

NONPROFIT RESISTANCE TO MARKETING: A CASE STUDY

By

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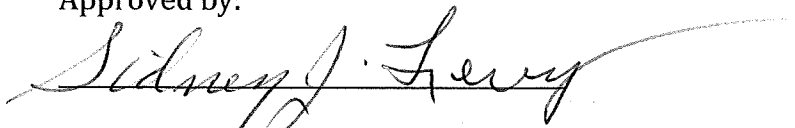
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Approved by:

A handwritten signature in cursive script that reads "Sidney J. Levy". The signature is written in black ink and is positioned above a horizontal line.

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## **Abstract**

This paper examines marketing issues in small, local nonprofit organizations as well as trends in the sector related to marketing. Specifically, it looks to uncover the root causes to the issue in the nonprofit sector of resistance to devoting resources to marketing efforts as well as the potential implications of this for those organizations. The results of this case study open up further questions and opportunities for research into the practices of this type of nonprofit regarding what can be done to change infrastructure and best practices in order to actively use marketing techniques to contribute to the goals of the organizations.

## **Introduction and Background**

The interest in the subject of nonprofit marketing came from an internship with the local nonprofit, Ben's Bells. The organization has a small staff, but even though, it was very interesting that there were no marketing personnel, no marketing plan and definitely no marketing budget (although some marketing efforts were definitely being done). Being highly involved in this organization, it was apparent that the nonprofit problems of limited resources, both financial and human, were most likely the causes that led to this problem.

Yet, as a student of marketing, it was natural to conclude that having a dedicated marketing staff or formulated plan for marketing would highly benefit the organization greatly in pursuing their efforts. Because of interest in the organization and the nonprofit sector, the plan was formulated to further look into this problem to determine if it is common among small nonprofits and if so, what are the underlying reasons. This paper will examine those root causes and predispositions and the possible effects they have on the overall performance of the nonprofit businesses.

## **Hypotheses**

In order to test assumptions about the representation of marketing in the nonprofit sector, a case study was conducted, involving 4 in-depth interviews in the Tucson community with individuals that work in the nonprofit sector and either contribute to or consult in marketing efforts in some way.

Based on observations and experience the following problem statement and hypotheses were formed to compare to the facts and opinions gathered by the interviewees:

### **Problem Statement**

Small scale non-profit organizations are resistant to marketing efforts and virtually do not spend any money for marketing purposes.

### **Hypotheses**

- A. Non-profits cannot afford to hire dedicated marketing staff (or outsource it), and other departments assigned to do marketing do not understand or implement basics
- B. There is a concern in the non-profit community that spending on marketing will take away from the goals the non-profit was established for

The goal is to determine what the marketing climate is for these small scale nonprofit organizations- what practices are being done and what are the attitudes toward marketing. Additionally, if this problem exists that marketing is being overlooked or discounted in small, local nonprofits, what factors are contributing to this including those mentioned in my hypotheses or potential additional factors to be uncovered from research and interviews.

This information will allow a better understanding of the field of marketing as it specifically relates to nonprofit organizations and by recognizing potential problems it will hopefully allow for identified areas for opportunities to improve the business and further the mission of these organizations.

## **Interviews**

### **Interview Design**

Through preliminary research and discussion with known leaders in the Tucson nonprofit scene, 4 people were identified as useful and authoritative sources on the subject of marketing in nonprofits and were each interviewed. These individuals all hold positions pertaining to marketing in some capacity, either overseeing efforts, being responsible for the organization's marketing, or advising on marketing techniques.

The interviews covered three main areas: the background and experience of the interviewee, the characteristics, size and scope of the interviewee's nonprofit organization(s), and an in-depth examination of the marketing practices executed at the organizations including questions regarding an overview of what marketing looks like at that organization, who is responsible for it, what tools or platforms are incorporated, who the target audience is, what are the perceived differences between marketing at for-profit and nonprofit organizations, and the overall challenges to marketing in the nonprofit industry. The interviewees were also given opportunities to expand on any topic or take time to remark on their general thoughts and opinions on marketing, trends, or the nonprofit sector.

