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## **KONTINNUM I WYMIARY MARKETINGU NIEKOMERCYJNEGO**

### **CONTINUUM AND DIMENSIONS OF NON-PROFIT MARKETING**

**Streszczenie:**

*W niniejszym artykule zostały zidentyfikowane osobliwości marketingu niekomercyjnego. Uzasadniono, że koncepcja marketingu niekomercyjnego jest charakteryzowana poprzez holistyczny, normatywny, operatywny, społeczny, strategiczny oraz etyczny wymiary. Na podstawie bipolarnej orientacji koncepcji marketingu niekomercyjnego w terminach „orientacja na cele przedsiębiorstwa” oraz „orientacja marketingowa” jako wariant osiągnięcia konsensusu w dyskursie filantropii marketingowej, autor proponuje rozpatrywać koncepcję marketingu niekomercyjnego jako kontinuum.*

**Słowa kluczowe:** marketing niekomercyjny, organizacja niekomercyjna, marketyzacja, orientacja marketingowa, kontinuum.

**Abstract:**

*The article identifies the peculiarities of non-profit marketing. It has been substantiated that the concept of non-profit marketing is characterized by holistic, normative, operational, social, strategic and ethical dimensions. On the basis of bipolar direction of the concept of non-profit marketing in terms of “orientation towards the targets of the organization” and “marketing orientation” it has been suggested to observe the concept of non-profit marketing as a continuum in the framework of reaching the consensus in the discourse of marketing philanthropy.*

**Key words:** non-profit marketing, non-profit organization, marketization, marketing orientation, continuum.

**1. Introduction.** Important social and economic changes on the threshold of the XXI century initiated various discussions on the development of the non-profit sector based on the practice of market methods and values. These issues are aimed at transforming action, structure and philosophy of non-commercial subjects into more market-like for reaching their goals. This discussion was started by P. Kotler and S. Levy<sup>1</sup> in the late 1960s. It is still widely discussed in the works of foreign scientists and finds its popularity in numerous specialized journals. There is increasing in the number of training courses on non-profit marketing at leading universities in the world. The debate on the importance of marketing of non-commercial sphere in domestic scientific community has been initiated recently and has been only connected with certain applications, mainly in the field of education. However, some empiric research on the efficiency of marketing activity of non-profit organizations (NPOs) has been conducted by the representatives of NPOs of Ukraine<sup>2</sup>.

<sup>1</sup> P. Kotler, S. Levy, *Broadening the Concept of Marketing*, «*Journal of Marketing*» 1969, nr 33, s. 10–15.

The relevance of a comprehensive theoretical analysis of the conceptual scheme of non-profit marketing has been caused by the need to intensify the development of Ukrainian non-profit sector. The suggested article is intended at scrutinizing the dimensions of non-profit marketing and stages of this marketing with managing the non-profit organization.

**2. Analysis of Recent Researches and Publications.** The analysis of scientific research has revealed that in terms of discussing the phenomenon of non-profit marketing certain approaches have been outlined. These approaches are integrated in the system of academic knowledge. Studying the theoretical prerequisites of non-profit marketing the following ideas are worth mentioning:

–The ideas of inter-sector exchange of marketing knowledge which have been suggested and developed in the articles of P. Kotler, S. Levy, G. Zaltman<sup>3</sup> and others;

–The theoretical and methodological aspects of pro-marketing orientation of non-profit subjects which have been substantiated by A. R. Andreasen, P. Kotler<sup>4</sup>, S. Andrieiev, L. Melnichenko<sup>5</sup> and others;

–Another point of view has been shared by the researchers S. Dolnicar, K. Lazarevski<sup>6</sup>. Their main idea is that the mission of NPO and non-profit product were formed far beforehand, thus they cannot be changed in accordance with the market demands. That is why NPO should not be purely oriented at marketing. However, some scholars admit the usage of certain strategies and marketing tools for non-commercial activities for achieving non-profit purposes. Such an approach is justified in terms of the concept of bounded rationality which has been initiated by H. Simon<sup>7</sup>. This concept centered the questions of ethic violations of the principle of consumer sovereignty in the use of «bad goods», the issue of identification of goods and services as «bad goods», the regulation of production and consumption of «bad goods». These ideas, concepts and theories established the ideological foundation of the concept of non-profit marketing.

