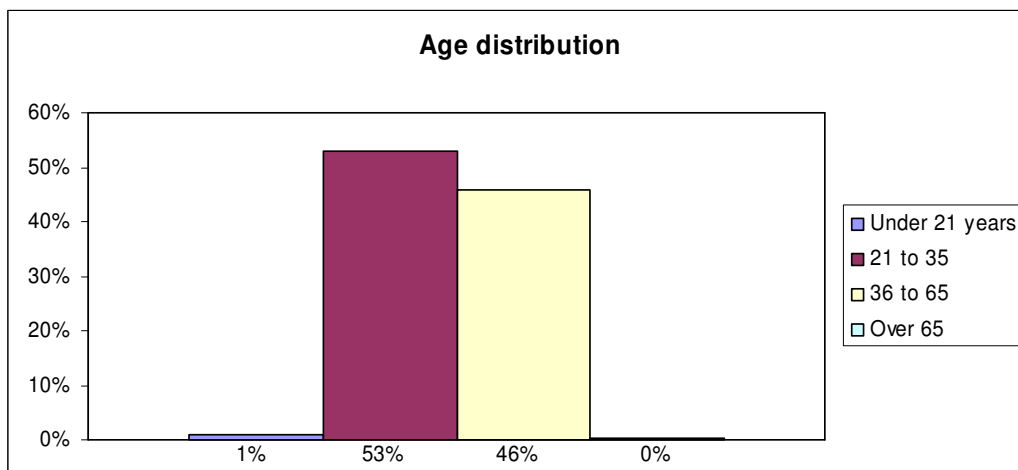


Figure 5.2: Age distribution of the survey population.

In terms of geographic location (illustrated in figure 5.3) it is apparent that 44% of those participating in the survey are from the United Kingdom and 23% from South Africa. The survey questionnaire did not make provision for respondents to indicate in more detail their geographic location if outside the UK or South Africa; consequently the second largest group of respondents (33%) indicate their location as Other. From information obtained through the Internet Protocol (IP) addresses recorded on the database it emerges that some of the countries included in the Other category are Canada, Israel, France, the United States, Norway, Venezuela, Greece and Australia. The profile of the “average” survey participant can be summarised as a female between the ages of 21 and 35, residing in the United Kingdom.

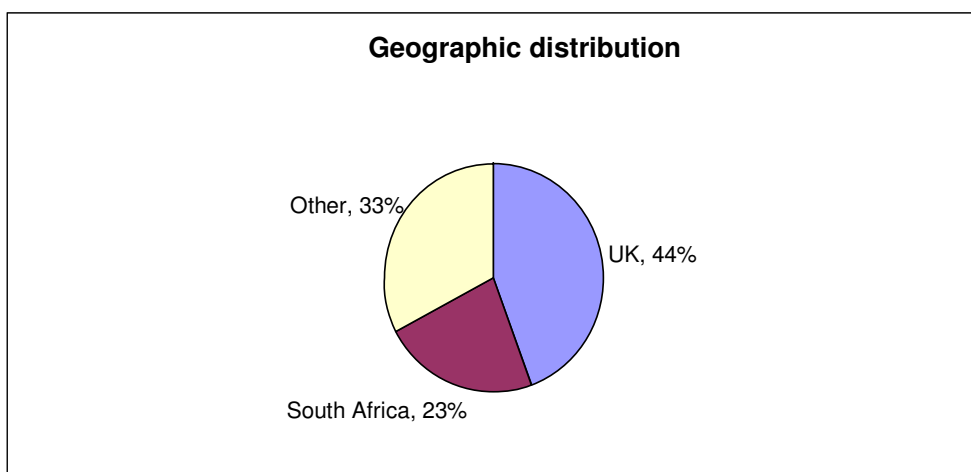


Figure 5.3: Geographic distribution of survey population

5.3 Research results

In the previous section the geographic characteristics of survey participants were presented. In this section the results of both the questionnaire and focus group are presented.

5.3.1 How successful is NFP marketing at encouraging the public and stakeholders to “pay” the required “price”?

The first research question seeks to establish how successful NFP marketing is at encouraging the public and stakeholders to “pay” the required “price”.

Ten individual questions were included in the questionnaire to investigate research question 1. The first question required respondents to indicate whether they support charities or other NFP organisations. The response is recorded in figure 5.4 where 83% indicate yes, and 17% no.

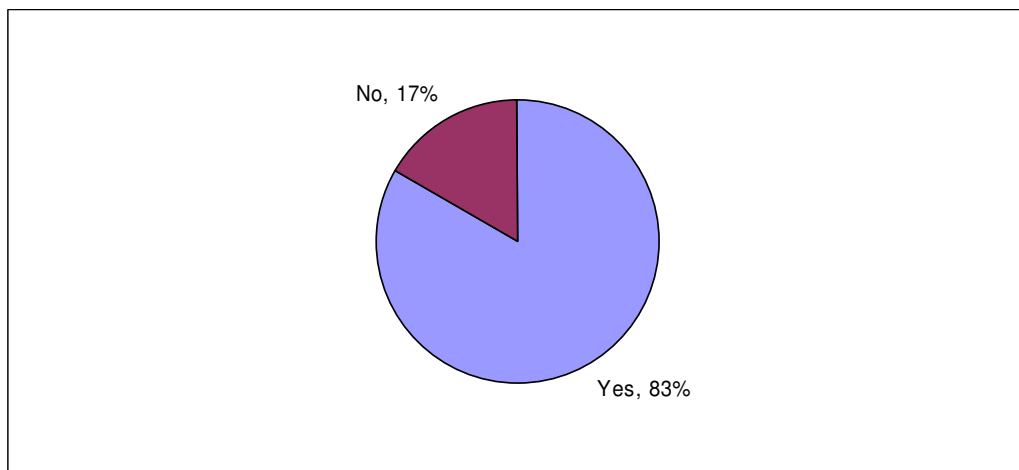


Figure 5.4: Support for NFP organisations

In the second question respondents, who indicated yes in the first question, were requested to record the frequency of their support.

In figure 5.5 the results illustrate that 74% give frequently, or sometimes.

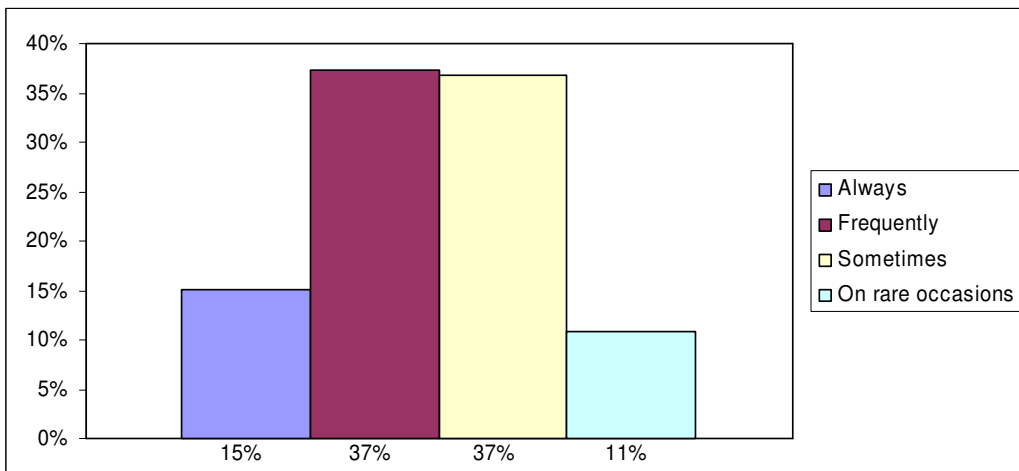


Figure 5.5: Frequency of support for NFP organisations

Respondents who indicated that they give support to NFP organisations were then requested to indicate how often they gave support. From figure 5.6 it is clear that the majority of respondents (58%) gave on a monthly basis and that 36% gave at least once a year. Many NFP organisations request supporters to sign up for standing orders that are directly subtracted from their accounts each month. It is not clear from the results whether the preference for monthly given is influenced by this practice but it can be considered as a possible influencing factor as to the frequency of support.

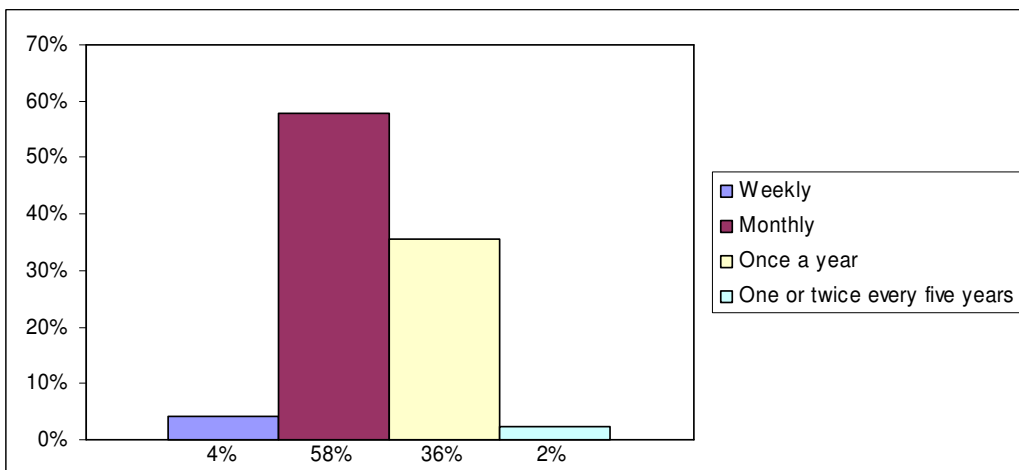


Figure 5.6: How often respondents gave to NFP organisations

In the next question respondents who gave to NFP organisations were requested to indicate what form their support takes. As figure 5.7 illustrates, a clear preference (70%) for financial contributions exists with the other forms of support making up the remaining 30%.

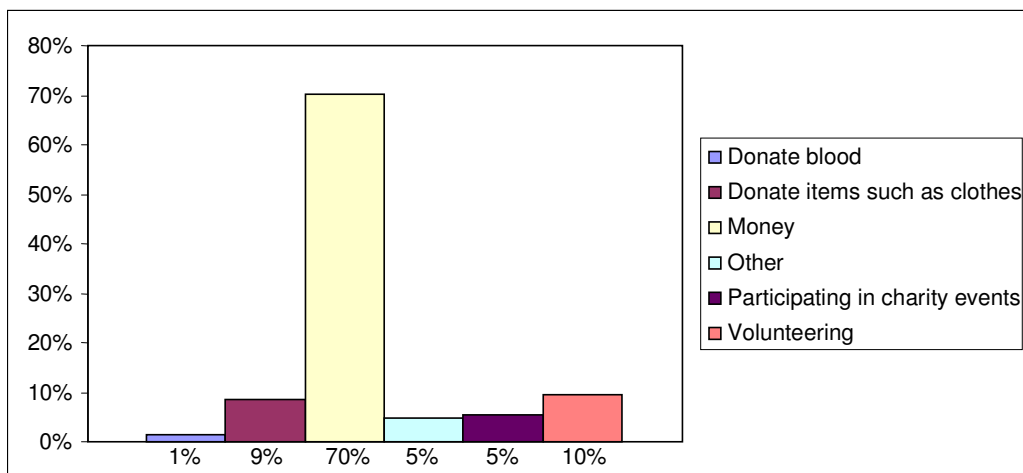


Figure 5.7: Preferred form of support of NFP organisations

The level of volunteering (10%) might be influenced by the fact that the majority of respondents are from the UK which has a long tradition of volunteering, often supported by employers, which might not be the case in South Africa and other countries. Surprisingly participation in charity events attracted a lower than expected level of support of only 5% given the range of activities that NFP organisations use to attract support, indicating that there is possibly still a preference to give money but not time. In the next question respondents were requested to indicate whether they have seen charities use marketing techniques similar to what companies use. As illustrated in figure 5.8 the overwhelming majority (82%) indicated in the affirmative.

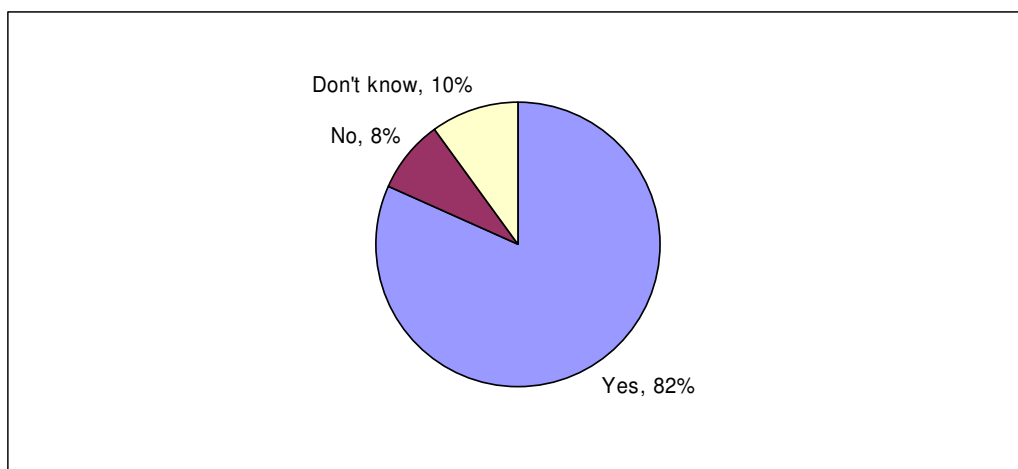


Figure 5.8: Awareness that NFP organisations use marketing techniques similar to companies

As a follow-up to this question respondents were requested to indicate which marketing techniques they have seen NFP organisations use. From figure 5.9 it

emerges that advertising (37%) was the marketing method most often recognised by respondents followed by direct mailing (29%).

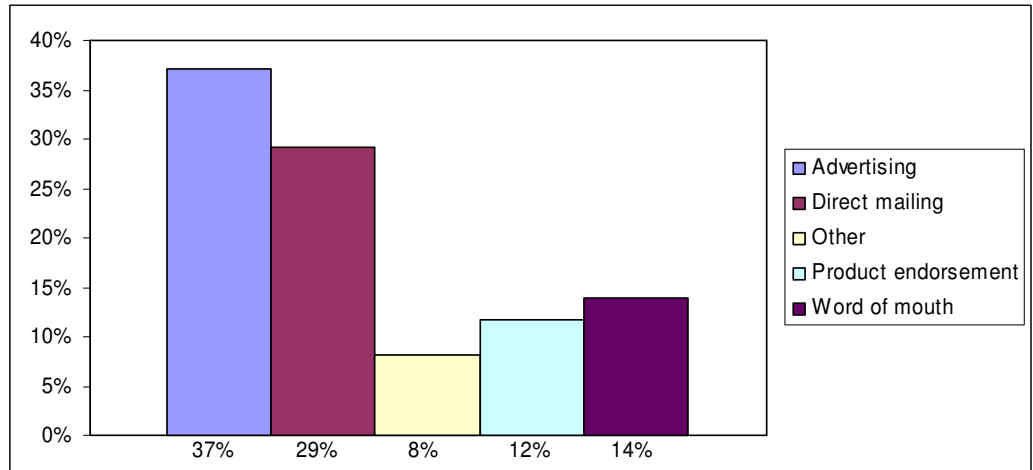


Figure 5.9: Awareness of marketing techniques used by NFP organisations

The results in figures 5.8 and 5.9 indicate that the public and stakeholders are aware that they are targeted by NFP marketing and which techniques are being used to reach them. Respondents were next asked to identify three ways in which they are most likely to hear about charities.