### ***Interview #1:***

The first interviewee is the head of the development department at an organization in southern Arizona (based in Tucson) that serves people with disabilities. In her role, she oversees all development/fundraising efforts as well as marketing. On balancing those responsibilities, she commented, "marketing is important, it absolutely has a role... but it doesn't necessarily raise money and that's my job." Her opinion and that of her organization is that when considering marketing versus development efforts, there is a zero sum gain. Part of this is the limited hired personnel, or as she puts it, "typical nonprofit scenario, lack of manpower" saying that, "in terms of most nonprofits having a single marketing employee, most don't. It's just not something that nonprofits have in their budgets quite honestly- it's hard to justify." Because of this position and the dichotomy between fundraising versus spending money on marketing efforts, the question of trade-offs and benefits to the nonprofit come into question. She comments, "because of what happens is that everyone is so focused on trying to raise money that even if you hire somebody to do marketing, they get sucked into the development vortex.... I could be spending this time trying to raise dollars versus tweaking a comma on our website." Her positions also call into question what the nonprofit believes is marketing in general. She discusses social media and its role as also not very important when looking at the "bottom-line." She remembers canceling one social media campaign saying, "we're not embarking on this and I don't expect to raise a damn dime off it, I have stacks of philanthropies and studies that say it doesn't work that way."

Furthermore, she cites general nonprofit challenges as contributing to lack of marketing, stating the "struggle is that we have so many things to message, opportunities to give, events... it's a real struggle." The specific organization serves a wide population, offers many different services and has a common nonprofit problem of having various and

sometimes conflicting, target audiences. Among them include clients and their families (the population the organization aims to serve), the governing board, the government (which largely funds the organization due to public grants), donors, corporate organizations (potential partners), and the general public. Because of this, some groups are just deemed not worth talking to and only some are focused on. Because their clients are referral based the organization does nothing to reach out to them, which is interesting as serving this group is the core purpose of the organization. For government, “its probably more of advocacy,” for donors, “you’re trying to education them about the value of their support,” and for the general public, it’s all about “a message of, we exist and if we went away tomorrow it wouldn’t be good.” Messaging about the organization is difficult in and of itself. She explains, “because our mission is very broad and vague it’s just really hard for people to wrap their heads around it. What we do is complex, it’s not simple, and that’s not a bad thing but it’s hard because when board members go out they really struggle to explain to people what we do.” She compares other nonprofits to hers to benchmark their communication problems. “I would say Food Bank, Habitat and Humane Society- and it doesn’t matter where you live or where you go in the U.S., you walk into any community and you hear any of those three you know exactly what it is. Their mission is so basic and so fundamental and their roots are embedded in a grass roots way that it resonates with almost anyone.” She argues that those organizations “don’t have to work as hard” and that for them, “it’s really easy from a marketing perspective... you have to adhere to brands, you have to adhere to standards but you really don’t have to exert, you just don’t.”

Lastly, she had many comments on the differences of marketing for nonprofits and for-profit organizations. She cites the two biggest reasons that for-profit organizations have the ability to and practice more marketing as “sophistication and resources.” She explains that a problem that illustrates this difference is “when you have board members with the best of intentions who don’t truly really understand, because they come from the corporate world, why certain things aren’t implementable.” Something may sound like a good idea but there may not be a person with the time to accomplish it, or there may not already be a simple enough system in place for it to be an easy task to accomplish, whereas it would be in a for-profit business that has dedicated personnel and advanced systems. Another example of this is that at the organization, when gathering and processing personal information for clients or donors, “some of that stuff’s electronic, but not all of it, a lot of it’s paper driven still. That doesn’t mean we’re not wanting to make the transition, that doesn’t mean we’re not going to make the transition... but implementation don’t look the same... it doesn’t mean you can’t do it, it just means it’s not going to happen tomorrow.”