**3. The Aim of Our Research** is to analyze the dimensions of non-profit marketing and establish the stages of connecting marketing with the management of non-profit organization. The purpose of the article has grounded the necessity of solving the following tasks: to outline the peculiarities of non-profit marketing; to analyze the dimensions of the concept of non-profit marketing; to formulate and substantiate the continuum of non-profit marketing.

**4. The Methods of the Research** are *systematic and comparative analysis of scientific literature.*

**2** *Ефективність використання некомерційного маркетингу громадськими організаціями України: результати опитування, проведеного у 2011 році, ред. Х. Павлик, Н. Бордун, Львів, Сполом 2011.*

**3** P. Kotler, G. Zaltman, *Social Marketing: An Approach to Planned Social Change*, «Journal of Marketing» 1971, nr 35, s. 3–12.

**4** Ф. Котлер, А. Андреасен, *Стратегический маркетинг некоммерческих организаций*, Феникс, Ростов н/Д 2007.

**5** С. Андреев, Л. Мельниченко, *Основы некоммерческого маркетинга*, Прогресс-Традиция, Москва 2000.

**6** S. Dolnicar, K. Lazarevski, *Marketing in non-profit organizations: an international perspective*, «International Marketing Review» 2009, nr 26 (3), s. 275 – 291.

**7** H. Simon, *Rationality as Process and as Product of Thought*, «Thesis» 1993, nr 3 (1), s. 16 – 38.

**5. The Research Statements.** The end of the XX and beginning of the XXI century witnessed increasing interest in non-profit marketing. What actually determines the process of marketization of Ukrainian non-profit sector is increasing the number of non-profit subjects; the increase of most non-profit organizations that resulted in the need to manage multiple functional areas, geographic locations and social groups, etc; the necessity for updating marketing potential usage as additional tools of involved funds; strengthening inter-sector and intra-industry competition; shift of responsibility from state authorities towards the sphere of non-profit entities; poor quality of non-profit goods; reduced funding from the government, business and international organizations; reduction of human resources; fundamental changes in the staff of customers serviced by non-profit organizations.

In spite of variety of approaches to treating the notion of non-profit marketing there can be identified some important market peculiarities of non-profit marketing:

1. Marketing tools, strategies and technologies that are used in commercial business cannot be directly transferred into the sphere of non-profit sector without any adaptations due to a number of specific things common for non-commercial market<sup>8,9</sup>;

– limited amount of secondary information in marketing sphere as to non-profit clients and their needs, which is compounded by the complexity to obtain reliable information from the clients themselves;

– gap of information among the customers of non-profit product (information asymmetry). Thus, before affecting the behavioral patterns of the clients, they must be informed about an existing problem and non-commercial product, and only after that it is allowed to use the rest of the marketing tools;

– the need to influence the behavior of the client in order to change it radically, even if customers dislike new changes, but they are intended for their benefit, the benefit of other social groups or society as a whole. This topical issue presupposes high moral and ethical standards in the implementation of marketing activities;

– benefit gained by a client as a result of non-profit exchange is not always evident;

– the presence of more complex behavioral patterns and attitudes than in the commercial sphere;

– the complexity of measurement and display through mass media of social and psychological benefits from the use of non-profit product;

2. Non-profit marketing covers a wide range of fields of human activities, much more than the production and promotion of goods and services;

3. Non-profit marketing leads to a wider and more effective validation of a number of other important needs of the people in community (for instance, need for realization of civil rights and the need for social and cultural values, etc.);

4. Non-profit marketing helps resolve problems connected with establishing mutual links between the three groups of non-profit entities: government, non-governmental entities and individuals engaged in non-commercial activities.