In figure 5.10 the results are illustrated. Electronic and printed advertising (charity publications, newspapers and magazines, radio and television) make up the bulk. Personal contact with NFP organisations during charity events and street collections are not as successful as might be supposed. Friends, family and colleagues proved an important information category.

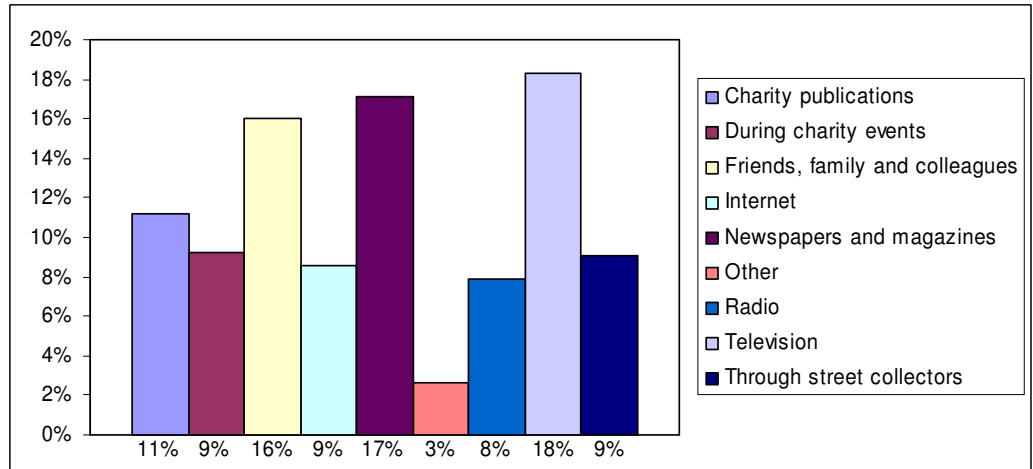


Figure 5.10: How the public hear about charities

In figure 5.11 the results are presented of a question put to respondents to test donor loyalty. Respondents were requested to indicate whether they always gave to the same organisation or whether they vary their support. Although the results indicate that there is strong donor loyalty (37%), more than half of respondents spread their support around.

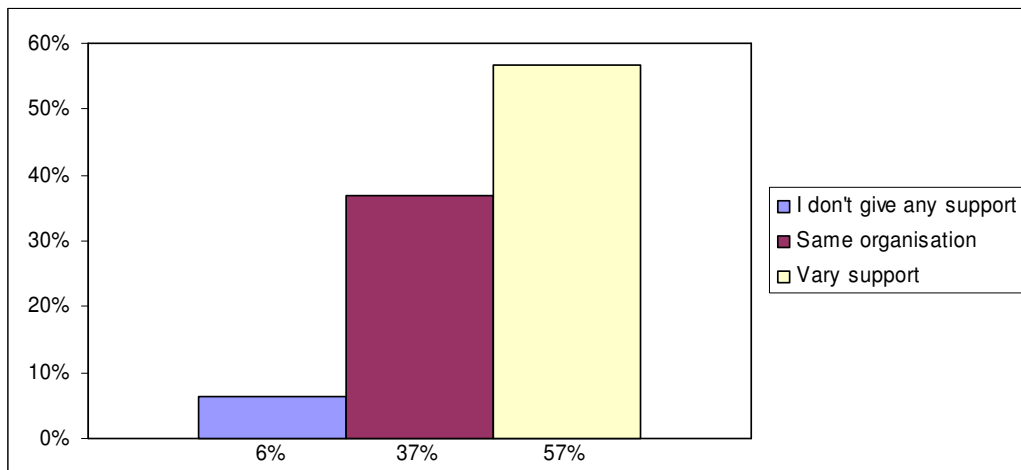


Figure 5.11: Donor loyalty

The response for no support (6%) is lower than the result illustrated in figure 5.4 which recorded that 17% of respondents gave no support.

The lower percentage might be explained by respondents feeling more pressured to indicate support as the questionnaire progressed.

The final two questions seeking to gather data on research question 1 requested respondents to indicate whether they have ever been persuaded by NFP organisations to take part in a campaign on an issue that they would normally not have given much thought to, and if the response was in the affirmative, to indicate what persuaded them to take part.

In figure 5.12 the results are presented indicating a small negative majority (56%), but illustrating the effectiveness of NFP marketing even in markets of relative apathy where there is not a natural affinity for the issue or a history of previous support.

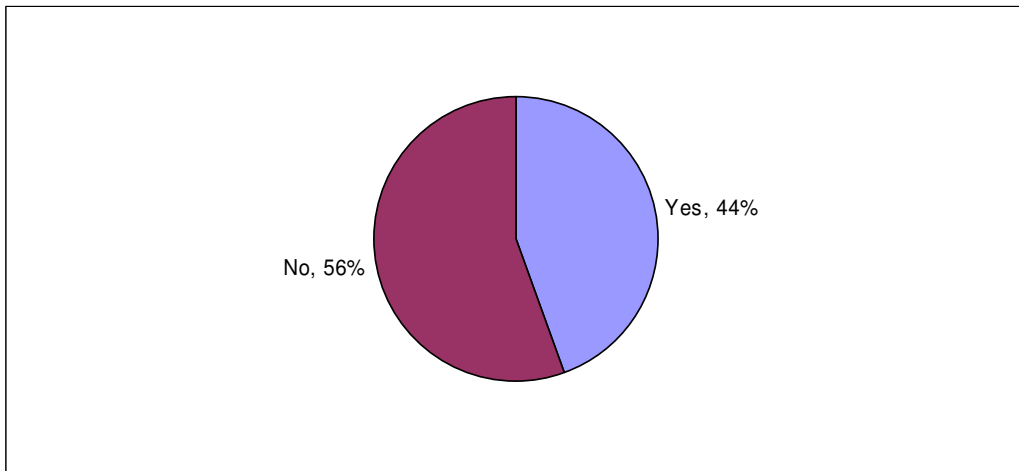


Figure 5:12: Have you ever been persuaded by a NFP organisation to take part in a campaign about an issue that you would normally not have given thought to?

In those cases where respondents were persuaded to take part two factors were of crucial importance.

Firstly respondents had to be persuaded to identify with the issue and its importance, inspiring 56% of them to participate, and secondly the influence of friends, family and colleagues was again a deciding factor, inspiring 31% of them to participate (figure 5.13).

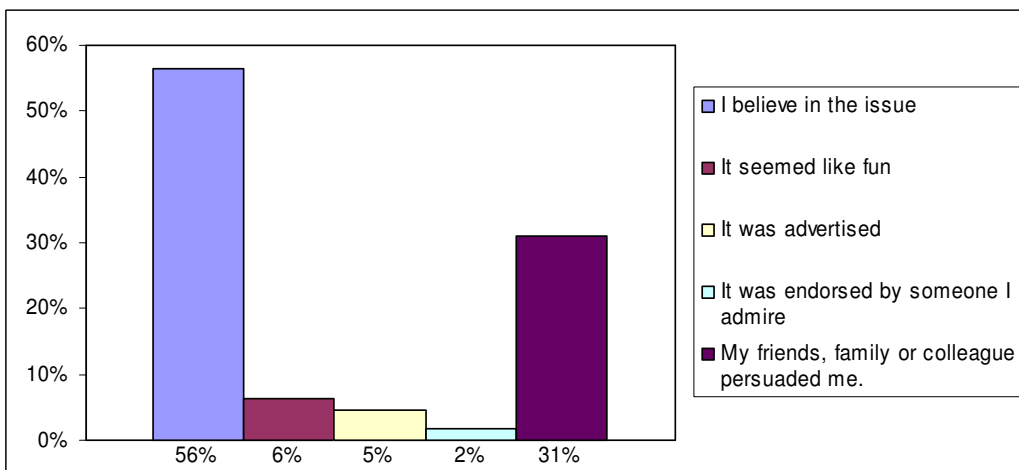


Figure 5:13. What persuaded you to take part?

In the next section the results of the data collected for research question 2 are presented.

5.3.2 Does a charity's brand influence the choices of stakeholders?

In collecting data to investigate research question 2 thirteen questions were included in the survey. They aim to investigate whether the phenomenon of brand equity applicable in the commercial sector, also applies to charity brands and the influence a charity's brand has on stakeholder choices and perceptions.

In the first question respondents were requested to indicate what the likelihood was that if they had supported a particular charity in the past that they would do so in future.

The results, presented in figure 5.14, indicate that repeat or continued support is either definite (33%) or likely (57%), again indicating donor loyalty.

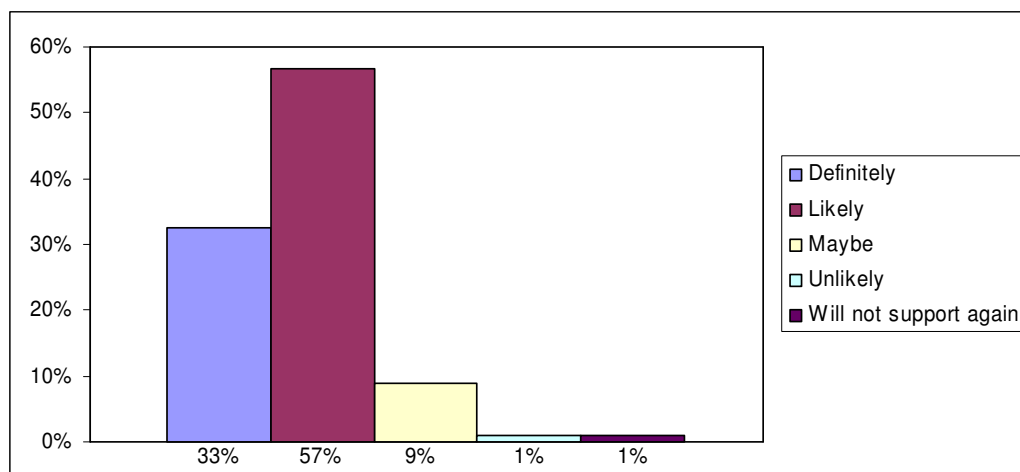


Figure 5.14: Repeat support

In order to establish how respondents make their choices between organisations they were requested to indicate what would influence them to choose between two organisations working in the same area. From figure 5.15 it is clear that knowledge of the organisation (30%) and support for their work (29%) feature highest while geographic proximity (3%) is not as high a deciding factor as might often be supposed.

If a choice has to be made between very similar organisations, smaller charities that are known and working in an area supported by the respondents still have the likelihood of being selected for support.

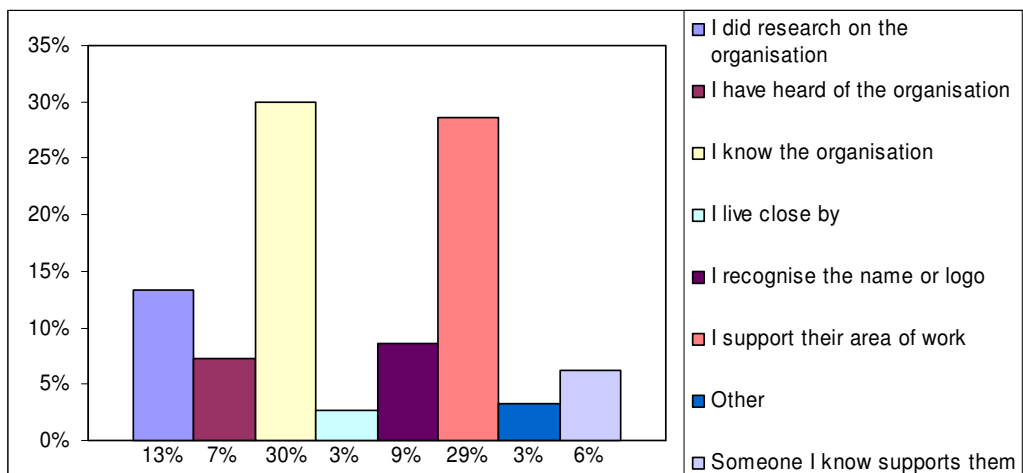


Figure 5.15: Why one organisation is chosen above another

To establish the perceptions respondents have about charity assets and the role of intangible assets, they were requested to indicate what in their opinion constitutes a charity's biggest asset. In figure 5.16 reputation (59%) achieved almost double the support of its closest alternative, staff (29%).

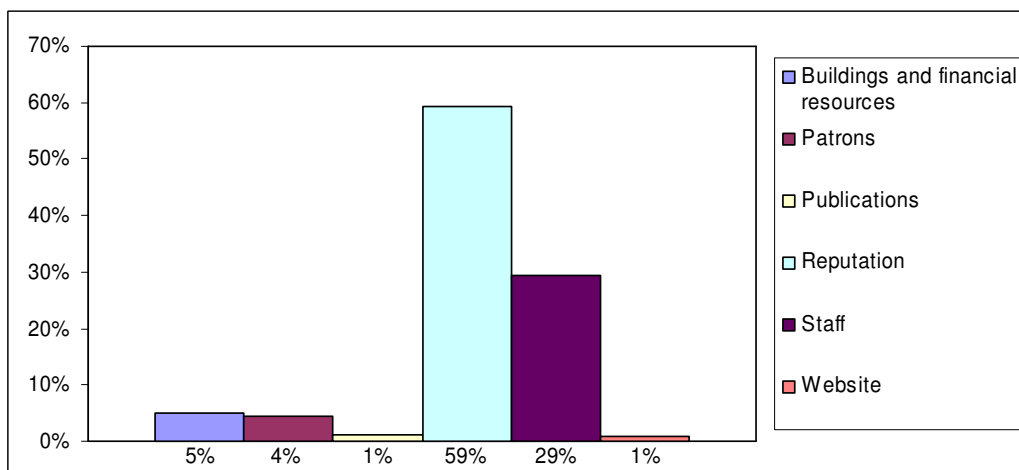


Figure 5.16: Charity assets

The results indicate that the intangible assets of charities are just as valuable, if not more so, than tangible assets.

In the fourth question collecting data on research question 2, respondents indicated their decisions to purchase a product if they know that it supports a charity (figure 5.17).

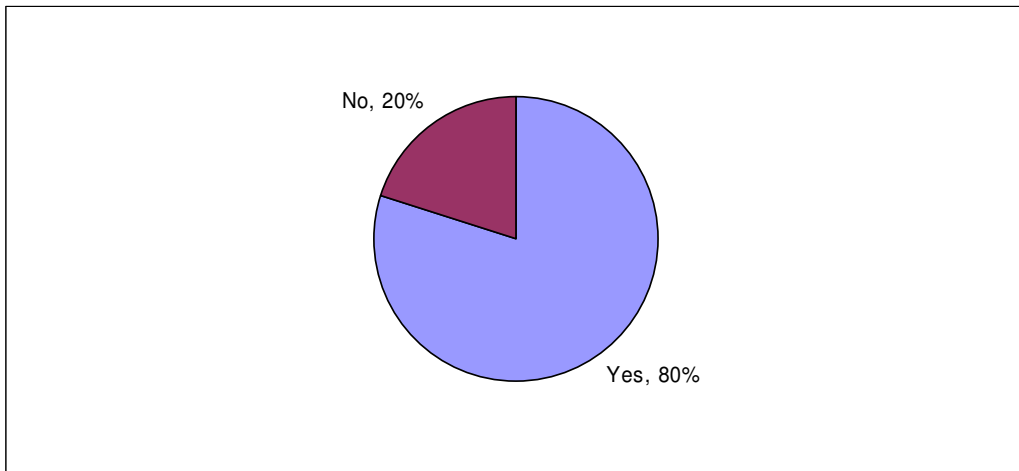


Figure 5.17: Does support to a charity influence your decision to purchase a particular product?