### **Interview #1 Analysis:**

The first interviewee had some clear, negative, predispositions about marketing’s role in her nonprofit. Essentially, she has a limited amount of time and resources at her disposal and does not deem anything marketing related as worth those resources because she won’t see any immediate benefits to the organization (in the form of raised funds, the number one priority). However, some of her remarks also suggest misconceptions or a lack of understanding of what exactly marketing is. Her references to marketing only include updating the website or using social media- both of which she not only sees no use in, but also that they negatively impact the organization because it equals time spent that could be

used to fundraise. These misconceptions, likely existing because no one in the department has marketing training, along with the position that development and marketing shares resources leads to an exclusion of everything marketing related. An example she cites that illustrates this problem is her comparison of her organization and their marketing issues to other, established nonprofits such as Humane Society or Habitat for Humanity. It might not be that these organizations don't have to do marketing because of their inherent qualities as she suggests, and that's why they're successful, but rather they're successful because of their marketing efforts and this is what makes them seem so simple, straightforward and relatable.

This points towards the next implication. In nonprofits, resources of all kinds are scarce. Because of this, priorities develop in how to use those. In this case, even though there were personnel responsible for marketing, they end up working in development because it is the clear priority and the personnel do not see how marketing could lead to raised funds as clearly as development does. Also, because of the limited resources all funds need to be justified. If there is not a clear link between an expenditure or a person's time and increased capital for the organization, then the action is not worth the time or effort and is cut. According to a survey of nonprofits in Western Michigan aimed to understand nonprofit marketing problems, the most common barriers to ability to market their nonprofits were lack of money as "the most popular reason for problems with marketing (36.3%), followed by lack of staff (13.4%), lack of time (12.1%), lack of marketing skill sets (11.3%), and problems with visibility (8.1%)" (Pope).

A last insight from this interview is the additional challenges that result from the basic nature of a nonprofit organization as opposed to a for-profit business. The structure of a nonprofit can be more complex compared to a for-profit business. It may not be as simple as selling a product to a consumer. This nonprofit has a wide variety of services for a range of different kinds of people, executed in a multitude of ways using different personnel and resources to accomplish this. The interviewee comments on how hard it can be to identify all the different elements and event communicate about them internally; this becomes even harder to then communicate externally. To complicate things further, nonprofits have multiple, sometimes conflicting audiences to communicate to, necessitating multiple messages and systems in place to handle these- requirements that nonprofits like this one are ill equipped to handle. Nonprofits are also often at the liberty of audiences such as their governing board- highly involved people who often don't understand the day-to-day operations. Nonprofits are dependent on their boards and other audience for assistance but even though, communication with them is not always prioritized because of the varied focuses of the organizations. According to an article that conducted a thorough exploratory study of marketing strategy for nonprofit organizations, the multiple, distinct audiences are the most prominent reason as to why for-profit marketing strategies don't fit nonprofit organization's needs. As the article puts it, the "markets are very distinct and respond to the marketing mix in different ways (Padanyi & Gainer, 2004; Andreasen & Kotler, 2007)... This necessitates the need for NPOs to develop multiple marketing strategies aimed at radically different markets" (Pope). But this is not an easy task and the support needed to accomplish it is not readily available.



### **Interview #2:**

The second interviewee also works at a nonprofit that serves people with disabilities. Her position is that of the Events and Marketing Coordinator. She also offered additional insight as someone who has worked in the for-profit sector for most of her life (her family owned and managed a local fast food restaurant), and as a founder and executive director of a small education-based nonprofit to supplement literacy programs in Tucson public school.

She describes her basic view on marketing for nonprofits as “awareness” and a “means to an end” or communicating to people “here’s this great thing and what can I get from you in order to get what we want or need?” That communication however can be difficult. She describes similar challenges that the first interviewee mentioned regarding communication, where “the challenge is we’re trying to find out what’s an elevator speech that will encompass everything” because the organization has such a wide range of services. She comments that in order to figure this out and clear up the channel of communication they would need an “internal culture change.” Alluding to the challenges of internal marketing for a nonprofit when staff is limited and has more seemingly important tasks to attend to before figuring out the greater marketing picture. She also says about her role, “my position says marketing but it’s my events that I’m marketing,” clarifying that that is the extent of marketing in the department and organization.

