

## ОСОБЛИВОСТІ ЗАСТОСУВАННЯ КОМПЛЕКСУ МАРКЕТИНГУ ФАХОВИМИ (ПРОФЕСІЙНИМИ) ОРГАНІЗАЦІЯМИ

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Ролі некомерційних організацій в сучасному громадянському суспільстві присвячені праці багатьох зарубіжних та вітчизняних вчених. Однак, існує дуже мало літератури щодо маркетингу некомерційних організацій в країнах, що розвиваються. Маркетингові стратегії та відповідний інструментарій, що найчастіше використовується в бізнес середовищі, як правило, потребують адаптації для використання некомерційними організаціями. Ми пропонуємо класифікацію НГО на основі сфери впливу. А саме, ми пропонуємо поділяти їх на фахові (професійні), універсальні, благодійні та волонтерські. В даній статті аналізуються особливості застосування маркетингового комплексу саме фаховими (професійними) організаціями.

**Ключові слова:** маркетинг, комплекс маркетингу, некомерційні організації, фахові (професійні) організації.

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## SPECIALITIES OF USING MARKETING MIX BY PROFESSIONAL ORGANIZATIONS

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A lot of foreign and Ukrainian scholars analyze role of nonprofit organizations in modern civil society. However, there is lack of literature about nonprofit organizations marketing in such developing countries as Ukraine. Marketing strategies and appropriate tools, that are the most commonly used in business sphere, in most cases, need to be adapted for using by nonprofits. We suggest NGO classification based on their spheres of influence. In particular, we suggest classifying them into such groups: professional, universal, charity and volunteer organizations. This article analyses specialities of using marketing mix by professional organizations.

**Key words:** marketing, marketing mix, nonprofit organizations, professional organizations

**Statement of the problem.** Goals of the most of analyzed approaches for NGOs classification are either simple division of organizations according to their types of activities for their description or taxation, scientific definition of this phenomenon, or giving some general recommendations for increasing general institutional capacity of this sector in general (see tab. 1). However, all these approaches for nonprofit organizations classification don't provide opportunity to analyze efficiency of their management and using marketing tools. We in our work suggest nonprofit organizations classification developed especially for conducting marketing analysis. We suggest nonprofit organizations classification based on their spheres of influence. Such classification is aimed at development recommendations for efficient use of different marketing strategies and tools by significantly different groups of nonprofit organizations.

Use of marketing strategies and tools by nonprofit organizations is to a big extent defined by their spheres of influence and may significantly vary for different NGOs. For our research goals we developed classification of nonprofit organizations based on their spheres of influence.

**Analysis of recent research and publications.** Sphere of organization influence – is actual sphere on which it directs activities according to organization mission. That is, it is part of society, at which organization activities are directed, including all target audiences. Organization mission defines value, which unites members and volunteers, important for organization contact audiences. Contact audiences are all persons, who cooperate with organization. They may be organization members or volunteers or not, they may support or don't support organization values and activities, but their actions influence achieving goals of this organization. Contact audiences include everybody, at whom organization activities are directed, including state bodies representatives, Mass Media etc. Introducing concept “sphere of influence” enables us to differ professional, universal, charity and volunteer organizations, these will be objects of our further research. Sphere of influence is base for nonprofit organizations segmentation. Depending on special features of the spheres of influence we suggest to classify organizations as professional, universal, charity and volunteer.