Overwhelmingly (80%) of respondents indicate that a product endorsing a charitable cause influences their decision to purchase it. Charity endorsement campaigns are clearly advantageous to both partners.

To obtain particular data on the connection between charities and brands respondents were asked whether they considered charities as brands and 78% indicate that they do (figure 5.18).

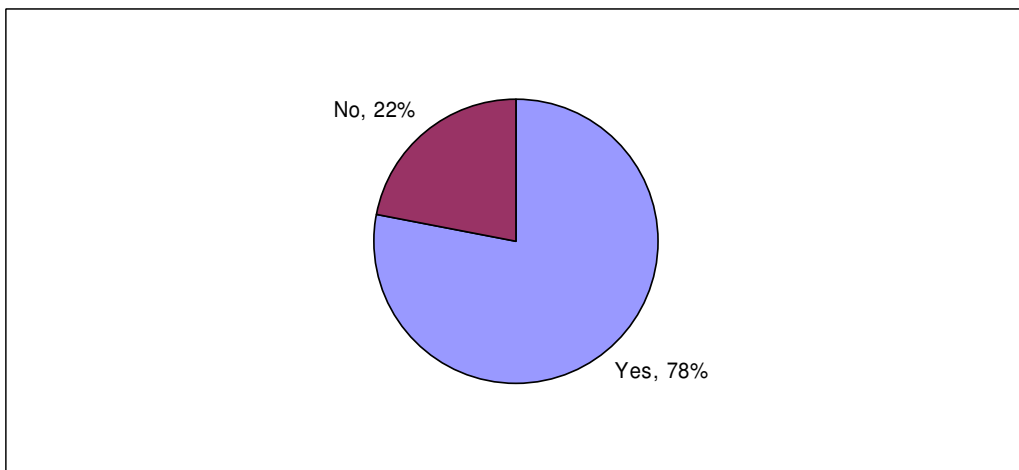


Figure 5.18: Are charities brands?

Respondents were then asked whether they were more likely to support recognisable charity brands.

Figure 5.19 illustrates that 79% indicate that they prefer to support charities with a recognisable brand and that they have knowledge of.

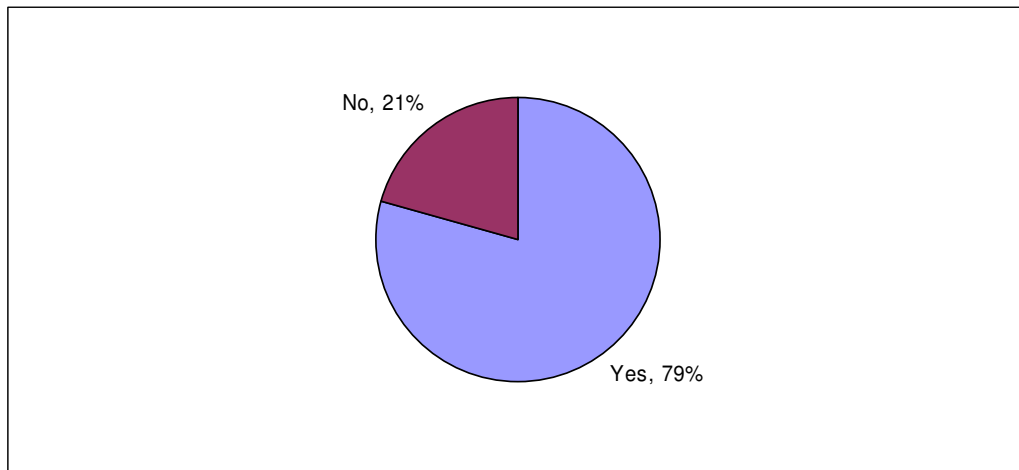


Figure 5.19: Do you give preference to recognisable charity brands?

To test the response provided in the previous question indicating a preference for a recognisable brand, respondents were given the logos of three organisations working in more or less the same area (World Wide Fund for Nature, World Society for the Protection of Animals and the Friends of the Earth) and requested to select one.

No other information on the organisations was provided, forcing respondents to make a choice purely based on the logo or their own knowledge of the organisations concerned.

In figure 5.20 the results are presented of the selection make by the respondents between the three organisations.

The World Wide Fund for Nature (WWF) received 58% of the votes, followed by the Friends of the Earth (28%) and the World Society for the Protection of Animals (14%).

As a follow up question respondents were asked to indicate why they had a preference for a particular organisation.

The responses indicate that by far the most overriding factors in favour of the WWF are recognition and awareness.

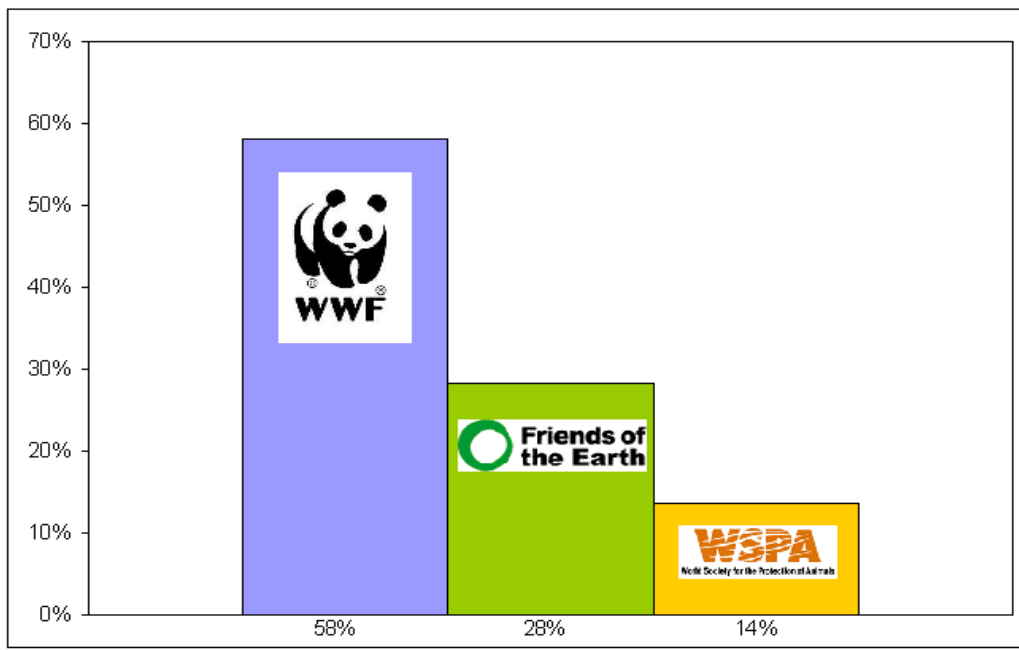


Figure 5.20: Organisation selection

Some of the most often recorded responses in favour of the WWF are:

- “best known”
- “they have a good brand”
- “its is almost like a brand”
- “I know them”
- “recognise the logo”
- “aware of them”
- “heard of them”
- “do not know the others”
- “good reputation”
- “supported them before”
- “well known”
- “only one I know”
- “I know the name”
- “familiar to me”
- “strongest visual impact”
- “logo is descriptive”

In most cases where respondents indicated that they have no in dept knowledge of any of the three organisations, they selected the WWF because it was recognisable, best described by one respondent indicating that “I don’t know the extent of their work, so I chose the logo I liked best”. Linked to the previous questions respondents were asked to indicate whether they put more trust in an organisation with a well known logo and name than one which is not so well known.

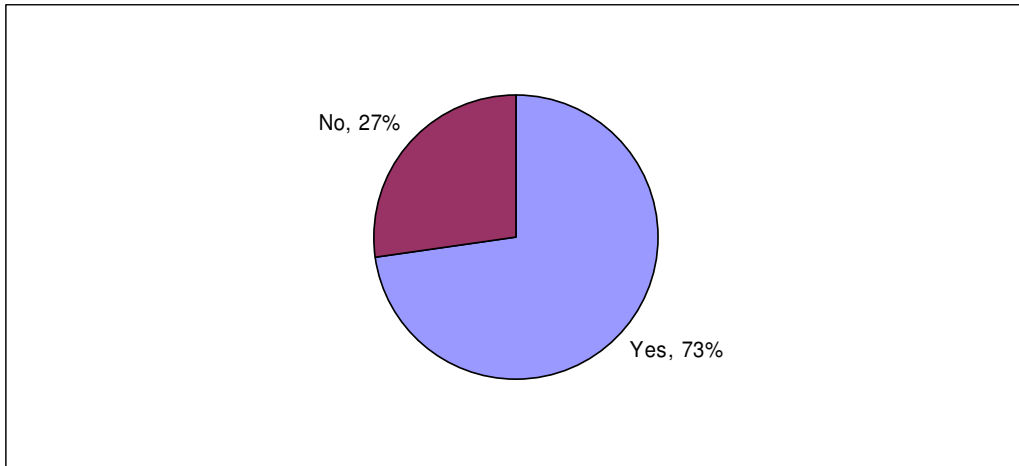


Figure 5.21: Do you trust an organisation with a well known logo and name more?

The results, presented in figure 5.21, indicate a 73% yes response. In order to further investigate the link between charities and brands respondents were given the logo of the Red Cross and asked to indicate whether they recognised it. No other information was provided on the organisation. In figure 5.22 the results indicate that only 5% responded that they did not recognise the logo of the organisation.

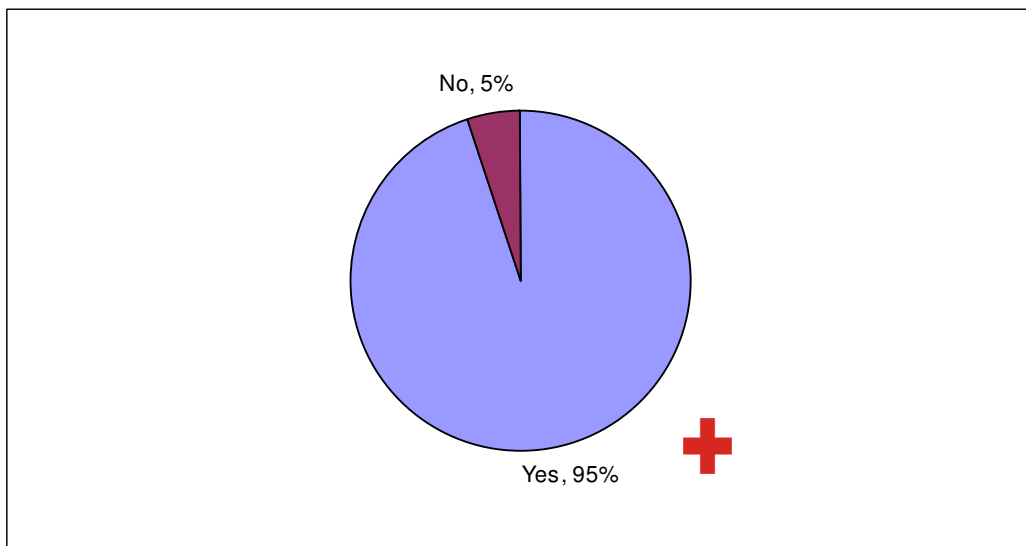


Figure 5.22: Recognition of the Red Cross logo

To follow up on this question and test the definition of a brand as “what is in people’s heads about an organisation”, respondents were requested to describe in one word the image that came to mind when they think of the organisation (Red Cross).

The most often recorded responses indicate that people make definite associations with brands. Some of the responses are:

- Help
- Relief
- Infallible
- Care
- Aid
- Rescue
- Humanity
- Disaster
- War
- Support
- Trust
- Life
- Crisis
- Hope

The last two questions in the questionnaire aimed at collecting data on research question 2, were included to test the consistency of responses and resembled questions asked earlier.

In the first instance respondents were requested to indicate whether they were more influenced to support a charity if they recognised the logo or name and 74% responded that they were influenced (figure 5.23).

This is in line with the responses illustrated earlier in figure 5.19 indicating that respondents gave preference to recognisable charity brands.

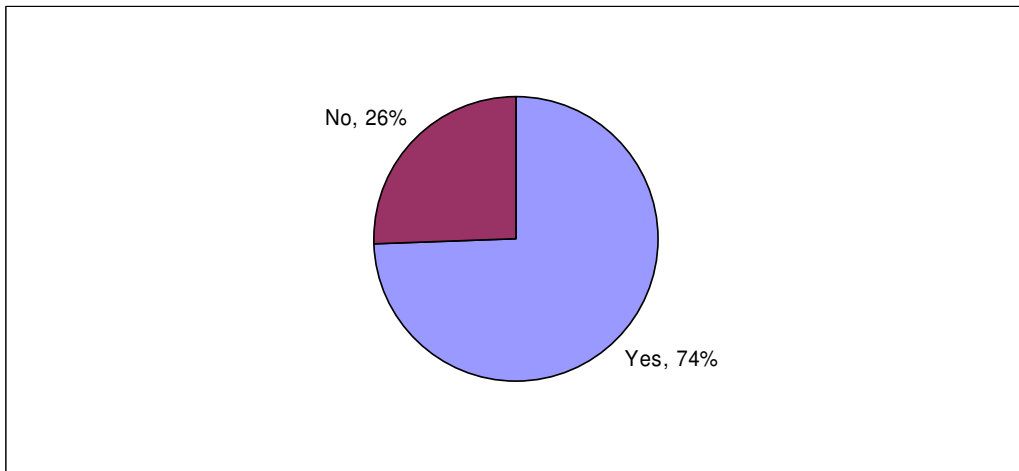


Figure 5.23: Are you more influenced to support a charity if you recognise their logo or name?

The last question tested previous responses on the buying behaviour of respondents related to charity product endorsements. The results in figure 5.24 indicate that 61% are influenced to buy a product

The margin of the positive response is lower than that recorded earlier in figure 5.17 which is 80%. While the results indicate a constant positive correlation between products linked to charities and the decision to buy, the marginal difference can possibly be attributed to perceptual differences in the minds of respondents. In the first instance (figure 5.17) the perception might be that the purchase of a product will result directly in a part of the purchase price going to the charity while in this case (figure 5.24) charities, such as the Heart Foundation and the British Dental Health Foundation, were already paid by the manufacturers to endorse their products.

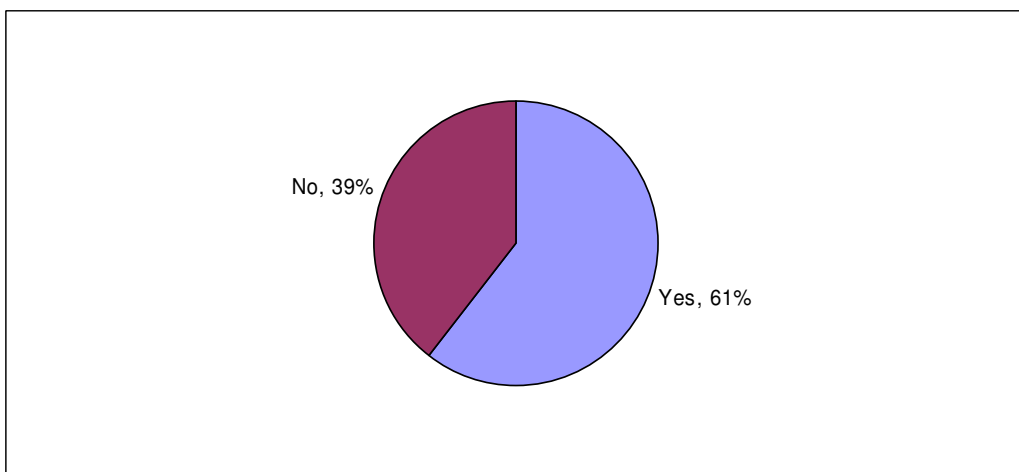


Figure 5.24: Does the name of a charity on a product influence your decision to buy?