She supports her position on the challenges of nonprofit marketing staff to juggle marketing tasks when commenting on her personal nonprofit: “As a one person show, you are the solicitor of product, the solicitor of money, you are the funding agent along with the development department. You’re also the manager of the volunteers, or the entire program.” There is a struggle with having so much to do and not enough people to do it and marketing is just not seen as a priority.

Her final thoughts were comparing her marketing experiences in the nonprofit sector to those from her for-profit work where things are much more straightforward: “marketing at our store is all about awareness and advertising our new product... we receive a kit from national... that world is clean, sharp, concise, finished product, because we have a huge marketing company pushing out to the global masses.”

### **Interview #2 Analysis:**

The second interviewee shared many of the same sentiments as the first. The main takeaway is her views on the challenges of communicating, similar to the first interviewee. This is especially interesting since she defines marketing as communicating. She attributes these challenges to reasons like that the nature of the organization is hard to describe and that it is difficult to even get inside staff to be able to say the same things, presumably because they are preoccupied with other duties- again here, marketing does not get the priority. To illustrate the varied responsibilities of personnel in nonprofits, we can reference a questionnaire that was mailed out to the Maryland Association of Nonprofit Organizations. When offered “a choice of 14 job functions, all either directly or indirectly related to marketing... the average respondent checked seven items... a solid 53% chose fundraising as their top priority” (Akchin). This illustrates how much these personnel are responsible for, and what they see as their primary roles and responsibilities.

For the interviewee, it is also not clear that she, or her department has any greater marketing plan besides publicizing for their events, again showing the emphasis on development over marketing. The only way marketing funds get spent is if they get people directly to fundraisers to raise money.

As a one person nonprofit marketing was also not a priority. With so many tasks and responsibilities, she only remarks about having to focus on funding and running the organization on a day-to-day basis.

Last, her perspective from someone who has worked in the for-profit sector is interesting. The marketing is certainly “cleaner,” and more concise in the for-profit world whereas it is certainly messier for nonprofits. The difference is the resources devoted making sure there is a clear, consistent image, as a priority.

### ***Interview #3:***

This interviewee is a partner at a local consulting firm that specifically provides its services to nonprofits in the area. She has worked in the nonprofit sector exclusively throughout her career in public relations and fundraising capacities and now works exclusively as a consultant. The firm consults on everything except an organization’s programming. One of their most common areas is fundraising and related areas such as strategic planning, board development and sometimes marketing although they “wouldn’t consider [themselves] marketing.” She expands to say that “often what clients mean by marketing is donor communications and that would be an area that [they] work in.” Although, she defines marketing as encompassing “a whole variety of strategies including public relations... So it would include everything from advertising to PR, donor communications, donor relations.” Or as she sums it up, “all the ways that we get our messages out to constituents.”

She concedes that her understanding of marketing is often very different from her clients’ views. She states that:

“a lot of organizations spin their wheels thinking that everybody in Tucson needs to be familiar with who they are and what their mission is and I think very few organizations fit into this category.... I think their idea of we need to have a front page story in the newspaper, we need to buy advertising, we need to be able to have TV spots, isn’t the solution to what they’re trying to accomplish.”

Her perspective rather, is that “most organizations... they do not have the budget or the expertise to do marketing well,” and that “people have to be more realistic about more targeted marketing... we’d rather see you spend more time and energy really taking care of the 1500 clients or customers or whatever you’ve got than always trying to acquire.” One of her theories behind why nonprofits are not focusing their attention and efforts on appropriate marketing techniques is that “nonprofits feel this pressure primarily from their boards because I don’t think their boards really understand that we should be doing more marketing.” She also explains that the current marketing practices happening in nonprofits are “development and communications. Communications becomes this catchall for the newsletter, the website, periodic media relations.” When asked about what keeps