*Table 1*

**Systematization of approaches for nonprofit organizations classification**

Name/authors of the approach	Classification goal	Classification criteria
1	2	3
International Classification of Non-Profit Organizations – ICNPO	Statistical recordings	Types of activities
National Centre of Charitable Statistics (USA)	Statistical recordings	Types of activities
International Standard Industrial Classification (ISIC), (USA)	Statistical recordings	Types of activities
General Industrial Classification of Economic Activities (NACE), (USA)	Statistical recordings	Types of activities
National Taxonomy of Exempt Entities (NTEE)), (USA)	Statistical recordings, taxation	Types of activities
Classification of the USA Taxation Service	taxation	Types of activities
World Bank	Defining priorities for cooperation and supporting projects	Types of activities
Von Alemann	Description and scientific analysis of the phenomenon; increasing efficiency of nonprofit organizations activities	Types of activities
Ukrainian Tax Code	taxation	Types of activities
Kotler and Andreasen	Selecting competitive groups for strategic planning of organization activities	1) extent of volunteer involvement 2) level of competition with business firms 3) sources of financing 4) nature of behavior, organization is trying to influence
Hansmann	Description and scientific analysis of the phenomenon; increasing efficiency of nonprofit organizations activities	Sources of financing and decision making mechanism
Sushant	Description and scientific analysis of the phenomenon; increasing efficiency of nonprofit organizations activities	Orientation and cooperation level
B. Weisbrod	Description and scientific analysis of the phenomenon; increasing efficiency of nonprofit organizations activities	Target audiences for which organization exists
R. Johnson	Description and scientific analysis of the phenomenon; increasing efficiency of nonprofit organizations activities	Methods of organization activities

Continue Table 1

1	2	3
Anheier and Temudo	Description and scientific analysis of the phenomenon; increasing efficiency of nonprofit organizations activities	Decision making culture
Ch. Hendi	Description and scientific analysis of the phenomenon; increasing efficiency of nonprofit organizations activities	Organizational culture
Lylyk I.V, Lylyk S.V.	Studying institutional capacity of organizations and providing recommendations for their further development for donor organizations	Big number of criteria, which we systematized in the following groups: 1) duration of activities 2) mission and directions of activities 3) presence/absence of membership base 4) transparency of information about sources of financing and decision making procedure 5) protection of organization members' rights 6) presence or absence of organization own Mass Media; frequency of placing information in other Mass Media 7) membership in international unions 8) presence of organization own standards of activities and certification according to international standards 9) qualification and number of employees and volunteers 10) cooperation with state bodies 11) technical support of activities (presence or absence of organization own financial base for activities, that is, source of financing, independent from grant programs)
L. Paluvoda and S. Golota	Studying organizations and providing recommendations for their further development	1) Index of organizational capacity for nongovernmental organizations 2) Index of capacity of NGOs to represent and protect rights 3) Index of NGO effective participation in coalitions and networks 4) Legitimacy index
Ph. Kotler and K. Fox	Defining competitive organizations for strategic planning	Competition degree
Our approach	Providing practical recommendations for efficient use of marketing strategies and tools	Sphere of influence

Source: systematization based on [1–16]

**Goals of the article.** The main aim of the article is to analyze specialities of using marketing mix by professional organizations.

**The main material of research.** In particular, professional organizations are organizations, uniting at voluntarily basis professionals and enterprises of particular industry or sphere of activities, and are

active in self-regulation of activities within this industry, as well as assist in solving other problems, dealing with industry development and professionals, working in the field. Such activities may include adopting and implementation of professional standards, and also self-regulatory acts for this industry or sphere. We consider appropriate to analyze this group of organizations in our research because they are nonprofits according to current Ukrainian legislation, important for civil society development, as they unite big groups of people and protect their common interests, and are actively developing, in particular, in Ukraine. Such organizations may have different general names – “organization”, “association”, “union”, “coalition”, “forum” etc., but we analyze them according to the essence and nature of their activities. Organizations may have different legal forms today.

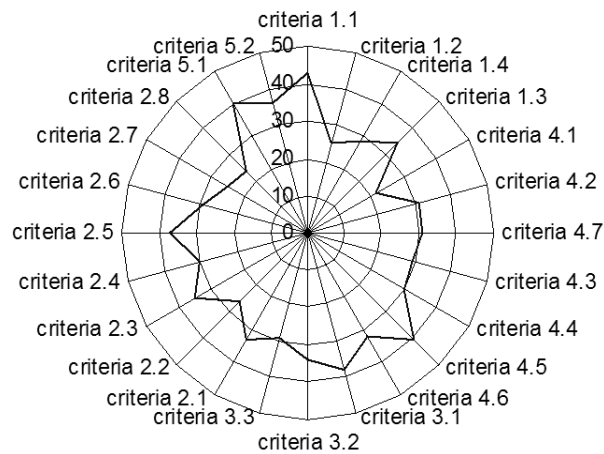
It is worth mentioning, that activities of trade unions significantly differ from activities of professional organizations. Trade union members are people, which are united for protection of common labour and socially-economic rights and interests in relations with state bodies, state self-regulatory bodies, employers and other unions of citizens [17]. Thus, trade unions are not objects of our research.