In the next section the results for the data on research question 3 are presented

5.3.3 How important is a charity's reputation as a deciding factor in stakeholder behaviour and support?

Data on research question 3 was collected to investigate the influence a charity's reputation has on donor behaviour. Fourteen questions were included in the questionnaire to collect data on this question.

Respondents were requested to indicate whether it influenced their perceptions of a charity if they hear negative things about the organisation.

In figure 5.25 a majority of 87% indicate that it did influence their perceptions of an organisation.

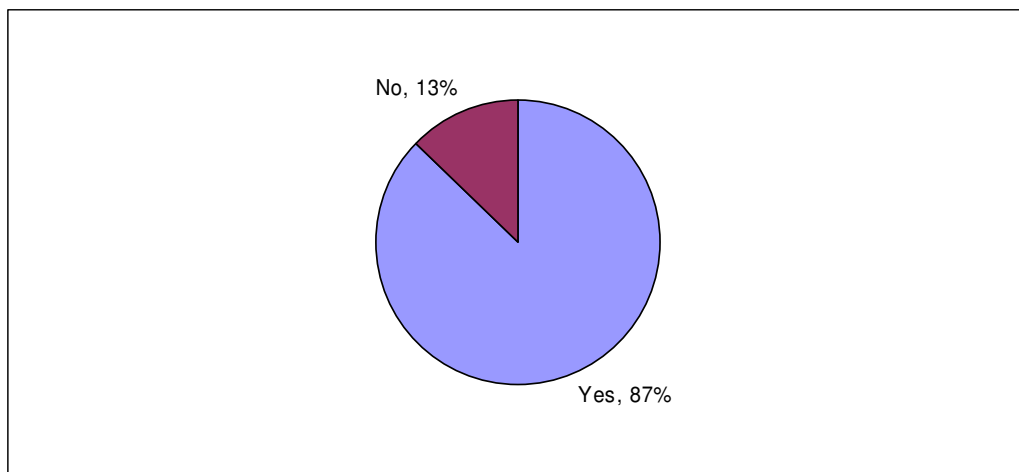


Figure 5.25: When you hear negative things about a charity does it affect the way you see them?

In the next question respondents were given the logo of Amnesty International and requested to indicate whether they recognised the logo.

No additional information was provided on the organisation and the recognition was based solely on the logo or individual knowledge of the organisation.

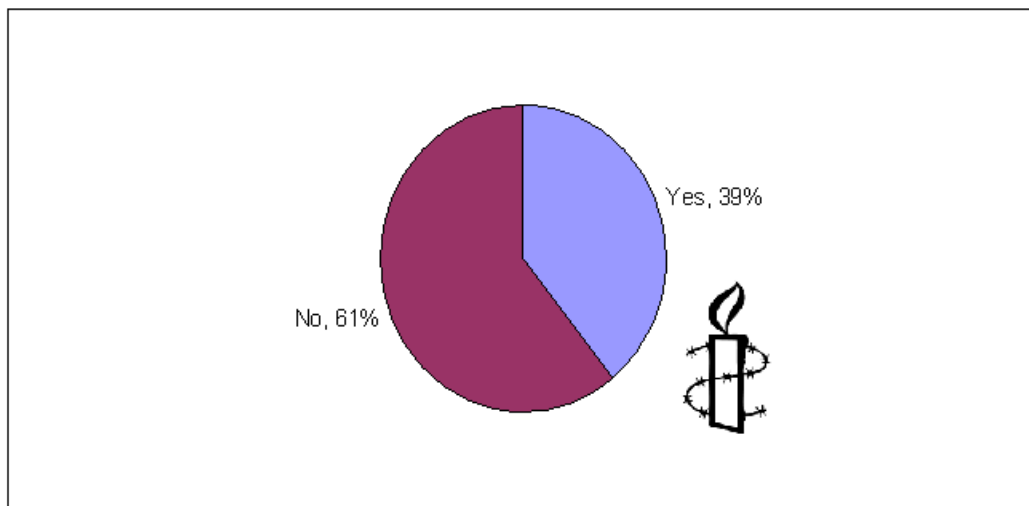


Figure 5.26: Recognition of the Amnesty International logo

As illustrated in figure 5.26, 61% of respondents indicate that they recognise the logo.

Those who had responded in the affirmative were requested to indicate whether they trust the opinions of the organisation, prompting 79% to answer in the affirmative. Respondents were then requested to record their associations with the logo. The question was put to them that if they heard that the organisation represented by the logo has criticised the human rights record of a particular country if this will affect their own opinion of the country. They were also requested to motivate their choice. The response indicates that 83% of respondents are influenced. The most often recorded responses include:

- “they are credible”
- “I trust them”
- “they are reputable”
- “good reputation”
- “believe them”
- “respect and trust them”
- “reputation is excellent”

Those respondents (17%) who responded negatively most often remark:

- “I make up my own mind”
- “I will do more research”

In investigating the reputation construct, respondents were requested to indicate that if they have to recommend a charity to someone what would be the most important consideration.

In figure 5.27 the results are recorded indicating that reputation (52%) is the most important consideration, followed by need (41%). The implication appearing to be that even if a charity is serving a need and requiring support, it is not enough to attract assistance. A good reputation is also required to attract support.

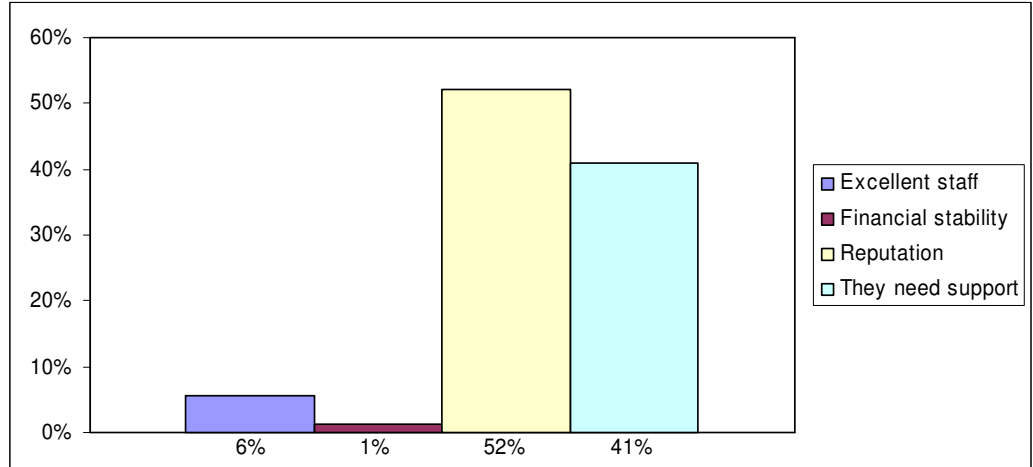


Figure 5.27: If you had to recommend a charity what would be the most important consideration?

To investigate the components of the reputation construct respondents were requested to answer a number of questions relating to trust, image, personality and values. In figure 5.28 the question was asked whether aspects such as image, reputation, trust and personality were interchangeable. The results indicate that by a small margin (10%) respondents indicate in the affirmative.

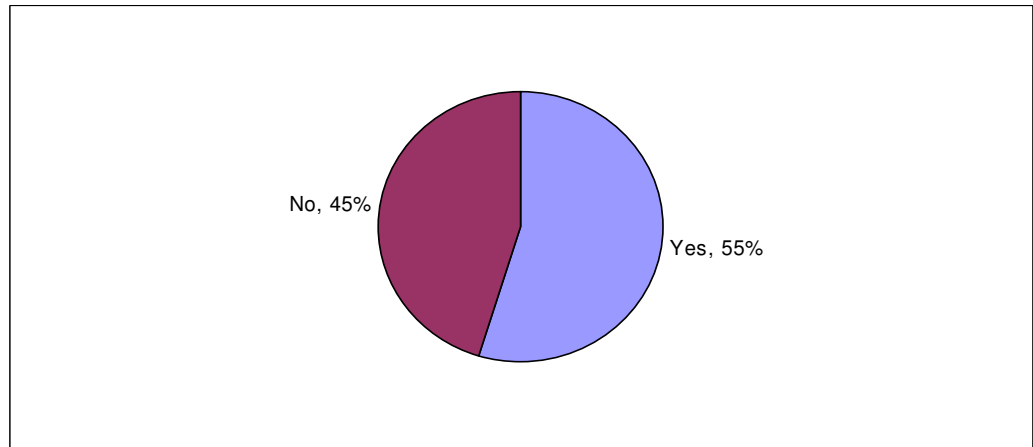


Figure 5.28: Do aspects such as image, reputation, trust and personality say more or less the same thing?

In the following question respondents were requested to indicate whether they consider charities to have particular personalities. A strong majority (85%) responded positively (figure 5.29).

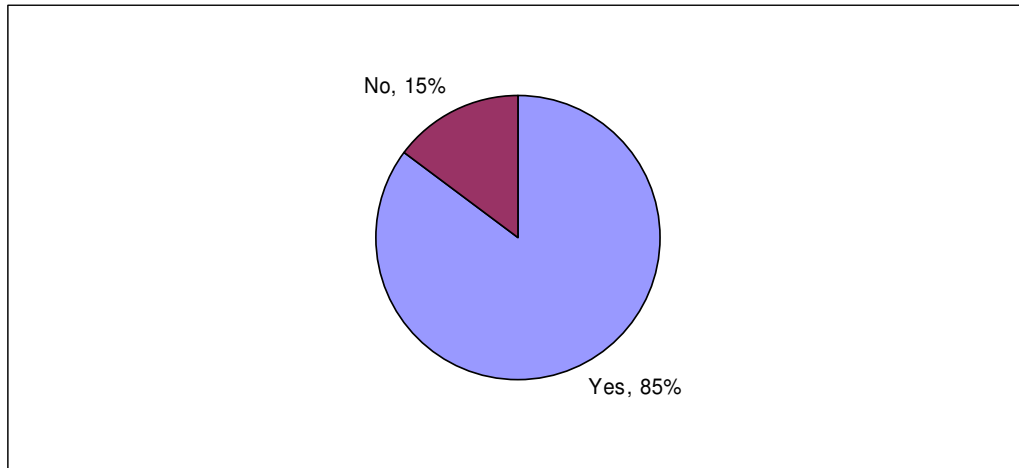


Figure 5.29: Do you think charities have particular personalities?

The respondents were requested to indicate the importance of values as an aspect of the construct. A large majority of 98% indicate that it is an important part of an organisation's reputation (figure 5.30).

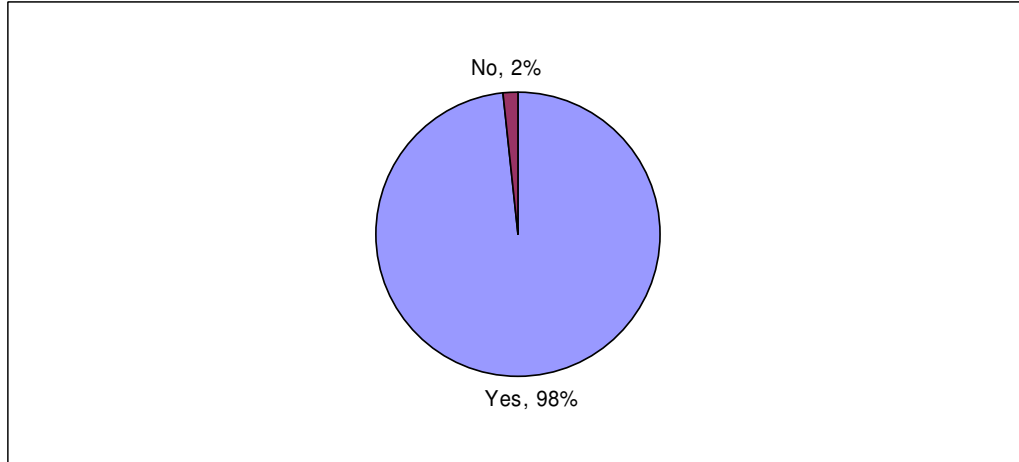


Figure 5.30: Do you think that the values of an organisation are important in building its reputation?

Respondents were requested to indicate what they think the link is between a charity's image and its reputation. Some of the most enlightening comments are:

- "image is based on reputation"
- "virtually the same thing"
- "image creates reputation"

- “people tend to link what they think with what they see”
- “they go hand in hand”
- “it needs to be a good fit”
- “good image = good reputation”
- “the image is branding, reputation is about what people personally experience”
- “they are interchangeable”
- “bad image, bad reputation”
- “aren’t they the same thing?”
- “image is about outer appearance, reputation is about credibility”
- “a good reputation will automatically provide a good image and vice versa”
- “trust leads to a good reputation and image”
- “image is how you present a charity but reputation is how people see it”
- “inseparably linked”
- “reputation gives credibility to the image”
- “have a good reputation and a good image will follow”

Respondents were tested on how their behaviour as supporters and donors to charities is affected when they hear negative reports about the organisation. A high majority of 89% indicated that it will affect their support (figure 5.31).

This is in line with the earlier results recorded in figure 5.25 where respondents indicated with an 87% majority that when they hear negative things about a charity it affects their perceptions of the organisation.

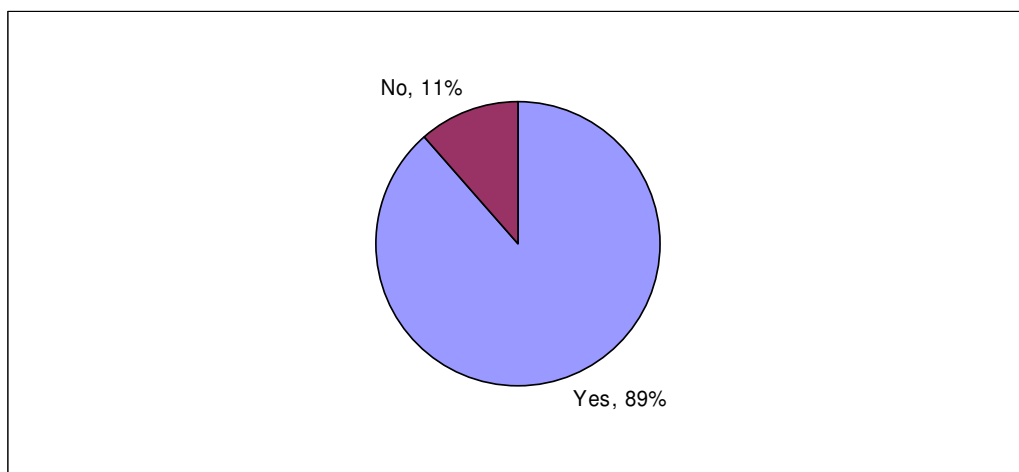


Figure 5.31: When you hear negative reports about a charity will it affect your decision to support them?

Following up on earlier questions to establish how respondent behaviour and attitudes are affected by reputational damage, a question was included to ascertain whether these perceptions are passed on.