<sup>8</sup> Ф. Котлер, А. Андреасен, *Стратегический маркетинг некоммерческих организаций*, Феникс, Ростов н/Д 2007, с. 54-58.

<sup>9</sup> С. Андреев, Л. Мельниченко, *Основы некоммерческого маркетинга*, Прогресс-Традиция, Москва 2000, с.14-15.

5. Non-profit marketing should be based on the principles of classical marketing concepts<sup>10</sup> which include the prevailing role of the exchange, willingness to change the proposal, focusing on coordinated programs, the crucial role of marketing research, a tendency to segmentation, planning and assessing the risks, targeting at the outcome. Thus, the non-profit marketing business can be defined as a set of subsystems that are bound with associations and the sole purpose. It functions with respect of fundamental principles of classical marketing, however, limited in accordance with the principle of the priority of the consumer.

A literature review of scientific analysis of the problem suggests that the concept of non-marketing can be viewed in the context of the following dimensions: the holistic, normative, operational, social, strategic and ethical.

*Holistic dimensions* of marketing in non-profit field are particularly important, since the effective activity of non-profit entities depends on effective relationships not only with the target market, but also with multiple stakeholders. Holistic aspect of non-profit marketing is manifested in the development, creation and execution of marketing programs, processes and activities that take into account the breadth and interdependence holistically combining components such as relationship marketing, integrated marketing, internal marketing, and socially responsible marketing<sup>11</sup>. At this point a number of interactions between non-profit entity and its environment are considered, because non-profit organizations themselves are part of large and complex service delivery systems.

*Normative aspect* of marketing is manifested through creating and maintaining values and positive behaviors of recipients of marketing activities. The normative dimension of non-profit marketing can be treated as a set of economic, social, ethical guidelines, options of behavioral patterns, theories that are implemented by the managers of non-profit organizations in the process of forming marketing strategies.

*Strategic aspects* of non-profit marketing are associated with the presence of external factors of non-profit organization and can be considered as its target state for non-commercial market, i.e. as the one that changes with the time. Scientists distinguish several alternative strategic orientations of non-profit marketing: customer orientation (integrating preferences of customers into the product development and marketing process), competitor orientation (integrating competitor intelligence into the product development and marketing process), and product orientation (integrating innovation into the product development and marketing process)<sup>12</sup>.

Non-profit marketing can be viewed in terms of different operations (*operational dimension* of non-profit marketing) and is treated as a systematic performance of some functions aimed at the analysis, implementation and monitoring of relationships between non-profit entity and its external and internal audiences interested. In order to ensure effective exchanges between non-profit entity and its target audience and enhance the competitive position there used marketing tools, techniques and approaches of classical marketing, "marketing mix"

<sup>10</sup> Ф. Котлер, А. Андреасен, *Стратегический маркетинг некоммерческих организаций*, Феникс, Ростов н/Д 2007, s. 551-557.

<sup>11</sup> P. Kotler, K. L. Keller, *Marketing management*, Prentice Hall, Upper Saddle River 2012, s. 28.

<sup>12</sup> G.B. Voss, Z.G. Voss, *Strategic Orientation and Firm Performance in an Artistic Environment*, «Journal of Marketing» 2000, t. 64, s. 67.

i.e. product, price, promotion and place. The others distinguish social media and fundraising among the complex non-specific elements of marketing<sup>13</sup>.

*The social dimension.* Unlike commercial entities, which are known for absolutisation of importance of the economic effects of marketing activities, marketing activities of NPOs aim at achieving social and psychological effects<sup>14</sup>. Thus, as a non-profit marketing encompasses activities not directly related to profit, i.e. non-profit activity, it is obvious that the economic dimension of non-profit marketing is not a priority, it rather gives way to focusing on social, psychological, political and informative results.