nonprofits from focusing more marketing efforts, she says “allocating financial and people resources,” and cites a phenomenon she’s observed in the sector- “there’s such an emphasis in our sector about keeping your overhead costs low that very few organizations [she’s] worked with actually budget money to spend on marketing, even if they do it they think they should get it donated.” An example of this problem in her experience is that “when [she] first started in [development] nonprofits never printed anything in 4-color. The perception was it was so much more expensive that if you were publishing some slick publication in 4-color you are just wasting money. Especially if we got it donated we would make sure on the back of whatever it was, it said ‘printing donated by’ because we wanted to make sure people knew that we weren’t spending the money that we should be rescuing kittens with on design and printing.” She hopes this sentiment will change especially with the availability of newer, inexpensive tools such as social media and other online opportunities. She remarks, “I think just the ability to use new technology is definitely a game changer. But it still reinforces the idea that the only kind of marketing we should be doing is free.”

When asked what she considers to be effective nonprofit marketing she has observed in the area she comments that those that are successful are the “ones that spend money on it. The Humane Society has a huge marketing budget. Girl Scouts have a pretty big marketing budget.” She also continues to clarify that she “[suspects] that organizations that are budgeting a significant amount are able to justify the benefits, otherwise there would be pressure to cut.”

Her final impressions on marketing in the nonprofit sector include the differences in nonprofit and for-profit marketing: “a for-profit business wouldn’t think twice about spending money on advertising. Even the same people who sit on nonprofit boards who work in the for profit sector who spend money on marketing and have marketing budgets don’t see the value of it when it comes to the nonprofit organization.” And she also cites additional challenges specific to the sector such as “The fact that we have different groups that we’re marketing to is a unique challenge, where most for profit marketing is done to attract customers. We have multiple and sometimes competing markets and that sort of complicates things.” She believes that the best steps to moving towards nonprofits prioritizing and specifically planning and incorporating marketing into their strategic plans is to know where the marketing dollar is best spent for the organizations to observe the best returns, and to realizing that minimizing budget and excluding important efforts such as marketing, is not the key to success.

### **Interview #3 Analysis:**

This interviewee seems to have a better understanding of the scope of marketing. It is interesting how she comments on her clients’ perspectives and how they influence their marketing activities. Of course the limitations of budget exist, but she doesn’t believe that nonprofit personnel should believe a marketing campaign equals an expensive endeavor in trying to reach everyone in the area, but rather a target approach to reach their specific audience. This might be where her opinion that the nonprofit people in charge or marketing also lack this specific expertise, in not understanding an appropriate marketing strategy and how and where to implement it. This is supported by the questionnaire of the

Maryland Association of Nonprofits Organizations. The results indicated, “only 22% had a bachelor’s or master’s degree in business... 15% had degrees in communications or media” (Akchin) and the remaining respondents had varied, sometimes unrelated backgrounds and experiences. In other words, marketing in nonprofits is conducted primarily by ““accidental marketers” who learn by doing it” (Akchin).

She also notices that marketing gets lumped into development and communications operations, where if any marketing efforts are accomplished, they still don’t receive much attention. In most cases, it’s the standard to not prioritize marketing. She commented on outside pressure from the nonprofit community and the governing boards to not spend money, lower expenditures and stress the importance of lowered overhead. She remarks that some of these same board members work in the for-profit sector and wouldn’t think twice about spending money on marketing for those purposes. Yet, they simply don’t understand the returns of spending money on marketing in nonprofits and so it is not worth budgeting for. This is unfortunate because the interviewee believes that devoting resources to marketing can be very successful as has been the case with organizations such as Humane Society and Girl Scouts groups. She remarks on the focus of nonprofits to reduce overhead, a current concern in the industry. The Better Business Bureau Wise Giving Alliance, Charity Navigator, and GuideStar, three very authoritative sources in the nonprofit industry, recently published a plea to nonprofits to stop using low overhead as their primary indicator of success, calling it the ‘Overhead Myth.’ They remarked that, “Overhead costs include important investments charities make to improve their work.... When we focus solely or predominately on overhead... we starve charities of the freedom they need to best help the people and communities they are trying to serve” (BBB Wise Giving Alliance).