Nonprofit organizations exist not for getting and distributing profits, but unite people for achieving other socially important missions. Nature of their activities significantly differs from essence and nature of business firms activities. Accordingly, marketing strategies, approaches and tools, used by commercial enterprises, one can't always use in NGO sector. That's why for purposes of our research we adapted marketing mix concept “4Cs+people”. It represents standard marketing mix “4Ps” concept, but from the customer point of view.

According to our approach, elements of marketing mix for nonprofit organizations are:

1. Customer solution.
  - 1.1. Mission.
  - 1.2. Sphere of influence.
  - 1.3. Role within sphere of influence, representing common interests and advocacy.
  - 1.4. Values for target audiences within the sphere of influence, goods and services offered for members, recipients and wider society groups.
2. Customer costs.
  - 2.1. Costs for members.
  - 2.2. Costs for volunteers.
  - 2.3. Costs for clients (service recipients).
  - 2.4. Costs for people and companies making individual financial and in-kind donations.
  - 2.5. Costs for Mass Media and legislators.
  - 2.6. Costs for organization employees.
  - 2.7. Costs for employees of large international foundations.
  - 2.8. Costs for society in general.
3. Convenience for customer.
  - 3.1. Place as possibility of staying in NGO.
  - 3.2. Conducting events, during which target audiences may communicate.
  - 3.3. Communication during implementation of common projects.
4. Communication.
  - 4.1. Advertisement.
  - 4.2. PR.
  - 4.3. Taking part in events organized by others.
  - 4.4. Communication strategy.
  - 4.5. Communication styles.
  - 4.6. Convenience of information search.
  - 4.7. Relations with Mass Media/Media strategy.
5. People.
  - 5.1. Professional level.
  - 5.2. Managers attitude to target audiences.

### Professional organizations



*Fig. 1. Generalized data about analyses of efficiency of marketing model implementation in professional organizations activities*

According to abovementioned model, we conducted Internet research of 10 professional organizations own web-sites [18–28] (See figure 1). Diagnostics tool we suggest is based on several research principles and meets requirements, which we set for it, in particular: suggested tool should provide opportunity for comparative analyses of marketing models efficiency of different analyzed nonprofit organizations. Taking these requirements into consideration, we suggest developing evaluation tool for each marketing mix element based on points' criteria (5 – the highest point, 1 – the lowest point). For defining appropriate points we suggested “perfect situation” that served as start point for conducting evaluation. Perfect situation was modeled by us based on in-depth interviews conducted with nonprofit organization managers, and also adapted methodics of nonprofit organizations institutional capacity evaluation, that are suggested by such economists as Charles Baxton [29], company Lochan and partners (Lochan&Co) [30].

This analyses aims to define which particular marketing mix elements are the most often and the most efficiently used by Ukrainian professional organizations, and also development of appropriate recommendations for increasing efficiency of their activities.

How often and from which points of views activities of each of analyzed organizations appears in Mass Media is very big amount of data and may be object of separate marketing research. In addition, in such case we would have to study not only nonprofits by themselves, but also each Mass Media and their redaction policy separately. This research analyzes web-sites and activities of nonprofit organizations.

Thus, strengths of using marketing mix by professional organizations are: clearly defined missions at their web-sites, professional managers' and employees' level, and also convenience of information search. The least used communication element is advertisement. Instead, they mostly promote their activities through established partner relations with Mass Media (media strategy), PR activities and taking part in events (own events and events organized by partner organizations). In general, we can say, that level of marketing mix elements practical use by professional organizations is average.

Mission as general purpose for which organization exists is extremely important element of its' marketing strategy. In nonprofit organizations sector missions are directed not at getting and distributing profits, but on solving social problems. In particular, professional organizations often state as their missions protection of common interests of participants of certain market, adopting and compliance with self-regulation industry standards etc. Marketing tools, which may be used for mission promotion among target audiences, are: video and/or info graphics on own web-site etc.