*Ethical dimension of non-profit marketing.* The focus of the concept of non-profit marketing is the needs of people and social groups, thus it cannot be detached from ethical principles. While justifying the appropriateness of the process of marketing of non-profit sector, one should be aware that this phenomenon can lead to a number of threats in the society. Thus, some scientists<sup>15</sup> appeal to financial and ethical aspects of marketing activity, rightly arguing that marketing activity is the way that may constitute just waste money of benefactors, besides marketing activities can be wrongly treated as manipulative techniques and thus can be annoying. The problem is further aggravated due to the complex dimension of marketing investment and a long time lag between costs and effects. In addition, marketing ethically may violate the privacy of the individual, degrade perceived quality and discourage the spirit of volunteerism as well as the role of democracy and altruism<sup>16, 17, 18, 19</sup>. In our opinion, the criticism is fair, but only to a certain extent, because ethically sustained marketing efforts of non-profit entities incorporate the potential for positive social and psychological impact.

To sum it up, non-profit marketing can be viewed as a notion or process the mission of which is directed at forming non-profit and socially targeted exchanges among targeted individuals, groups and society and it is characterized by operational, normative, holistic, social, strategic and ethical dimensions. The degree of penetration of the concept of marketing into non-profit management system of NPOs may vary for each of the measurements depending on several factors: the stage of the life cycle of the organization, the specificity of non-profit market where NPOs function, and personal preferences of management of NPOs.

Having summarized the numerous theoretical approaches and taking into consideration the bipolar orientation of the concept of non-profit marketing in terms of "focus on the goals of a NPO" and "marketing orientation", we would like to offer,

13 B. J. McLeish, *Successful Marketing Strategies for Nonprofit Organizations: Winning in the Age of the Elusive Donor*, John Wiley & Sons, Hoboken 2010, s.14.

14 Ф. Котлер, А. Андраасен, *Стратегический маркетинг некоммерческих организаций*, Феникс, Ростов н/Д 2007, с. 60.

15 А. Іхньовська, *Маркетингова стратегія позаурядових організацій*, «Логістика», Вид-во Нац. ун-ту "Львів. політехніка", Львів 2008, с. 260.

16 M.L. Sanders, *Theorizing Nonprofit Organizations as Contradictory Enterprises Understanding the Inherent Tensions of Nonprofit Marketization*, «Management Communication Quarterly» 2012, t. 26, nr 1, s. 179-185.

17 L.A. Brainard, P.D. Siplon, *Toward nonprofit organization reform in the voluntary spirit: Lessons from the Internet*, «Nonprofit and Voluntary Sector Quarterly», 2004, nr 33, s. 435-457.

18 Focus on goals of NGO Focus on stakeholders' needs

19 R. Bush, *of the nonprofit spirit in a for-profit world*, «Nonprofit and Voluntary Sector Quarterly» 1992, nr 21, s. 391-410.

Latent Marketing	Implicit Marketing	Functional Marketing	Marketing Orientation	Focused marketing	Leadership marketing

as a possible consensus in the discourse of marketing philanthropy, to treat the concept of non-profit marketing as a space-time continuum. Since the activities of non-profit entities are differentiated in time and in the context of non-commercial market, we should not limit the marketing of non-profit entities to only two versions: a pure marketing orientation and pure focus on the goals of the NPOs. In our opinion, there is a possible orientation of a continuum in which the activities of NPOs are carried out with more or less focusing on the needs of the target audiences and purposes of NPOs. The combination of targeted preferences of non-profit subjects and preferences of target audiences in every specific case has its own value, which is displayed in the level of penetration of the functions of marketing into NGOs' management. In some cases the significance of the organization's goals outweighs, and in the others, the significance of the wants of consumers and other stakeholders is of prior importance. Options of combining the marketing and management of a non-profit organization can differentiate within the non-profit marketing. All these differences can be implied historically: evolving from simple to more complex forms, from left to right and also they may vary depending on the specific supply and demand for a particular non-profit market. Stages of a combination of marketing and management of non-profit organization as a continuum are shown in Fig. 1.