Additionally, she comments on the “multiple and sometimes competing markets” that the nonprofits are trying to communicate with, reinforcing the communication challenges touched on by other interviewees and further complicating the case for spending on marketing when it seems so complex and expensive to reach different people, with different messages.

Looking forward, the interviewee hopes that the expanding availability and use of free marketing tools such as social media will encourage nonprofit personnel to increase marketing activity. Even though “it still reinforces the idea that the only kind of marketing we should be doing is free,” at least it will signify to people in the sector that these types of practices are worth doing and hopefully they will see returns on this. Beyond this, she thinks the next most likely change that could encourage increased marketing efforts would be tangible results of showing exactly where a marketing dollar is best spent in order to quell fears of lost money. The ideal however, would be for an entrance of expertise in the world of small nonprofits, increased dollar expenditures and tangible results that encourage these types of efforts. It is clear that it is a deeply ingrained cultural practice and nonprofit challenges pose some formidable obstacles.

#### ***Interview #4:***

The final interviewee has exclusively worked and volunteered for nonprofit organizations in the Tucson area. He has been the director of development for 4 years at an organization based in southern Arizona that is focused on serving a specific population suffering from disease.

The organization has approximately 60 employees with locations around southern Arizona. The development department has 6 staffers, and the major responsibilities include 5 fundraising events, direct mailings, coordinating payroll deduction programs, third party events, and direct solicitation and grant solicitation. He added that “in addition to that, I also oversee all of our marketing efforts and we also oversee all of the volunteer efforts,” indicating the scope of responsibilities of the department and stress of focus on fundraising.

When asked about the marketing efforts at the organization, he replied that “for the most part its around our events.” This is the only area of the budget related to marketing and includes paying to promote Facebook posts, magazine ads and bus stop ads. Additional marketing comes from their website which has information about events as well as the services they offer to the population they serve. The website, word of mouth and referrals from other health focused organizations are the primary ways that target audience hears about the organization and their services.

On dedicated marketing personnel and efforts, he commented that “we’ve never really had staff dedicated to marketing so it does just sort of fall to all of us,” and that “really its being out in the community... doing a lot of traditional stuff, and also... trying out some of the online new media, social media. I will admit that we have a pretty slapdash approach to our advertising and we don’t have a real clear marketing plan but it really does seem to do the job for the most part.” In regards to online presence, they concentrate on Facebook, their website and Constant Contact, a tool used to put out their e-newsletter. He commented on additional platforms like Twitter saying that “the issue becomes when you don’t have someone dedicated to those things- I don’t want to create things that then never get updated... so its better to me to just not have one at all.... If we had more of a concentration on marketing and what not I think that those things would be manageable.”

When considering nonprofit versus for-profit attitudes related to marketing, he stated that in regards to businesses in the for-profit world, they just get it, “there’s no question that most for-profit companies are going to market themselves, I mean if you don’t you die.” Conversely however, “nonprofits, a lot of them still have not gotten it that marketing is really important and that that can be a very transformational thing to invest in.... you either need a separate whole department dedicated to marketing or you need staff that’s going to be able to do that.” Citing his experience at the organization and the dilemmas with the development department being in charge of marketing, the problem is that, “if it comes down to raising a buck or getting an ad, I’m going to go raise the buck. That’s going to be my priority.” He cites where these challenges come from as:

“conversations with donors, because a lot of thing that stops an organization from having a strong marketing effort is that donors don’t want to feel like

well gosh am I just giving you money to run an ad in a magazine? And maybe they are but that's a good thing and you have to explain to them where there's a really long-term benefit to doing something like that.... I would really like to see other nonprofits start to get that and be able to communicate to donors, this is not a waste of your money, and if you put a flashy campaign out in the community you should be really proud of it and you should be pointing to it and say I help make that happen and I'm really happy that I did. But we're not there yet. People see it now and they say oh gosh that's 10 meals that you weren't able to give, but yeah it has the potential to be 1,000 meals over the next couple of years."