In figure 5.32 the results show that 66% of respondents pass on the information, further escalating the reputational damage to the organisation.

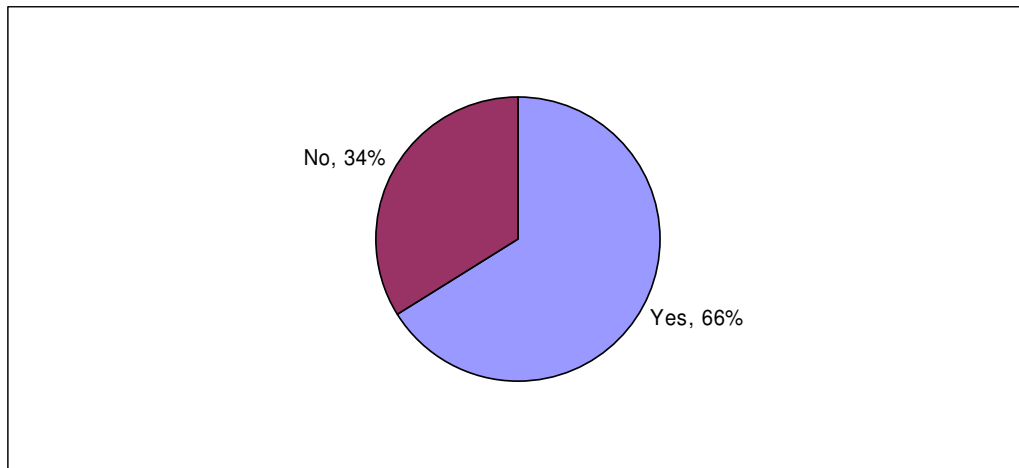


Figure 5.32: When you hear something negative about a charity do you tell others?

In the next question respondents were requested to indicate how important they regarded trust as a factor in building an organisation's reputation. The results, recorded in figure 5.33, indicate that 10% of respondents regard it as somewhat important, 62% of respondents as important and 25% as very important.

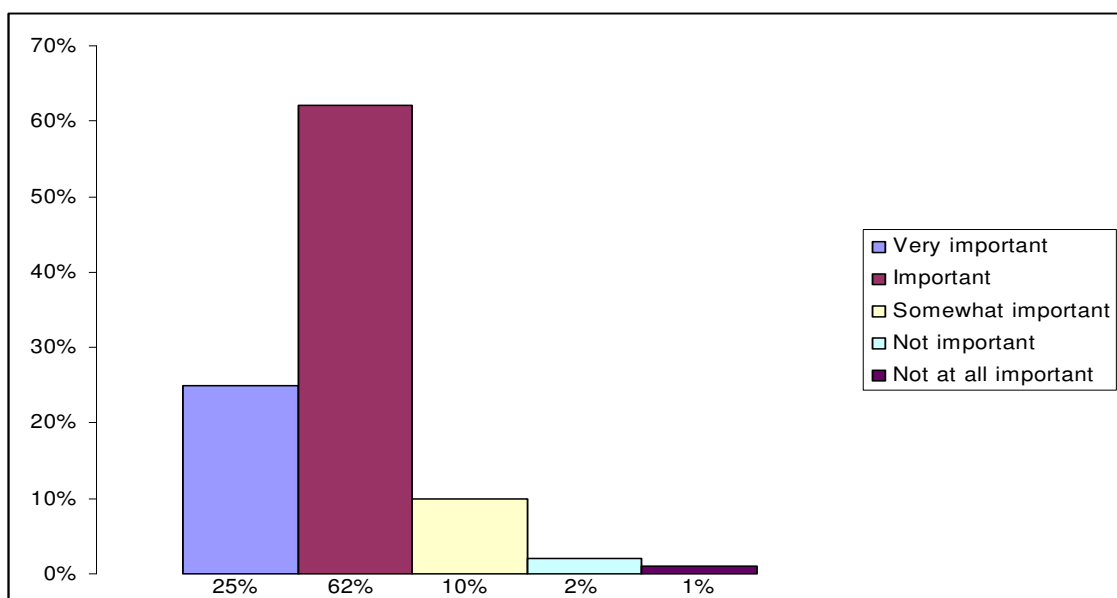


Figure 5.33: How important is trust in an organisation in building its reputation?

In the last two questions respondents were requested to provide more details to elucidate their perceptions of the reputation construct. They were requested to indicate what in their opinion has an influence on the reputation of a charity. Some of the responses are:

- “that they act responsibly with my donations”
- “good management”
- “I need to trust them”
- “transparency”
- “a history of responsible behaviour”
- “expertise and knowledge in their area of work”
- “the money does not go towards large executive salaries and marketing costs”
- “consistency”

The last question in this section requested respondents to indicate how a charity that has received bad publicity can improve their reputation. The responses include:

- “take responsibility for the problems”
- “tell donors where the money is going”
- “stop marketing and start explaining”
- “be honest”
- “investigate and report the findings”
- “get rid of the person responsible”
- “recognise that there is always room for improvement and communicate this to donors”
- “ask other stakeholders for their input”
- “use your newsletter and website to explain”
- “corporate social responsibility is not only for companies, charities should also act responsibly no matter how good their intentions”

In the next section the results for the data collected on research question 4 are presented.

5.3.4 Are smaller charities aware of their brands and do they use them?

The literature overview in chapter 2 indicate that although there has been an increase in the awareness by larger charities of their organisations as brands, very little research exists on the situation on the ground at smaller charities.

One of the objectives of this study is to investigate the level of awareness and utility of their brands amongst smaller charities. Data to investigate research question 4 was collected from both the focus group and the survey.

5.3.4.1 Focus group results for research question 4

The members of the focus group were selected according to predetermined criteria outlined in chapter 4.

The focus group consisted of 8 members ranging in age between 23 and 65 years. The ratio of female to male was 7:1. The average time spent working in the NFP sector was 6 years although one member had been in the sector for more than 17 years.

All the participants indicated that they had chosen the NFP sector as a career and intended to stay in the sector for the duration of their careers. Five of the members had volunteered in the NFP sector before taking up formal employment.

The spread of areas within the NFP sector is as follows: medical research 2, development assistance 1, environment and conservation 1, children 2, arts 1 and senior citizens 1 (see figure 5.34).

The organisations are all nationally focussed with one having an international dimension. They are all based in London, in the United Kingdom and have an annual income of under £1 million (approximately R13 million).

Participants range in responsibilities from Events Assistant to Senior Director level.

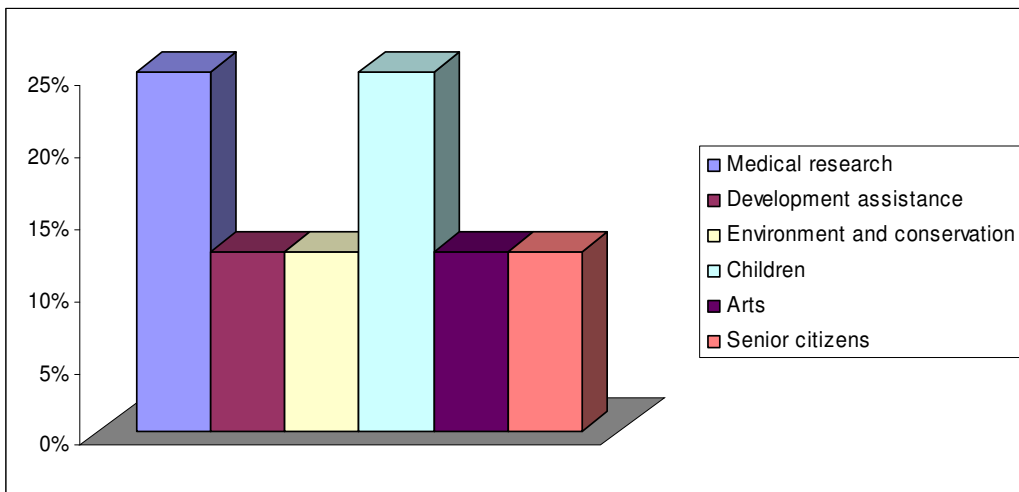


Figure 5.34: Focus group spread within NFP sector

- NFP marketing at smaller charities

Focus group members were requested to indicate whether their organisations had dedicated marketing departments and/or marketing professionals. In order to ensure that accurate information was provided a definition was provided to members of marketing. The responses indicate that only one of the organisations represented has a dedicated marketing professional. The situation at the other organisations involved different departments being allocated the responsibility for undertaking marketing activities although it was not referred to as marketing. One of the members indicated that she had previously worked for a very large charity which had a dedicated marketing department employing 20 fulltime professionals. All the members agreed that very few of the smaller charities they currently worked for, or had worked for in the past, have the resources to dedicate a person or persons solely to marketing activities and that multitasking was the order of the day. A number of participants indicated that very often marketing and fundraising activities were linked. One of the participants remarked that “we are constantly trying to sell our events to new companies and sell our ideas to new supporters”. Another indicated that “we have specific marketing groups that we target and appoint account managers for these” but the situation at another is that “we are not very proactive and the marketing function is mostly overlooked”.

There appeared to be consensus in the group that marketing strategies are very much dependent on fundraising strategies and that “we do whatever it takes to get the job done and everybody sort of has a hand in it”.

When members of the focus group were requested to provide information on techniques that can be associated with marketing activities in use at their organisations, the responses indicated that most often the choice was restricted by resource limitations and that cost-neutral methods received preference. The techniques mentioned are: direct mail, website, newsletters, free advertisements, paid advertising, events such as marathons, and “piggy-backs” on the campaigns or events of other organisations and companies.

Members of the focus group were then requested to indicate whether their organisations measured the success of their marketing activities. Only one participant indicated that there is a measurement instrument in place but that it only relates to direct mail campaigns and involves a coded system recording response rates. All the other members of the focus group indicated that it was an enormous challenge. The main reasons provided are lack of resources, lack of skills, management limitations and a general lack of more business-like focus. The participant who had worked for a larger charity before indicated that there the practice was that very clear income streams were identified linked to particular marketing activities and that ROI (return on investment) calculations were applied. One member of the group remarked that “we can work on a campaign for months and never really know whether it was successful”. From the responses supplied it emerged that the most often used measurement instruments, even if they were not called that, are increase in donor income, attendance at events and response to appeals.

- Branding at smaller charities

In the second part of the meeting the focus was on branding. In order to establish their understanding of the construct members of the group were requested to provide a definition. The responses confirm what was discovered in the literature review in chapter 2; no universal definition or understanding exists. Some of the responses received include: “it is guidelines on how to write press releases”, “it is tangible, like

organised in a department”, “who you are and what you stand for”, “it is your logo”, “your image”, “the trust people place in you” and “I am really not sure”. Although no universal definition emerged it was clear that participants had an awareness of branding as a concept. When instructed to think of a brand as “what is in people’s heads about an organisation” and requested to say whether they thought of their own organisations as a brand more responses were forthcoming. One member of the group said that “I think often people think they know what the brand stands for, but do not really know”. The majority of responses indicate that members of the focus group did not think of their own organisations as brands but that bigger charities were definitely considered to be brands. One participant remarked that “it is the dream of every small charity to be as recognisable as iconic brands like the Red Cross”. An interesting observation from another participant was that “for smaller charities it is more about the cause and for larger charities more about the brand”. One member complained that “we are still using our old stationary with our old logo just to use it up and not waste money”.

A lively response was received when members of the focus group were asked to provide ideas on how smaller charities can better use their brands and what they can learn from bigger charities in this regard. “We need to be more confident to approach commercial companies and say our brand is worth a lot in this particular community, pay us to be associated with it”, said one participant representing senior citizens. Another working in the medical research field remarked that “we need a generally more business-like approach to our work; the big charities are run like businesses”. This elicited some angry responses from other members of the focus group commenting that the general levels of management skills and experience in smaller charities are poor. One asked “if the foundational things like job satisfaction, accountability, finances and human resource management are not in place, how can we focus on proper marketing?” A participant from the international development field remarked that “we are still stuck in the 1960’s”.

- Reputation in the NFP sector

In the final part of the focus group meeting participants were requested to think of the intangible assets of their organisations and requested to say in one word what their

biggest asset is. The responses included: “commitment”, “drive”, “reputation”, “passion” and variations on these.

As a follow-up to this question members of the group were requested to rate reputation in terms of importance for their organisation. They were requested to use a Likert scale with 1 representing “It is everything to us” and 5 representing “Not at all important”. Seven of the participants rated reputation as 1 indicating of the highest possible value and one participant rated it as 2 representing “important”.

A participant remarked that one of their vehicles transporting people had been in an accident the previous week and within days they had already lost numerous bookings for further outings to events because their reputation had been damaged by the incident.

5.3.4.2 Questionnaire results for research question 4

Four questions were included in the questionnaire to collect data on the public perceptions of smaller charities and their brands. In the first question respondents were requested to indicate whether they are of the opinion that a smaller charity can be as effective as a larger charity.

The results, illustrated in figure 5.35, indicate that a majority of 82% of respondents indicate that they are of the opinion that smaller charities can be just as effective.

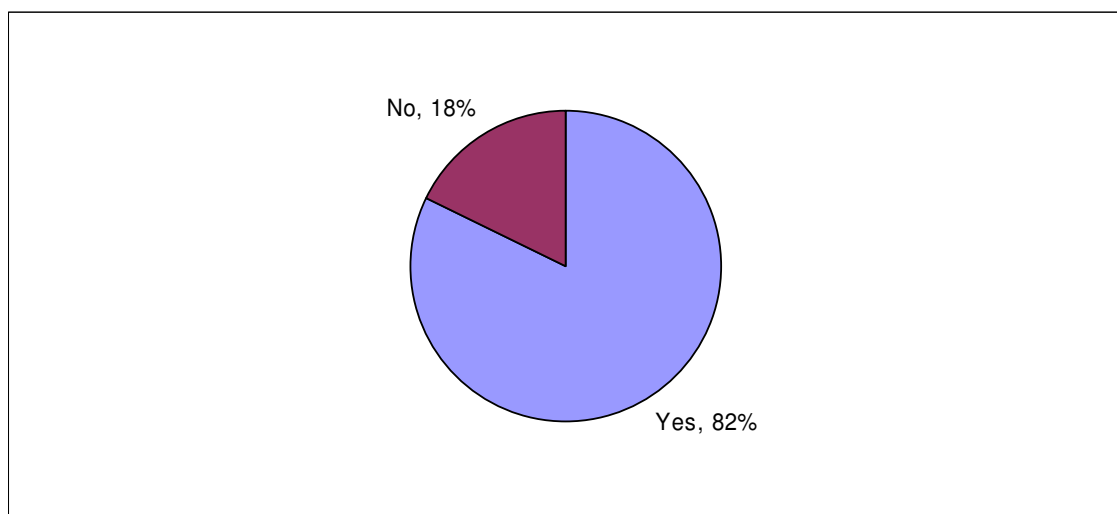


Figure 5.35: Do you think that a smaller charity can do just as good a job as a bigger charity?