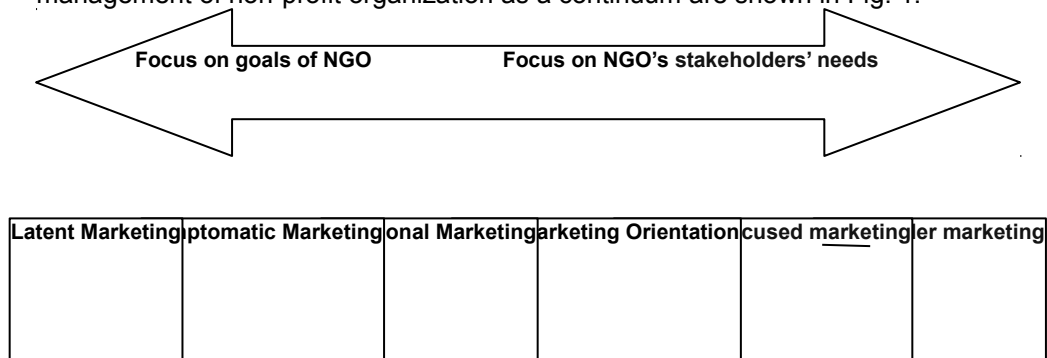


Fig. 1. Non-profit marketing continuum.  
Source: author.

In our opinion, depending on the level of orientation of the aims of NPOs towards the needs of target groups and the importance of marketing functions there can be differentiated the following stages:

1 stage. **Latent Marketing.** This phase is characterized by the predominance of the organization's goals over the needs of target customers. These needs are often neglected. Historically, it is the initial stage of the development of non-profit marketing. This period can be characterized as a period of "latent" non-profit marketing when the NPOs use the elements of marketing, however, this usage is not yet recognized: "... every organization performs marketing-like activities whether or not they are recognized as such"<sup>20</sup>. The reason for using this non-profit marketing within the activities of NPOs at this stage is the perception of marketing as a threat to their autonomy<sup>21</sup> and power marketing is seen as advertising and sales promotion, rather than a radical philosophy of the organization. In the framework of

20 P. Kotler , S. Levy, *Broadening the Concept of Marketing*, «*Journal of Marketing*» 1969, nr 33, s. 11.

21 P. Kotler, *Strategies for Introducing Marketing into Nonprofit Organizations*, «*Journal of Marketing*» 1979, nr 43 (1), s. 44.

the fields of non-profit sector, this approach is justified when the clients consume «bad goods» and some certain works of art as "purely market-centred philosophy is inconsistent with what the concept of art is all about"<sup>22</sup>. In other cases, this approach borders on "marketing myopia".

2 stage. **Symptomatic Marketing.** At this stage marketing is not considered as a marketing philosophy of the organization but it focuses on the objectives of the NPOs. In order to achieve the organization's goals non-systematically some marketing activities are used with reference to sales. It is typical to focus on the range of products and individual transactions in the market, advertising and personal selling. In fact, this orientation is identical to the product and production concepts of classical marketing orientations. This approach is inherent, for instance, in museum exhibits. The museums are focused on their collections, but not on the target audience, that is why the main marketing efforts should be intended for persuading potential customers with the help of advertising campaigns. This approach is justified according to the following aspects: the scope of art or museum exhibits is focused on consumers who are still in two minds about their artistic preferences; non-commercial product (exhibit, artwork, etc.) is characterized by a significant level of innovation; among consumer-pioneers there is a need for empirical knowledge of non-profit products proposed by artists, then these consumers will continue to inform themselves and follow artists.

3 stage. **Functional Marketing.** Within the second approach marketing acts as one of the functions, but not yet fully integrated into strategic management. To the sphere of strategic planning there belong only certain aspects of marketing activities, mainly those aimed at intensifying marketing priority for non-commercial products and services. It is typical to focus on the exchange as a result, in contrast to creating long-term relationships. Marketing is traced as a function that helps solve organizational goals, namely, sale increase of non-commercial products / services, increase of cash flows from donors and others. This marketing orientation is identical to the classical orientation of marketing directed at the intensification of commercial marketing efforts (selling concept).