#### **Interview #4 Analysis:**

While this last interviewee has many of the same problems as the others regarding priorities on fundraising and development, only marketing events because events raise funds, and having limited resources and time that he equates as the trade offs between needing to spend time on "raising a buck" instead of on marketing efforts, he and his department have a more structured plan, even if it is a little "slapdash," than most. He realizes the importance of marketing and the odd disconnect between opinion on spending money on marketing in for-profits versus nonprofits, but the same problems of limited time and an unwillingness to devote more resources to marketing still exists. Their limited approach is not uncommon in the sector, as "few nonprofits have incorporated a comprehensive approach to marketing... while many nonprofits perform one or more marketing functions, few have embraced a marketing approach to operations" (Akchin).

There is a barrier to being able to actually do the marketing activities, even after realizing their full importance and potential to raise even more money because of the general sentiment in the sector that marketing is a waste of money and too flashy. The donors, an involved audience, don't want to see their money go towards an ad, they want it to go directly towards supporting the organization's mission. Nonprofit personnel need to be able to communicate to donors that spending money on an ad or other marketing activities, does in fact support the mission, albeit more indirectly, in a way that has more potential in the long-term.

#### **Observations Across Interviews**

There are commonalities across all the interviews that support and explain the phenomenon that nonprofits resist any marketing spending. It seems to begin with the simple fact that in nonprofits, and especially smaller ones, there is a problem of limited resources- people, time and money. This is just the nature of the sector; finances are tight and there are few people doing the jobs of many.

This limitation leads to the need for forced priorities. They are forced because this reduced workforce, who are most directly interested in accomplishing the organization's mission, have to determine what they can handle and achieve in a limited amount of time that will have the most tangible returns. Their varied audiences also influence their priorities. Since they often depend on donations, grants, and gaining sources of funds from the outside population to operate, as well as answer to and interact highly with governing boards,

there are many groups with high interest in how the organization operates and when and where funds are spent. An additional, important note on priorities to consider is the side effect of communication problems. Because staff members are loaded with so many, varied responsibilities they cannot take the time to develop structure and coherence regarding the company's image, or message, needed both internally and externally. Since this very basic step in marketing is not prioritized, it makes it very challenging to form any sort of marketing plan or to even have the capability or systems in place to execute well formed marketing activities.

When considering these priorities, marketing is simply deemed as unimportant, or not worth the time or funds. One reason for this seems to be nonprofit personnel bias towards marketing extending from misconceptions about what marketing is and what it can accomplish as well as negative predispositions. This is likely from a lack of marketing expertise; there aren't specific marketing experts hired and if someone is hired for marketing purposes they often end up doing something in development or communications instead.

Another reason is that nonprofits don't like spending in general. Their focus is on raising not spending money, and a pure exchange between parties that directly results to increased funds presents a clearer link to furthering the mission of the organization. There is certainly an opinion across the sector that one of the most important indicators of a nonprofit's success is the minimization of its overhead, which neglects any other important and relevant indicators such as return on investment. According to the "Overhead Myth," the nonprofit sector... has often erroneously focused too heavily on overhead over the past few decades, which has starved some nonprofits from investing in themselves as enterprises and created what the *Stanford Social Innovation Review*, calls "The Nonprofit Starvation Cycle" (BBB Wise Giving Alliance).

A last point that nonprofits don't like spending in any area comes from pressure from their varied audiences, as mentioned. "Not only do funders and donors have unrealistic expectations, but the nonprofit sector itself also promotes unhealthy overhead levels" (Gregory). An example from the interviews would be a donor not wanting his donation to go towards creating promotional materials instead of directly to serving the mission, accomplishing something such as providing a free meal, when the greater picture in this instance would be that a form of advertising would generate more revenue that could be used to provide exponentially more meals in the long-term. Even in cases where nonprofits "agree with the idea of improving infrastructure... they are loath to actually make these changes because they don't want to increase their overhead spending... but underfunding overhead can have disastrous effects, finds the Nonprofit Overhead Cost Study" (Gregory). There is an ingrained sentiment in the nonprofit community against spending money in almost any form excluding programs and because marketing is a highly visible and generally considered expensive, it is often seen as shameful, wasteful, or flashy by other nonprofits, the public, and even internal board members who, in the for-profit sector, wouldn't question these types of costs.