However, there is much smaller number of cases there are strategic goals and tasks for at least a year at web-sites. It may be explained by insufficient marketing and strategic planning skills. In our opinion, presence in open access of information about organizations' goals and tasks for a year may be considered as one of criteria of organization marketing capacity. In addition, this information helps to understand,

what projects will be implemented in future and how interesting they are for web-site visitor (potential donor, partner or volunteer). Such information may be also made public at the yearly reporting-election conference organized by NGO management exclusively for organization members, who pay member fees and have voting rights. In addition, it is much easier to evaluate nonprofit organization activities in the end of the year, if one understands which goals were set up in the beginning; in to what extent they are met. Of course, life makes its' own changes. But democratic organizations usually inform their target audiences about changes in strategies and goals.

We did not set up goal to study periodicity of meetings of statute and managing bodies of nonprofit organizations. However, it is very important for us, how open for general public information about statute documents and organization management is. Main goals and rules of organization operations are clearly stated in statutes. It enables interested parties to relatively quickly get an idea what this NGO is doing. Information about organization leaders and their contacts also should be at organization own web-site. Brief CV of organization leader gives some idea about his or her competences, sphere of interests, experience etc. In addition, people should know, whom they should contact if they have complaints, questions or suggestions.

One of criteria for defining marketing model efficiency level is convenience of information search. It includes convenience of searching for information about organization in Internet, as well as looking for needed information at organization web-site. From this point of view, unique organization name that significantly differs from names of other organizations with similar spheres of influence is extremely important. It helps to easily find organization web-site and pages in social networks. One can find necessary information without many efforts. Web-site design is pleasant for users. Web-site represents organization mission. There are different sections and information for different target audiences at web-site. One can find information about different directions of activities and about activities done during each year. In case of professional organizations organization names give idea about consumer interests (because those are representatives of a certain market).

In our opinion, activities in social networks considerably strengthen efficiency of nonprofit organizations operations. That's why we decided to study do researched organizations have pages in social networks, and if they do, what are these networks. Our hypothesis is that the most widespread is using facebook pages.

Facebook pages may be used for: a) helping people (by using this page as alternative of web-site technical support), b) entertain visitors (by creating virus posts), c) teaching visitors (by placing useful posts). News may be part, but not basis for content plan. In our opinion, for professional organizations the most important is using their own web-sites for teaching visitors something useful for the industry in general.

In general, using social networks can be considered as relatively widespread way of promotion nonprofits activities in Ukraine. In our opinion, it is extremely positive factor. Social networks help organizations managers to be closer to people, show them more text and visual information. And what is even more important, they assist organization managers to see people' reaction on this information more quickly. It considerably eases decision making for further actions.

Membership-based organizations exist for protecting interests of their members. For them member fees is always significant, if not only, source of incomes. In particular, for professional organizations it is advisable to place at their web-sites descriptions and contact details of their members. It is important for organization by itself (as it shows, to which extent professional organization really represents industry, and how many individuals and legal persons are really its' members). In addition, it is useful for members, as professional organization web-site for them is one more way of promotion of their companies and services. In addition, in such way companies show their potential clients that they comply with professional industry standards. These standards are, in general, developed by professional organizations.

Very few Ukrainian NGOs place at their web-sites information about their own competitive advantages over other nonprofits, which have similar missions, scopes of activities and target audiences. Professional organizations work only for professionals in their fields and think they don't have competitors. Really, in Ukraine there are industries in which several self-regulatory organizations are active and compete with each other. They should stress their strengths to make target audiences understand where to invest their time and money. Target audiences should also understand what the main differences between missions and opportunities of nonprofit organizations are, and what is more important for particular person during particular time period.

**Conclusions and recommendations for further research.** Essence and nature of activities of nonprofit organizations in general significantly differs from business firms operations. Accordingly, marketing mix model and special features of its' practical implementation also differs. Professional organizations exist for representing and protecting common interests of their members (that is, large professional communities). At the same time, they direct their activities at representatives of other target audiences as well. One should take in into consideration while developing and implementing of appropriate marketing strategies and tools.

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