4 stage. **Quasi-Marketing Orientation.** To the extent of NPOs' openness to the needs for targeted market there is a historic transition to the next stage. In terms of field dimensions, this approach is typical for non-profit entities such as political parties or religious organizations. At this stage the market is chosen as the key point and marketing is outlined as one of the required functions in the management of NPOs. In spite of the lag between organizational goals and target markets, there is a focus on the needs of target customers. The establishment of long-term relationships is typical for this stage of non-profit marketing as well as learning marketing environment and market segmentation. Marketing of NPOs can be characterized as the one of a strategic nature.

5 stage. **Customer-Focused Marketing.** Within this phase the needs of target markets are prevailing. Marketing becomes the philosophy of the organization, its integrating function. The focus of business administration in marketing is the relationships with customers and some other stakeholders. Marketing becomes a means of gaining competitive advantage. The stage is also characterized by a strategic marketing. There is an orientation not only towards customers but other significant for the organizations audience. This approach is typical for educational institutions and organizations.

<sup>22</sup> P. Kotler, J. Scheff, *Standing Room Only: Strategies for Marketing the Performing Arts*, Harvard Business School Press, Boston (Mas.) 1997, s. 17.

6 stage. **Stakeholder Marketing.** Stakeholder marketing - activities and processes within a system of social institutions that facilitate and maintain value through exchange relationships with multiple stakeholders<sup>23</sup>. A. R. Andreasen and P. Kotler trace NPOs and their interested audiences as the elements of a unique mechanism of "transforming resources"<sup>24</sup>: incoming contact audiences supply resources which transform the internal contact of the audience into a useful product that is provided for an audience of consumers by affiliate contact audiences. NPOs stay in touch with a number of interested audiences such as clients, consumers, donors, volunteers, advocates, trustees, committee members, government agencies, funds, businesses and local communities. These groups affect the objectives of the NPOs, that is why effective interaction with them is important for the NPOs. Marketing is defined not only as object direction but also as a presence of exchanges, thus, stakeholders fall into the subject field of marketing. Thus, at this stage of scientific research stakeholder-oriented marketing is extreme subset of a continuum of options. So, the market orientation in the nonprofit sector becomes multiple dimensions and directs toward different stakeholders. Non-profit marketing becomes a system of exchanges among subjects and directs toward research the expressed and latent needs of stakeholders, to improve exchanges with NGOs stakeholders. Different purposes of exchange give rise to the need for the exchange of different strategies and different target effects.

**6. Conclusions.** Having positively assessed the works of scientists as to the concept of non-profit marketing we consider the further development of this idea in the framework of its adaptation to the conditions of the activities of Ukrainian entities of non-profit sphere. In the conclusion it has been defined that non-profit marketing is characterized by operational, normative, holistic, social, strategic and ethical dimensions. Taking into consideration the bipolar non-profit marketing concept (focus on company's goals and marketing orientation), the suggested paper proposes to examine the concept of non-profit marketing as a space-time continuum. There is an opinion that the concept of non-marketing continuum eliminates the conflict between supporters and opponents of marketing-oriented non-profit entities. Continuum takes into account other intermediate options that are formed by various combinations of weight goals and the needs of their stakeholders. We have grouped them into six subsets depending on the level of combination of marketing and management of non-profit organization. The received results provided a clearer understanding of the essence and diversity of varied explications of non-profit marketing and this will definitely lead to further theoretical and empirical researches.

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<sup>23</sup> G.T.M. Hult, J.A. Mena, O.C. Ferrell, L. Ferrell, *Stakeholder marketing: a definition and conceptual framework*, «Academy of Marketing Science» 2011, nr 1, s. 44.

<sup>24</sup> A. R. Andreasen, P. Kotler, *Strategic marketing for nonprofit organisations*, Prentice Hall, Upper Saddle River 2003, s. 76.



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