Those respondents who reported in the affirmative were requested to provide a reason for their opinion. Some of the most often recorded responses are:

- “smaller charities are often more accountable and transparent”
- “they are more focussed”
- “they have a more personal approach”
- “it is not the size of the organisation but how effective they are”
- “smaller charities do not spend all their money on advertising and marketing”
- “lower overhead costs”
- “if they are well managed they are more effective because of less bureaucracy”
- “smaller charities give me a better sense of where my money is going”
- “they have less resources so have to work harder”
- “larger charities are too political and do not respond quickly enough to needs”
- “I am sick of large charities always asking me for more money”
- “smaller charities fulfil niche demands”

Those respondents (18%) who were not of the opinion that small charities can be as effective as larger charities were requested to provide a reason for their opinion. These include:

- “their resources are too limited”
- “people tend to give money to the well-known charities”
- “it depends on the market they serve”
- “they can’t afford the advertising needed”
- “the smaller ones are often overlooked by donors”
- “you need political muscle to get your message across”

The last question aimed at recording data for research question 4, requested respondents to provide advice to a charity seeking to become better known with limited resources. The most enlightening responses include:

- “find a logo, catchy slogan and key messages”
- “identify your target group”

- “use word of mouth and the internet”
- “improve your database”
- “your staff should represent you well”
- “work on a positive image”
- “free advertising”
- “partnerships”
- “enhancing your brand equity”
- “effective and consistent strategy”
- “build a good reputation”
- “targeted direct mailing”
- “find a niche”
- “protect your values”
- “honesty, branding integrity”

5.4 Summary

Data collected from the survey indicate that 83% of those surveyed give support to charities, they give frequently (37%) and sometimes (37%) in equal measure, they tend to give monthly donations (58%) and they still prefer to give money (70%).

The public is very aware (82%) that marketing techniques are applied by charities and they recognise which techniques in particular are used. The traditional channels such as television, newspapers and magazines are still the most successful but friends, family and colleagues (16%) have a significant influence.

Donors stay fairly loyal (37%) but they prefer to vary their support (57%). They need to believe in the issue they are supporting or it will prove difficult to persuade them to care for something outside of their traditional area of support.

Respondents repeat their support to organisations they supported in the past. When choices are made between similar organisations, knowledge of the organisation (30%) and support for their areas of work (29%) are the deciding factors.

A charity’s most valuable (59%) asset is its reputation and through its associations a charity has the power to influence product decisions.

Most respondents (78%), consider charities to be brands but they give preference (79%) to recognisable charity brands. Respondents make brand choices based on how recognisable and well-known they are. They trust organisations with well-known logos and names more (73%), and they associate particular characteristics with charity brands such as the Red Cross. Charity product endorsements influence decisions (61%).

When they hear negative things about a charity 87% are affected. Respondents make reputational and trust associations with certain charities such as Amnesty International. When they recommend charities to others it is based (52%) on the reputation of the charity. Most see image, reputation, trust and personality as more or less the same thing. Most (85%), think that charities have particular personalities and 98% consider the values of a charity as an important contributor to their reputation. When they hear negative things it affects their support for the charity and 66% of them pass the information on to others. In building a reputation 62% consider trust as important and 25% consider it very important.

Smaller charities do not think of themselves as brands. They tend to use marketing techniques that are inexpensive or cost-neutral but they very rarely measure the effectiveness of their marketing campaigns. They consider their reputation as of the utmost importance. Most respondents (82%), think that smaller charities can be as affective as bigger charities.

In this chapter the results of the data collected from the survey and focus group were presented. In chapter 6 the results are discussed, conclusions drawn and recommendations made.

CHAPTER 6: DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

In chapter 1 the orientation of the study was outlined, in chapter 2 the literature review was provided, in chapter 3 the problem statement and individual research questions discussed, in chapter 4 the research design and analysis provided and in chapter 5 the results were presented.

The outcome of the study is discussed in this chapter. The results of each research question will be discussed in more detail, conclusions drawn and recommendations presented.

6.2 Discussion of results

The results of each individual research question, presented in the previous chapter, are discussed in more detail in the next section.

6.2.1 How successful is NFP marketing at encouraging the public and stakeholders to “pay” the required “price”?

The results of the survey indicate that the success of NFP marketing very much depends on the form of “payment” organisations require. Those organisations seeking “payments” other than financial contributions, are faced with considerable challenges as giving money appears to still be the favoured form of donor support.

The current study differs from many previous studies in that it presents the views of the stakeholders themselves, rather than the point of view of the management of the larger organisations. By being less in touch with their markets charities might in effect be completely miss-directing their marketing efforts, spending marketing budgets on areas such as charity events that have a very low uptake and possibly even a low return on investment. Smaller charities with limited resources should take note of donor preferences as many devote considerable time and effort in arranging a variety of events while direct appeals might, in fact, yield a higher return if the aim is fundraising rather than the creation of awareness.

Andreasen and Kotler (2003) emphasise that one of the reasons that many NFP organisations are applying marketing techniques from business is to deal with increased competition. Of concern is that if organisations, especially smaller ones, are misinterpreting both the wishes of their markets and how to reach them, they will find it difficult to compete with more market oriented organisations that are in touch with what their markets require.

In the £35 billion charity industry in the United Kingdom (CAF, 2006) dominated by a few very large charities, there is very little room for organisations who are not in touch with their support base. In developing countries such as South Africa where the pot is much smaller, this is even more relevant. The conclusions by Vazquez et al. (2002) and Bennet and Sargeant (2005) that increased competition is a factor making the concept of market orientation highly relevant for the NFP sector is supported by the current research. Much more empirical study on the link between market orientation and increased donor support is required.

A surprising result from the survey is that organisations that do not have large marketing budgets for traditional marketing methods to reach their markets through printed and electronic advertising, have other options. The third most likely way respondents hear about a charity is through their friends, family and colleagues which indicates that relationship marketing has a significant role to play and is possibly under-valued in the NFP sector. Although the results indicate that there is strong donor loyalty, more than half of respondents spread their support around. By building long term relationships with their support base NFP organisations can not only benefit from free advertising but also keep their donors and supporters and decrease the likelihood of competitors attracting them. Smaller charities often hold the view that they are unable to compete because of their limited resources, and while it is undeniable that those organisations who can afford large scale marketing campaigns have an advantage, low-cost options are available.

Andreasen and Kotler (2003) point out that one of the numerous unique challenges in NFP marketing is that often consumers are asked to make sacrifices where they are often largely indifferent about the issue. The current research confirm that those organisations seeking a “payment” requiring a change in behaviour or support for issues that are normally of little interest, are facing the most difficult decisions. It is

interesting that yet again the role of friends, family and colleagues is considerable, further strengthening the argument for increased relationship marketing.

6.2.2 Does a charity's brand influence the choices of stakeholders?

Hankinson (2001:351) refers to the "paucity" of scholarly activity on brands and brand management in the NFP sector. This is even more applicable to research testing brand perceptions from the viewpoint of the stakeholders rather than the organisations themselves. Research in this area is very limited.

The results of this study reveal that not only do potential donors regard charities as brands, but brands are powerful assets that influence purchase and support decisions. This research indicates that the intangible assets of charities are just as valuable, if not more so, than tangible assets. In this respect NFP brand management is no that dissimilar from brand management in the commercial sector.

Well-known charity brands have an advantage when choices between organisations are made. An organisation with a well-know logo and name is not only trusted more but is given particular characteristics. Haigh and Gilbert (2005) point out that certain brands have the ability to persuade people to make economic decisions based on emotional rather than rational criteria. This also appears to hold true for charity brands. Organisations such as the Red Cross benefit from a positive brand image based on what people perceive the organisation to represent.

In the NFP sector competitive advantage also appears to be achieved through differentiation, much like in the commercial sector. Achieving distinctiveness through branding and what people attribute to the brand will give an advantage to organisations working in similar environments. In the case of the World Wide Fund for Nature it achieved an advantage largely based on its logo and what respondents perceived it to represent. In some cases the advantage is achieved because of knowledge about the organisation or support for the work that they do, but where choices are equally unknown a decision is very likely to be made based on what the person thinks it represents – "I don't know the extent of their work, so I chose the logo I liked best". Smaller charities who can position their brand in such a way that it

clearly reflects what the organisation intends it to represent, can achieve a competitive advantage.

The contention by Sargeant et al. (2007) that charities have generic attributes by virtue of their charity status alone, appears to be applicable only to well-known charity brands. Furthermore, it appears that their contention that brand conceptualisation develops in a very different way in the NFP sector is not that straightforward and that the conceptualisation process in fact bears many characteristics of that in the commercial sector.

This study clearly establishes a link between charity brands and product sales. Charities who link their brands to products give these products a competitive advantage in certain markets. This linkage is advantageous and valuable for both partners.

The conclusion can be drawn that a charity's brand most definitely influences the choices of stakeholders. Charity brands are very valuable assets.

6.2.3 How important is a charity's reputation as a deciding factor in stakeholder behaviour and support

Sargeant and Ford (2007) refer to the advantages of a strong brand that can assist NFP organisations by providing a reputation that can see them through difficult periods.

The literature review on the subject reveals that the antecedents of reputation are variously described as image, trust, values and brand personality. Most authors do not agree on a universal definition but support the notion that an organisation's reputation can be an asset that involves the positive way in which it is perceived by stakeholders. The results of the current research support this lack of universal agreement on what the construct precisely involves, and the interchangeable nature of especially image and reputation.

What the research clearly reflects is that although people might not be able to exactly define the reputation construct they have a very good understanding of what it

involves. Not only are they strongly influenced by negative reports that damage an organisation's reputation but they also pass the information on to others. In the NFP sector an organisation's reputation is a very powerful asset, as illustrated by the influence an organisation like Amnesty International has on public opinion. Such an organisation's brand and reputation are linked, inspiring trust, respect, credibility and reliability.

Of particular concern to the majority of people are the values of an organisation, their ability to put their trust in it and how their contributions are used.

The conclusion is that a charity's reputation is extremely important in deciding stakeholder behaviour and support.

6.2.4 Are smaller charities aware of their brands and do they use them?

Hankinson (2001) found that although there is more brand orientation than previously, the application is not uniform and the realisation of its strategic implications not high. Building on Hankinson's work, Ewing and Napoli (2003) developed a measure of NFP brand orientation and found that although brand management in the NFP sector was still in its "infancy" it was gaining ground and that some of the commercial branding principles were transferable to the NFP sector.

A recent survey conducted by RSM Robson Rhodes Consultants (2007) confirmed what other authors have found repeatedly – the overwhelming majority of, even bigger charities, fail to monitor the results of their marketing spend. The survey, conducted through questionnaires to senior marketing officials at large charities, reveals that the majority of these organisations do not even set any performance indicators such as reach and impact for marketing activities before undertaking them. As much as 81% of the marketing spend is unaccounted for. What is surprising is that even at the larger charities most are not ready to refer to themselves as "marketers", preferring to use terms such as "fundraising director", "PR manager", "events organiser" and "marketing communications" (RSM Robson Rhodes, 2007). It is not surprising therefore that the situation at smaller charities is even more complicated.

The focus group results reveal that the marketing function at smaller charities is challenging. It is often not defined as such and is conducted in a cross-functional, needs-driven manner involving very little planning and strategic direction. Marketing at smaller charities is narrowly focussed on the fundraising needs of the organisation and the success of marketing activities is rarely measured. Measurement is hampered by a lack of skills, resource limitations, and a general absence of more business-like focus.

When it comes to their brand management, both bigger and smaller charities are far behind their commercial counterparts. The observations by Hankinson (2001) and others that brand management in the NFP sector is just as relevant, appear correct but the sector is not as far advanced as some authors might suggest. The limited available research based on the views of stakeholders themselves, and the almost complete absence of research on smaller charities, has led to a somewhat overly optimistic assessment of how advanced the sector might in fact be. The RSM Robson Rhodes survey (2007:8) found that very few charities understand their brand equity and even fewer leverage it.

The focus group reveals that smaller charities very seldom think of themselves as brands but recognise that larger charities are brands. They have very little understanding of their brand equity and have not progressed to a realisation of the value their brands represents in achieving their overall objectives. Brand management at smaller charities has a very far way to go.

6.3 Conclusions

Almost four decades after the idea of NFP marketing was first introduced the majority of the sector is still very far behind their commercial counterparts. Competition in the sector has increased the need for a more business-like approach to marketing but only a very small group of the larger charities appear to have been successful in truly leveraging their brands. In some cases they have reached a level of sophistication equal to that of the large commercial brands and in exceptional cases, like the Red Cross and World Wide Fund for Nature, they have achieved iconic status.

The vast majority of the sector is still lagging behind, with smaller charities virtually unaware of the value of their brands and how a well-managed brand can influence stakeholder behaviour. Although NFP organisations value their reputations highly, they are not aware how closely a charity's brand and reputation is linked in deciding stakeholder behaviour and support.

This study clearly establishes a link between charity brands and product sales. Charities who link their brands to products give these products a competitive advantage in certain markets. This linkage is advantageous and valuable for both partners. People give preference to a charity brand with a good reputation that they trust and this can translate into financial benefit.

Measurement in the NFP sector is challenging and organisational difficulties around resources, skills and management compound the problem, not only in assessing the success of marketing efforts but setting targets beforehand. Smaller charities appear to be at a complete loss.

The current research confirms that those organisations seeking a “payment” requiring a change in behaviour or support for issues that are normally of little interest, are facing the most difficult decisions.

The lack of research on the perceptions of stakeholders themselves and a narrow focus on the practices used by the well-know, large charities have left marketing at smaller charities virtually un-researched. These organisations are at a considerable disadvantage to their larger peers and often believe that because of their limited resources they will be unable to improve their marketing efforts and be more competitive.

6.4 Limitations of the study

The current study is an attempt to investigate the phenomenon of NFP marketing from the viewpoint of the stakeholders such as donors and employees of smaller charities. In this manner it differs from previous research. The research represents an initial investigation into the marketing and brand management practices of smaller

charities. Understanding marketing limitations and opportunities in this, virtually invisible, sub sector of the NFP sector is in its infancy.

The current study would have benefited from a second focus group conducted in South Africa to compare practices between organisations operating in very different economic environments. Practical limitations made this impossible.

The sample for the questionnaire was adequate to draw conclusions but a higher number of respondents would have added to the richness of responses, especially relating to perceptions of respondents on particular charity brands. In order to make the questionnaire universally applicable, only a small group of very well-known charity brands could be used as examples to test participant recognition and association. Some charity brands are country specific and it would have been useful to conduct country-specific surveys.

The study is by no means exhaustive as NFP marketing is a very wide phenomenon and aspects such as market orientation and measurement were only touched upon. Considerably more research is required to understand how these aspects develop in the NFP sector. Meeting stakeholder expectations while staying true to the overall objectives of the organisation requires a delicate balancing act that differs from that experienced in the commercial sector. NFP organisations have more stakeholders to satisfy and as profit is not the overall objective, it is much more difficult to develop a market orientation and measure the effectiveness of marketing efforts.

The investigation into the factors contributing to the adoption of marketing practices in the NFP sector is based on a review of the available literature. These developments are both environmental and attitudinal in nature and although they have often been dealt with individually by researchers, an overall perspective of causal factors is not readily available. A more detailed study is required on the effect of, especially, increased competition.

The study reveals the effect of product endorsements by charity brands. The influence of charity brands on customer product choices needs to be investigated more in depth, not only from the perspective of the benefits to companies, but also from the perspective of NFP organisations.

An area of research that has received no attention in the past is what can be termed “philosophical resistance” to the use of marketing principles and terminology by charities. During the focus group interviews it was revealed that many stakeholders, especially trustees and older members of management, have resisted the introduction of a more business-like marketing approach. This aspect lies outside the scope of the current research but definitely requires further investigation for the impact it has on the development of NFP marketing.

In the following section practical recommendations are made on how smaller charities can improve their marketing efforts based on the findings of the current research.