## **Discussion and Implications**

### **Original Hypotheses:**

- A. Non-profits cannot afford to hire dedicated marketing staff (or outsource it), and other departments assigned to do marketing do not understand or implement basics

#### **Notes:**

The issue here is that it's not that they cannot physically find the funds to hire marketing staff, it's that they don't see the importance of hiring staff to do marketing when they would rather have additional people on development efforts. If they were to hire marketing staff, those people would ultimately be consumed by the development department and pulled into fundraising.

However, because they don't hire people trained in marketing, the organizations lack a certain expertise to execute marketing activities in a smart way. They see marketing as burdensome and unnecessary although they often miss the mark on what they are doing and how much of it is actually marketing when thinking of the greater picture because it is unplanned.

- B. There is a concern in the non-profit community that spending on marketing will take away from the goals the non-profit was established for

#### **Notes:**

These organizations, although it is not their focus, do end up using money for marketing purposes, they just don't allocate in advance because it's not considered worth it. Pressure from boards and target audiences and overall attitude regarding spending keeps them from budgeting for marketing and so ultimately, important marketing efforts are either not done, or are accomplished using minimal funding that is needed but not intended because they cannot see the justification in allocating spending.

### **Revised Hypothesis and Conclusion:**

Because of the nature and structure of nonprofits, there are limited resources including financial, human and time. This necessitates the formation of strict priorities among personnel to choose activities that will most directly benefit the organization and serve the mission. However, because of lack of marketing expertise, misconceptions about the field of marketing and an aversion to spending of any kind, nonprofit staff members fail to realize the potential of devoting resources to marketing and the possible effect on promoting their organizations and so do not focus on or readily dedicate capital to marketing activities.

### **Future Implications**

From conducting the interviews, it was very clear that marketing would benefit these organizations greatly. However, it was also evident that the culture of the organizations are in the overall nonprofit sector is very deeply entrenched in some ideas and structures that are inhospitable to marketing.



In order to move forward, these organizations must realize the importance and potential of marketing before they can start utilizing their resources on it because the culture necessitates this kind of justification. The nonprofits can realize this in a number of ways such as benchmarking themselves against larger nonprofit organizations such as the Humane Society and Habitat for Humanity that do spend on marketing to see that it has great benefits. They can and should also bring in expertise, whether that is dedicated, trained marketing personnel, consultants such as one of the interviewees, or even marketing student interns that can lend some basic knowledge and foundational guidelines.

Hopefully with starting small, few staff members and a smaller budget, the organizations will be able to see the returns and build on their marketing plans and branch out to make larger expenditures and see even greater returns. They could start with one or two marketing personnel, making sure they actually allow the time to accomplish marketing related responsibilities, and free or inexpensive tools that are becoming increasingly available and hopefully extend their efforts, reach, results, and ultimately their presence and effects in the communities they serve.

## Appendix A: Interview Script Guideline

1. About interviewer:
  - a. Background and education
  - b. Experience in the nonprofit sector
  - c. Experience at the current organization
2. About the organization:
  - a. Purpose
  - b. Size, scope
  - c. People
  - d. Effects
3. Marketing
  - a. Current
    - i. What is marketing?
    - ii. Who is responsible for it currently?
    - iii. What are the different ways you market to the community?
    - iv. What tools and platforms do you use?
    - v. Who is your target audience?
    - vi. Have you thought about how marketing in the nonprofit sector is different from using traditional channels?
    - vii. What do you think are some of the biggest challenges to marketing a nonprofit?
    - viii. What is the significance of marketing for your organization?
  - b. Past and Future differences

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