6.5 Recommendations

In this section recommendations are made based on the current research to provide smaller charities with practical guidelines to improve their marketing efforts. As smaller organisations have to overcome considerable obstacles, the recommendations aim to take cognisance of these limitations while providing options:

- Management and Leadership

The focus of this study is on NFP marketing but has revealed that many of the obstacles present at smaller organisations are much wider than only strictly related to marketing. Success will be difficult to achieve if the basic management of the organisation is weak. The commercial sector not only has many lessons to offer the NFP sector on marketing but also on general management practices.

The perception amongst the management and trustees of many smaller organisations is that by adopting a more business-like management approach the organisation is entering the “evil” world of the commercial sector. This is short sighted. An organisation that has no effective financial controls or human resource policies in place will not be able to achieve its overall objectives because it will be devoting an unacceptably high level of effort and time to constantly putting out fires. When the leadership of an organisation is unable to grasp the basic fundamentals of accounting, investment, budgeting, strategic planning, project management, risk

management, communications and information management, it will find it difficult to grow beyond its current size and functionality.

Recruitment policies should be brought in line with the current and future needs of the organisation, incorporating both a desire to serve the organisation and its stakeholders, and the skills to deliver. Smaller organisations often mistakenly assume that they receive support because of the “cause” they serve and that donors are less interested in the financial aspects of the management of the organisation. There is much to be said for passion and enthusiasm for the “cause” but in the more competitive environment organisations operate in, it is unfortunately not adequate anymore.

Where employees are already in place they should be encouraged to take advantage of skills training opportunities offered by many government and NFP oversight bodies. The leadership of the organisation should set the example by creating a learning environment where employees are commended for instituting improvements based on newly acquired skills and by constantly benchmarking against best practice at other organisations of comparable size and interest.

The leadership of these organisations also have to understand that corporate social responsibility is not only applicable in the commercial sector. Charities should be even more aware of their responsibilities, not only from a legislative perspective, but because the whole NFP sector depends on the goodwill and trust of donors.

Even smaller charities should not be allowed to hide behind the excuse that their systems are unsophisticated and therefore unable to cope with financial management requirements. The moment a donor entrusts them with a donation, it should be dealt with in a responsible manner, no matter how small the organisation. Many donors and supporters have developed a sophisticated understanding of financial management and expect organisations to act responsibly. No matter how good the intentions of an organisation, accountability and transparency are crucial requirements for retaining support.

- Strategic Planning and Communication

The value of strategic planning is underestimated by many smaller NFP organisations. The nature of their work and the small staff complement often create a false sense of control. It is assumed that the objectives of the organisation and current strategies are clear to everyone. This is often not the case. The experiences of participants in the focus group reflect this misconception.

Organisational silos even in the smaller organisations lead to duplication and a lack of cooperation. Strategic planning involving all aspects of the organisation, not only events, should be the norm. Even budgetary information such as the current level of donor income, the shortfall, and the targets for improvement, should be clear to everyone from the Chief Executive to, for example, the trauma counsellors. The involvement of volunteers further complicates the situation leading to even more opportunity for confusion.

Regular planning and review is a necessity, not an option, and marketing planning should be clearly linked with overall strategic planning.

- Relationship Marketing

The assumption by smaller organisations that they are unable to compete because of their limited resources undoubtedly has truth to it but the current research has revealed that there are other marketing options open to these organisations. Although smaller organisations are unable to afford expensive printed and electronic advertising, by building long term relationships with their current supporters, they can still very effectively market their organisations. Previous research has highlighted the benefits of relationship marketing at larger charities but has not looked at the benefits for smaller organisations.

The current research revealed that after advertising the most likely way respondents hear about a charity is through their friends, family and colleagues. Although the research indicates that there is strong donor loyalty more than half of respondents spread their support around. By building long term relationships with their support base smaller organisations can not only benefit from free advertising but also keep

their donors and supporters and decrease the likelihood of losing them to competitors.

Many smaller organisations incrementally add to their database of supporters and contacts as the organisation grows but after a number of years such a simple system might not serve the organisation optimally anymore.

The nature of NFP organisations is such that a distinction has to be made between, frequent, occasional and potential supporters and donors. Duplication often occurs as other members of the same family become supporters but the relationship between them is not clear. Many a charity has experienced the embarrassing situation where one donor receives four newsletters due to duplication and another none.

This situation hampers the organisation's ability to nurture its long term relationships with its donors and supporters. Although the cost of implementing a customer relationship management (CRM) database might often appear extravagant, the long term benefits of such a system are overwhelmingly positive. The investment will pay for itself in the long term

Building strong, long-term relationships will enable smaller organisations to be competitive while still operating within their limited resources.

- Internal Marketing

One of the interesting remarks made by respondents when requested to provide advice to smaller charities is that "your staff should represent you well". Others emphasise the need to communicate the values of the organisation to potential supporters and donors. The need to communicate strategic objectives to employees is crucial as, like in the commercial sector, employees are the first "customers" of the organisation. Many employees and volunteers in the NFP sector are specifically attracted to the work done by these organisations and need to be made to feel valued as employees.

The remuneration in the sector is usually much lower than in the commercial sector and employees need to be compensated in other, non-financial, ways to encourage loyalty. If employees are not convinced of the objectives of the organisation and the success it is achieving they will find it difficult to “sell” the organisation to potential supporters and donors. The current research revealed that accountability and transparency, especially in the manner that donor funding is used, are high priorities for donors. Employees should have the information at their disposal to answer questions relating to these aspects.

The benefits of internal marketing have been evident in the commercial sector for some time but are still very much under valued in the NFP. In this sector it is in fact even more relevant due to the special nature of the work most of these organisations do and the key role of their employees in reaching donors and supporters. It is often, correctly, remarked that every experience a person has with a charity shape the brand in the mind of that person. Those experiences are the results of the actions of every person who works for that charity.

- Strategic Brand Management

Not-for-profit organisations often neglect to realise the importance of managing their brands effectively to maximise their income and serve their diverse stakeholders better. This is particularly the case with smaller organisations constantly struggling for survival and attention against competition from more business-like established organisations. These organisations are missing out on the advantages that their brand as an intangible asset offers.

The current research has revealed that charity brands are valuable and have the potential to create income streams for NFP organisations that are not presently utilised for maximum benefit.

Smaller charities lack the confidence and awareness of their brands to leverage them advantageously. There appears to be limited understanding of brand equity and what brand management entails. The narrow focus on brand as a logo is the first issue that needs to be addressed if smaller charities are to manage their brands strategically. These organisations need to look at their brands in the wider sense.

Even those organisations that have accepted the need for marketing often neglect to take stock of how donors perceive their organisations and why people give, and why not. They fail to test the perceptions of their “customers” and neglect to take advantage of their brand equity.

Through product endorsements and linking to commercial companies some of the larger charities have succeeded in managing their brands strategically to achieve organisational objectives and reach wider audiences. Smaller charities have been the biggest losers in establishing strategic collaborations utilising their brands. These organisations need to have a better understanding of the value of their brands and the influence they have in particular communities. This will give them the confidence to approach commercial companies for strategic collaborations that are mutually advantageous.

- Measurement

Very little research has been done in the NFP sector on measurement and then mostly with a view to using metrics from the commercial sector. The limited research that is available only represents the practices of the larger organisations. The tens of thousands of small organisations where there is no sophisticated data available and no marketing budget to speak often have only a vague idea of how their stakeholders perceive them. They sometimes only get a hint when they receive complaints or see a reduction in donor income.

The current research has revealed that although these organisations might not be aware of the value of their brands, they are very aware of the value of their reputation. They understand the link between donor support and managing their reputation. The research confirmed that a good reputation translates into goodwill and active support and assistance. In many organisations brand equity is already regarded as reputation and goodwill.

The research revealed that reputation includes image, values, trust and personality - it is how people perceive an organisation. It is in effect “what people have in their heads” about the organisation, the brand equity. Charity brands are valuable and donors make associations based on how they are perceived.

Smaller charities are severely disadvantaged, not only by their lack of skills and resources, but also due to the unavailability of data. They are unable to assess their brand equity through regular statistics involving market share, ROI, customer loyalty, numbers of fresh donors per period, recency and frequency of donations, donor acquisition costs, marketing spend per donor, evaluations of overall donor satisfaction, or any of the other sophisticated methods used by large organisations. This need not be the stumbling block it seems.

Smaller charities can use and develop their own metrics to assess how their reputation, and brand, is doing within their unique circumstances and limited resources. These organisations can utilise existing marketing instruments, such as newsletters and websites, for the additional purpose of requesting feedback. When donors cancel regular donations, subscriptions or attendance at events, there should be follow-up to assess the reasons for these cancellations. Smaller organisations usually have a good understanding of their support base but need to regularly keep in contact with them. Where annual events are held simple statistics tracking attendance provide a solid basis for assessing year on year growth in support. The “hit and miss” tactics sometimes applied by smaller organisations need not be the norm.

- Market orientation

Previous research has linked the level of market orientation of an organisation with its donor support. Market orientation was only touched on in the current research but it emerged that smaller organisations can tailor their “offerings” to suit donors. Respondents clearly expressed a preference for giving money, rather than attend events, donating monthly rather than give to street collectors and purchasing products linked to charities. These preferences should be kept in mind when smaller organisations put together their marketing and fundraising initiatives. What might seem sensible to the organisation might not always be what donors want. Donors are, after all, also “customers”, and focussing on the needs of customers has proved very successful in commercial marketing.

This study has revealed some surprising insights into the preferences and perceptions of stakeholders that have been neglected by previous research. It provides a basis for future research, especially on NFP marketing at smaller organisations.

In the same way that small business owners had to learn from their larger competitors, smaller charities can learn from their larger, more business-like peers. The most enlightening insight from this study is that by being smarter, not bigger, they can still compete very effectively indeed.

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Appendix A: International Classification of NFP Organisations (ICNPO)

Group 1

Culture and recreation

1 100 Culture and arts

Media and communications. Production and dissemination of information and communication; includes radio and TV stations; publishing of books, journals, newspapers and newsletters; film production; and libraries.

Visual arts, architecture, ceramic art. Production, dissemination and display of visual arts and architecture; includes sculpture, photographic societies, painting, drawing, design centres and architectural associations.

Performing arts. Performing arts centres, companies and associations; includes theatre, dance, ballet, opera, orchestras, chorals and music ensembles. *Historical, literary and humanistic societies.* Promotion and appreciation of the humanities, preservation of historical and cultural artefacts and commemoration of historical events; includes historical societies, poetry and literary societies, language associations, reading promotion, war memorials and commemorative funds and associations. *Museums.* General and specialized museums covering art, history, sciences, technology and culture. *Zoos and aquariums.*

1 200 Sports

Provision of amateur sport, training, physical fitness and sport competition services and events; includes fitness and wellness centres.

1 300 Other recreation and social clubs

Recreation and social clubs. Provision of recreational facilities and services to individuals and communities; includes playground associations, country clubs, men's and women's clubs, touring clubs and leisure clubs. *Service clubs.* Membership organizations providing services to members and local communities, for example, Lions, Zonta International, Rotary Club and Kiwanis.

Group 2

Education and research

2 100 Primary and secondary education

Elementary, primary and secondary education. Education at elementary, primary and secondary levels; includes pre-school organizations other than day care.

2 200 Higher education

Higher education. Higher learning, providing academic degrees; includes universities, business management schools, law schools and medical schools.

2 300 Other education

Vocational/technical schools. Technical and vocational training specifically geared towards gaining employment; includes trade schools, paralegal training and secretarial schools. *Adult/continuing education.* Institutions engaged in providing education and training in addition to the formal educational system; includes schools of continuing studies, correspondence schools, night schools and sponsored literacy and reading programmes.

2 400 Research

Medical research. Research in the medical field; includes research on specific diseases, disorders or medical disciplines. *Science and technology.* Research in the physical and life sciences and engineering and technology. *Social sciences, policy studies.* Research and analysis in the social sciences and policy area.

Group 3

Health

3 100 Hospitals and rehabilitation

Hospitals. Primarily inpatient medical care and treatment. *Rehabilitation.* Inpatient health care and rehabilitative therapy to individuals suffering from physical impairments due to injury, genetic defect or disease and requiring extensive physiotherapy or similar forms of care.

3 200 Nursing homes

Nursing homes. Inpatient convalescent care and residential care, as well as primary health-care services; includes homes for the frail elderly and nursing homes for the severely handicapped.

3 300 Mental health and crisis intervention

Psychiatric hospitals. Inpatient care and treatment for the mentally ill.

Mental health treatment. Outpatient treatment for mentally ill patients; includes community mental health centres and halfway homes.

Crisis intervention. Outpatient services and counsel in acute mental health situations; includes suicide prevention and support to victims of assault and abuse.

3 400 Other health services

Public health and wellness education. Public health promotion and health education; includes sanitation screening for potential health hazards, first aid training and services and family planning services. *Health treatment, primarily outpatient.* Organizations that provide primarily outpatient health services, e.g., health clinics and vaccination centres. *Rehabilitative medical services.* Outpatient therapeutic care; includes nature cure centres, yoga clinics and physical therapy centres. *Emergency medical services.* Services to persons in need of immediate care; includes ambulatory services and paramedical emergency care, shock/trauma programmes, lifeline programmes and ambulance services.

Group 4

Social services

4 100 Social services

Child welfare, child services and day care. Services to children, adoption services, child development centres, foster care; includes infant-care centres and nurseries.

Youth services and youth welfare. Services to youth; includes delinquency prevention services, teen pregnancy prevention, drop-out prevention, youth centres and clubs and job programmes for youth; includes YMCA, YWCA, Boy Scouts, Girl Scouts and Big Brothers/Big Sisters.

Family services. Services to families; includes family life/parent education, single parent agencies and services and family violence shelters and services. *Services for the handicapped.* Services for the handicapped; includes homes, other than nursing homes, transport facilities, recreation and other specialized services. *Services for the elderly.* Organizations providing geriatric care; includes in-home services, homemaker services,

transport facilities, recreation, meal programmes and other services geared towards senior citizens (does not include residential nursing homes).

Self-help and other personal social services. Programmes and services for self-help and personal development; includes support groups, personal counselling and credit counselling/money management services.

4 200 Emergency and relief

Disaster/emergency prevention and control. Organizations that work to prevent, predict, control and alleviate the effects of disasters, to educate or otherwise prepare individuals to cope with the effects of disasters, or to provide relief to disaster victims; includes volunteer fire departments, life boat services etc. *Temporary shelters.* Organizations providing temporary shelters to the homeless; includes travellers' aid and temporary housing.

Refugee assistance. Organizations providing food, clothing, shelter and services to refugees and immigrants.

4 300 Income support and maintenance

Income support and maintenance. Organizations providing cash assistance and other forms of direct services to persons unable to maintain a livelihood.

Material assistance. Organizations providing food, clothing, transport and other forms of assistance; includes food banks and clothing distribution centres.

Group 5

Environment

5 100 Environment

Pollution abatement and control. Organizations that promote clean air, clean water, reducing and preventing noise pollution, radiation control, treatment of hazardous wastes and toxic substances, solid waste management

and recycling programmes. *Natural resources conservation and protection.* Conservation and preservation of natural resources, including

land, water, energy and plant resources for the general use and enjoyment of the public. *Environmental beautification and open spaces.* Botanical gardens, arboreta, horticultural programmes and landscape services; organizations promoting anti-litter campaigns; programmes to preserve the parks, green

spaces and open spaces in urban or rural areas; and city and highway beautification programmes.

5 200 Animal protection

Animal protection and welfare. Animal protection and welfare services; includes animal shelters and humane societies.

Wildlife preservation and protection. Wildlife preservation and protection; includes sanctuaries and refuges. *Veterinary services.* Animal hospitals and services providing care to farm and household animals and pets.

Group 6

Development and housing

6 100 Economic, social and community development

Community and neighbourhood organizations. Organizations working towards improving the quality of life within communities or neighbourhoods, e.g., squatters' associations, local development organizations and poor people's cooperatives.

Economic development. Programmes and services to improve economic infrastructure and capacity; includes building of infrastructure, such as roads, and financial services, such as credit and savings associations,

entrepreneurial programmes, technical and managerial consulting and rural development assistance. *Social development.* Organizations working towards improving the institutional infrastructure and capacity to alleviate social problems and to improve general public well-being.

6 200 Housing

Housing associations. Development, construction, management, leasing, financing and rehabilitation of housing. *Housing assistance.* Organizations providing housing search, legal services and related assistance.

6 300 Employment and training

Job training programmes. Organizations providing and supporting apprenticeship programmes, internships, on the-job training and other training programmes.

Vocational counselling and guidance. Vocational training and guidance, career counselling, testing and related services.

Vocational rehabilitation and sheltered workshops. Organizations that promote self-sufficiency and income generation through job training and employment.

Group 7

Law, advocacy and politics

7 100 Civic and advocacy organizations

Advocacy organizations. Organizations that protect the rights and promote the interests of specific groups of people, e.g., the physically handicapped, the elderly, children and women. *Civil rights associations.* Organizations that work to protect or preserve individual civil liberties and human rights.

Ethnic associations. Organizations that promote the interests of or provide services to members belonging to a specific ethnic heritage. *Civic associations.* Programmes and services to encourage and spread civic mindedness.

7 200 Law and legal services

Legal services. Legal services, advice and assistance in dispute resolution and court-related matters. *Crime prevention and public policy.* Crime prevention to promote safety and precautionary measures among citizens.

Rehabilitation of offenders. Programmes and services to reintegrate offenders; includes halfway houses, probation and parole programmes, prison alternatives.

Victim support. Services, counsel and advice to victims of crime.

Consumer protection associations. Protection of consumer rights and the improvement of product control and quality.

7 300 Political organizations

Political parties and organizations. Activities and services to support the placing of particular candidates into political office; includes dissemination of information, public relations and political fund-raising.

Group 8

Philanthropic intermediaries and voluntarism promotion

8 100 Grant-making foundations

Grant-making foundations. Private foundations; including corporate foundations, community foundations and independent public-law foundations.

8 200 Other philanthropic intermediaries and voluntarism promotion

Volunteerism promotion and support. Organizations that recruit, train and place volunteers and promote volunteering. *Fund-raising organizations.* Federated, collective fund-raising organizations; includes lotteries.

97

Group 9

International

9 100 International activities

Exchange/friendship/cultural programmes. Programmes and services designed to encourage mutual respect and friendship internationally. *Development assistance associations.* Programmes and projects that promote social and economic development abroad. *International disaster and relief organizations.* Organizations that collect, channel and provide aid to other countries during times of disaster or emergency. *International human rights and peace organizations.* Organizations which promote and monitor human rights and peace internationally.

Group 10

Religion

10 100 Religious congregations and associations

Congregations. Churches, synagogues, temples, mosques, shrines, monasteries, seminaries and similar organizations promoting religious beliefs and administering religious services and rituals. *Associations of congregations.* Associations and auxiliaries of religious congregations and organizations supporting and promoting religious beliefs, services and rituals.

Group 11

Business and professional associations, unions

11 100 Business associations

Business associations. Organizations that work to promote, regulate and safeguard the interests of special branches of business, e.g., manufacturers' association, farmers' association and bankers' association.

11 200 Professional associations

Professional associations. Organizations promoting, regulating and protecting professional interests, e.g., bar associations and medical associations.

11 300 Labour unions

Labour unions. Organizations that promote, protect and regulate the rights and interests of employees.

Group 12

(Not elsewhere classified)

12 100 Not elsewhere classified

The international classification of nonprofit organisations.

Developed by: Johns Hopkins Comparative Nonprofit Sector Project and the UN International Standard Industrial Classification (ISIC)

**Appendix B: Questions used for Focus Group conducted on
4 September 2007 between 18:00 and 23:00
in London, UK.**

Marketing:

1. Does your organisation have a marketing department or marketing executive?
2. How important is marketing at your organisation?
3. Which marketing techniques does your organisation use?
4. Are there measuring mechanisms in place to assess the success of marketing efforts?
5. Does the organisation keep official data on marketing results?

Branding:

1. What in your opinion is a brand?
2. Do you regard your organisation as a brand?
3. Do you think smaller organisations are taking advantage of their brands?
4. What can smaller organisations do to raise their profile and use their brands more effectively?

Reputation:


1. In one word describe your organisation's biggest asset?
2. How important does your organisation regard its reputation to be? Use a Likert scale.
3. What can an organisation do that has developed reputation problems?




Appendix C: Survey Questionnaire


Marketing in the not-for-profit sector

This questionnaire looks at marketing by charities and other not-for-profit organisations. The results will be used for academic research. A not-for-profit organisation refers to any organisation that does not have profit as its overall objective. Charities are a particular kind of not-for-profit organisation.

Demographic Information		Male	
		Female	
Please indicate your age		Under 21 years	
		21 to 35	
		36 to 65	
		Over 65	
Country of residence		UK	
		South Africa	
		Other	
Not-for-profit Marketing			
1 Do you support charities or other not-for-profit organisations?		Yes	
		No	
If no, please go to question number 7.			
2 If yes, please indicate the frequency of your support?		Always	
		Frequently	
		Sometimes	
		On rare occasions	
		Never	
3 If yes, how often do you give support?		Weekly	
		Monthly	
		Once a year	
		Once or twice every five years	
		Once or twice every ten years	
4 If yes, what form does your support take?		Money	
		Volunteering	
		Donate blood	
		Participation in charity event	
		Donate items such as clothes	
		Other	
5 If you supported a particular charity in the past what is the likelihood that you would support it again in future?		Definitely	
		Likely	
		Maybe	
		Unlikely	
		Will not support again	
6	If you had a choice between two organisations that work in the same area and do almost the same work what would influence your decision to support the one and not the other? <u>Please select two</u> :	I know the organisation	
		I recognise the name or logo	
		I have heard of the organisation	
		Someone I know supports them	
		I did research on the organisation	
		I support their area of work	
		I live close by	
		Other	

7	Have you seen charities use marketing techniques similar to what companies use?	Yes	
		No	
		Don't know	
8	If yes, which techniques have you seen charities use?	Word of mouth	
		Advertising	
		Product endorsement	
		Direct mailing	
		Other	
9	From the following list please select the three most likely ways you hear about charities?	Newspapers and magazines	
		Radio	
		Television	
		Internet	
		Friends, family and colleagues	
		Charity publications	
		During charity events	
		Through street collectors	
		Other	
10	When you hear negative things about a charity does it affect the way you see them?	Yes	
		No	
11	Do you think that a smaller charity can do just as good a job as a bigger charity?	Yes	
		No	
12	If you answered yes to question 11, please explain why		
13	If you answered no to question 11, please explain why		
14	What do you think is a charity's biggest asset?	Buildings and financial resources	
		Staff	
		Reputation	
		Patrons	
		Website	
		Publications	
15	Do you recognise this logo?	Yes	
		No	
If you answered no to question 15, please proceed to question 18			
16	Do you generally trust the opinions of this organisation?	Yes	
		No	
17	When you hear that the organisation represented by this logo has criticised the human rights record of a particular country, does it influence your own opinion of that particular country or does it have no effect and why?	Yes, it has an influence on my own opinion	
		Please motivate	

	No, it has no influence on my own opinion	
	Please motivate	
18 If you are considering a purchase and you know that it goes to help a charity does it influence your decision to buy the product?	Yes No	
19 Do you think charities can be considered as brands?	Yes No	
20 Are charity brands that you recognise or know, more likely to get your support	Yes No	
21 Do you think that aspects such as image, reputation, trust and personality all say more or less the same thing?	Yes No	
22 Do you support the same organisations each time or do you vary your support	Same organisations Vary support I don't give any support	
23 If you had to recommend a charity to someone what would be the most important thing you would consider?	Financial stability Reputation Excellent staff They need the support	
24 If you had to choose to support one of the following organisations which one would you select?	  	
25 Why did you select this particular organisation?		
26 Do you think charities have particular personalities?	Yes No	
27 When you hear negative reports about a charity will it affect your decision to support them?	Yes No	
28 Do you trust an organisation with a well known logo and name more than one which is not so well known?	Yes No	
29 Do you recognise this logo?	Yes	

	No	
30 If yes, describe in one word the image that comes to mind when you think of this international organisation?		
31 Have you ever taken part in a campaign organised by a charity or not-for-profit organisation about an issue that you would normally not have given much thought to but was persuaded to show support (e.g. stop racism, stop smoking, anti war, check for breast cancer, give blood, recycle your waste).	Yes No	
32 If yes, what persuaded you to take part?	I believe in the issue It was advertised My friends, family or colleagues persuaded me It was endorsed by someone I admire It seemed like fun	
33 Are you more influenced to support a charity if you recognise their logo or name?	Yes No	
34 When you hear something negative about a charity do you tell others?	Yes No	
35 What advice would you give to a charity seeking to become better known but only has limited resources?		
36 What do you think is the link between a charity's image and its reputation?		
37 Does the name of a charity on a product influence your decision to buy it (e.g. Heart Foundation, Heart Smart on food products, British Dental Health Foundation on toothpaste).	Yes No	
38 Do you think that the values of an organisation are important in building its reputation?	Yes No	
39 How important is trust in an organisation in building its reputation?	Very important Important Somewhat important Not Important Not at all important	


40	What in your opinion has an influence on the reputation of a charity?	
41	If a charity has received bad publicity what can they do to improve their reputation?	

Thank you for completing this questionnaire. Your opinion is very important and will contribute to new academic research.

Research questions (mapping)

Question 1	10
Question 2	13
Question 3	14
Question 4	4

E-mail (html) version of questionnaire



- Home Questionnaire Contact

Dear Survey Participant

I am a final year MBA student conducting research into not-for-profit marketing. Thank you for taking the time to answer [this questionnaire](#). It should take around 15 minutes to complete. The results will advance academic research in this area.

There are no wrong or right answers but your opinion is extremely important. Your answers and your identity will remain absolutely confidential.

Should you be interested in the results of the survey, please [contact me](#)

Thank you

Lizette van Niekerk



- Home Questionnaire Contact

This questionnaire looks at marketing by charities and other not-for-profit organisations. The results will be used for academic research. A not-for-profit organisation refers to any organisation that does not have profit as its overall objective. Charities are a particular kind of not-for-profit organisation.

Demographic Information

Gender

Select Gender

Please indicate your age

Select Age

Country of Residence

Select Country

Not-for-profit Marketing

1. Do you support charities or other not-for-profit organisations?

If, no please go to question number 7.

Select Yes/No

2. If yes, please indicate the frequency of your support?

Select Frequency

3. If yes, how often do you give your support?

Select how often

4. If yes, what form does your support take?

Please select

5. If you supported a particular charity in the past what is the likelihood that you would support it again in future?

Please select

6. If you had a choice between two organisations that work in the same area and do almost the same work what would influence your decision to support the one and not the other?

Please select two:

[use the CTRL key to make multiple selections]

I know the organisation
I recognise the name or logo
I have heard of the organisation
Someone I know supports them
I did research on the organisation
I support their area of work
I live close by
Other

IF, YES

Not-for-profit Marketing

7. Have you seen charities use marketing techniques similar to what companies use?

Please select

IF, YES

8. Which techniques have you seen charities use?

[use the CTRL key to make multiple selections]

Word of mouth
Advertising
Product endorsement
Direct mailing
Other

9. From the following list please select the three most likely ways you hear about charities?

[use the CTRL key to make multiple selections]

New spapers and magazines
Radio
Television
Internet
Friends, family and colleagues
Charity publications
During charity events
Through street collectors
Other

10. When you hear negative things about a charity does it affect the way you see them?

Please select

11. Do you think a smaller charity can do just as good a job as a bigger charity?

Please select

12. If you answered **YES** to question 11, please explain why?

Text area for explanation of why a smaller charity can do just as good a job as a bigger charity.

13. If you answered **NO** to question 11, please explain why?

Text area for explanation of why a smaller charity cannot do just as good a job as a bigger charity.


Not-for-profit Marketing

14. What do you think is a charity's biggest asset?

Please select 

15. Do you recognise this logo?

*If you answered no to question 15,
please proceed to question 18.*

Please select 


IF, YES



17. When you hear that the organisation represented by this logo has criticised the human rights record of a particular country, does it influence your own opinion of that particular country or does it have no effect and why?

☐


Yes, it has an influence on my own opinion. Please motivate.






☐

No, it has no influence on my own opinion. Please motivate.





18. If you are considering a purchase and you know that it goes to help a charity does it influence your decision to buy the product?

Please select 

19. Do you think charities can be considered as brands?

Please select 

Not-for-profit Marketing


20. Are charity brands that you recognise or know, more likely to get your support?

Please select 

21. Do you think that aspects such as image, reputation, trust and personality all say more or less the same thing?

Please select 

22. Do you support the same organisation each time or do you vary your support?

Please select 

23. If you had to recommend a charity to someone what would be the most important thing to consider?

Please select 

24. If you had to choose to support one of the following organisations which one would you select?



☐
☐
☐

25. Why did you select this particular organisation?

26. Do you think charities have particular personalities?

27. When you hear negative reports about a charity will it affect your decision to support them?

Not-for-profit Marketing

28. Do you trust an organisation with a well known logo and name more than one which is not so well known?

29. Do you recognise this logo?



30. If yes, describe in one word the image that comes to mind when you think of this international organisation?

31. Have you ever taken part in a campaign organised by a charity or not-for-profit organisation about an issue that you would normally not have given much thought to but was persuaded to show support (e.g. stop racism, stop smoking, anti war, check for breast cancer, give blood, recycle your waste).

32. If yes, what persuaded you to take part?

33. Are you more influenced to support a charity if you recognise their logo or name?


34. When you hear something negative about a charity do you tell others?

35. What advice would you give to a charity seeking to become better known but only has limited resources?

36. What do you think is the link between a charity's image and its reputation?


37. Does the name of a charity on a product influence your decision to buy it (e.g. Heart Foundation, Heart Smart on food products, British Dental Health Foundation on toothpaste).

38. Do you think that the values of an organisation are important in building its reputation?


Please select 

Not-for-profit Marketing

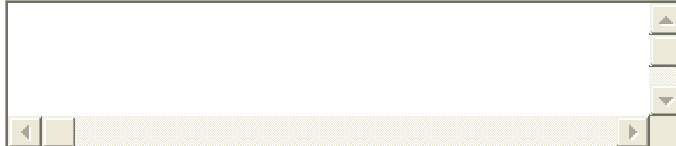
39. How important is trust in an organisation in building its reputation?

Please select 


40. What in your opinion has an influence on the reputation of a charity?



41. If a charity has received bad publicity what can they do to improve their reputation?



Thank you for completing this questionnaire. Your opinion is very important and will contribute to new academic research.

 Home Questionnaire Contact

Contact

Enter your name:

E-mail address:

Message subject:

Enter your message:
