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Offers in Nonprofit Organizations

Product and Place

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Learning Objectives

On completion of this chapter, the reader will

- Understand the makeup of the nonprofit marketing mix
- Define the term *offer* and identify offers in different kinds of nonprofits
- Understand the five levels of an offer
- Understand the three different classification schemes for offers
- Understand what is involved in managing nonprofit offers
- Understand the new offer development process
- Understand what is involved in managing nonprofit distribution

Opening Vignette: Offers in Nonprofit Organizations

Consider the following descriptions of three nonprofit organizations:

On a designated day each spring, Hands on DC coordinates thousands of volunteers in renovating the U.S. capital's schools and in raising funds for scholarships for local students. During 9 years, the organization has provided a total of approximately 100,000 volunteer hours cleaning, repairing, landscaping, and improving more than 100 Washington, DC, public schools. In addition to generously giving their time, these volunteers have raised more than \$400,000 for college scholarships. Deserving students receive money for college, volunteers have fun and are able to network with people throughout the community, and local and national businesses and other organizations are able to give back to the community. The interested reader is invited to visit the website of Hands on DC at www.handsondc.org.

The High Museum of Art is the leading art museum in the southeastern United States. The Museum's collections include African art, American art, decorative arts, European art, folk art, modern and contemporary art, and photography. The museum offers exhibitions, special events, films, and educational programs. It also offers membership programs, workshops, tours, rentals of various spaces within the museum, and a museum shop. The interested reader is invited to visit the website of the High Museum at www.high.org.

The mission of Musicians on Call is to use music and entertainment to promote and complement the healing process in health care facilities. The organization has accomplished this through its performance program (in-room hospital performances by both local musicians and national celebrities), music lessons, loans of musical instruments, a CD library, and ticket donations. Groups and performers who have supported Musicians on Call include Bruce Springsteen and the E Street Band, Def Leppard, Britney Spears, The Who, Bon Jovi, Donald Fagan of Steely Dan, and Dave Koz. The interested reader is invited to visit the website of Musicians on Call at www.musiciansoncall.org.

These are three very different nonprofit organizations, and yet they all have offers (goods, services, and social marketing programs), and each provides its offers at different places and times.

The Nonprofit Marketing Mix

Nonprofit marketers have at their disposal the **marketing mix**—four controllable variables, product, place, promotion, and price—that may be combined to shape market demand and facilitate transactions and that should be considered when it comes to meeting the needs of target publics. These four controllable variables are often labeled the 4 P's—the product (the offer), the place (distribution, location, and availability of offers), the promotion (marketing communication with target audiences), and the price (monetary and nonmonetary costs). Understanding that nonprofits have control over these elements is important when it comes to making decisions about where to allocate scarce resources. Two of these variables, product and place (the times and places the offer is available to target audiences), are discussed in this chapter. Promotion and price are discussed in Chapter 6.

Identifying the Offer in Nonprofit Organizations

What is the offer of the Red Cross and Red Crescent organization? How about the American Red Cross or a historic home site like Robert E. Lee's birthplace, Stratford Hall? How about a national, state, or local park? When faced with these questions, many students jump to answer them and then, when called on, hesitate and end up with the remark, "I don't know." Perhaps a definition of the term *offer* is required.

An offer is defined as any combination of benefits existing in a good, a service, or a social marketing program that can satisfy a need or want of an organization's target markets.

Offers of nonprofit organizations are often difficult to identify because they are only rarely goods and are, most often, services or social marketing programs. **Goods** are offers that are tangible (can be handled or sensed), nonperishable, separable (from the provider or manufacturer), tend to be nonvariable (consistent from one to the next), and can be inventoried (stored for later use). **Services** tend to be intangible, perishable, inseparable from the "manufacturer," variable from one instance to the next because they often depend on the service provider for their quality, and unable to be inventoried. **Social marketing programs** are even more difficult to define in that they are even more intangible, perishable, variable, and inseparable than services. Social marketing programs are also sometimes referred to as issues marketing, social norms marketing, health marketing, or behavior change marketing and include such organizations as the Foundation for a Smokefree America (www.anti-smoking.org/), the Partnership for a Drug-Free America (www.drugfree.org/), and Safe Kids Worldwide (www.safekids.org), among many others that focus on health and social issues. Marketers of social marketing programs intend those programs to influence attitudes concerning health, social behavior, and lifestyle, for example, and ultimately the behavior of their target audiences. Therefore, in a very real sense, behaviors that result from social marketing programs do not exist independent of a target public (a client or donor). Therefore, services and social marketing programs may be relatively difficult to discuss or understand because they are more indefinite than physical goods.

Let's pose the question again: What is the offer of the Red Cross and Red Crescent? In the first place, there is not *an* offer of that organization; instead, there are offers of the Red Cross and Red Crescent. Only in very, very small nonprofits would one find only one offer. According to the International Federation of Red Cross and Red Crescent Societies website (www.ifrc.org), its offers are categorized into disaster management programs, health activities, and capacity building. Further, disaster management programs include programs in disaster preparedness, disaster management, and disaster response. Disaster preparedness programs include vulnerability and capacity assessment, better programming initiatives, a well-prepared national society checklist, and an outreach project—a refugee protection training program. Disaster management and disaster response also involve several subprograms, some of which have subprograms of their own.

Say that one asks instead about the American Red Cross (ARC). Looking at the ARC website (www.redcross.org), one finds nine different types of services, including disaster services, biomedical services, armed forces emergency services, health and safety

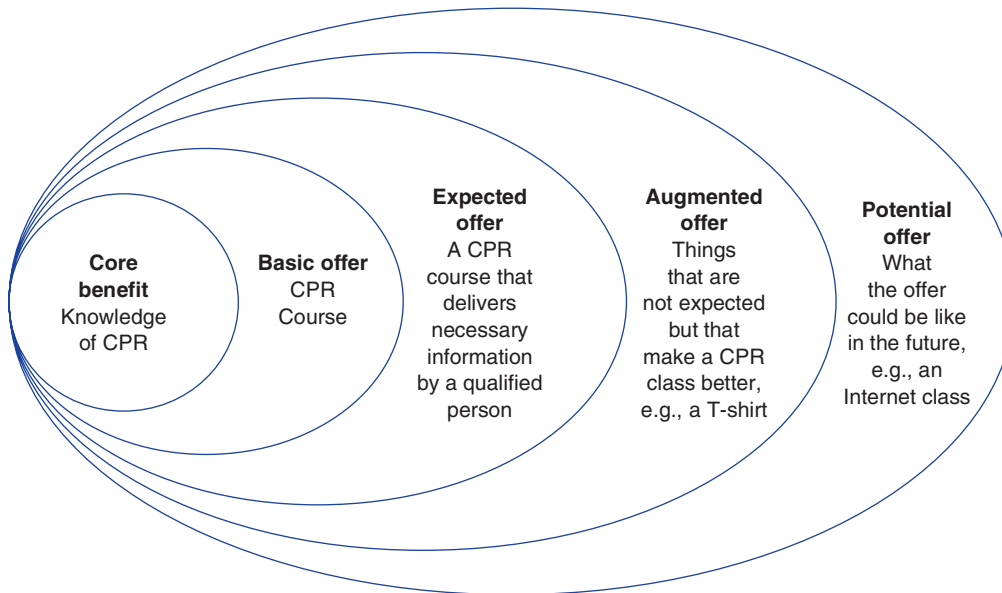
services, international services, community services, volunteer services, youth services, and nursing services. The categorizations, however, are not separate offers but are really more like a list of the ARC's "product lines." To find specific offers, one must look more closely at the categories. Looking at health and safety services, one discerns that the ARC offers first aid, cardiopulmonary resuscitation (CPR), and automated external defibrillator courses, swimming and lifeguarding courses, HIV/AIDS education, caregiving and babysitting courses, youth programs, and a "living well/living safely" module. Many chapters also handle blood and tissue donations.

Offers of a historic home such as Stratford Hall may consist of tours of the home and grounds, educational programs, rentals of the facilities for special events, research opportunities, workshops, and special exhibits, among others. The Stratford Hall website, www.stratfordhall.org, lists many offers, ranging from tours to gift shop items.

Finally, offers of a state park system may consist of hiking trails, fishing, boat and canoe rentals, swimming, hunting guides, mineral leases, items in park gift shops and park stores, archery ranges, bicycle trails, camping services, golf courses, laundry and meeting facilities, picnic areas, playgrounds, tennis courts, educational programs, and interpretive centers, among many other possible offers.

The Five Levels of an Offer

Now that you've been introduced to some examples of offers of nonprofit organizations, the next question is, What is an offer from the point of view of a target public? People tend to focus on the part of the definition that is relevant to them, namely, that an offer is a bundle of benefits. A marketer should consider several levels of an offer (see Exhibit 5.1). This approach can help nonprofit marketers when it comes to developing better offers, anticipating competition, developing marketing communications, and so on. As shown in Exhibit 5.1, these different levels of offers are referred to as the core benefit, the basic offer, the expected offer, the augmented offer, and the potential offer. For purposes of discussion, we will use an example from the American Red Cross, namely, taking a CPR course. A target public of a CPR course from the American Red Cross is not necessarily seeking to take a course from the Red Cross but, instead, is seeking knowledge about CPR. Therefore, the knowledge of CPR is the **core benefit** that the target public seeks. Although the Red Cross may be tempted to believe that there is only one way to learn about CPR (i.e., taking one of its courses), there are in fact many ways a target public could get that knowledge. For example, people could find materials and learn about CPR on their own, or they could take a CPR course offered by a hospital or a different nonprofit organization. In fact, the news media have reported a young woman's learning how to do CPR by watching a television show. Knowing what core benefit a target public is seeking is useful to a nonprofit when it comes to identifying and dealing with competition. If, for example, the Red Cross believed that its CPR course was, in fact, the core benefit being sought by its target publics, then it might make the mistake of believing that only other CPR courses serve as competition. By redefining the core benefit as "knowledge about CPR," the Red Cross can more accurately understand that its competition, when it comes to CPR courses, comes from many different avenues, not just other classes.

❖ **Exhibit 5.1** Five Levels of Nonprofit Offers

As shown in Exhibit 5.1, the next level of offer is the **basic offer**. In our example, the basic offer is the CPR class presented by the Red Cross. At this level, the CPR class should meet when scheduled, and information about CPR should be conveyed.

To continue our example, the **expected offer** is what an organization's target publics expect when taking a CPR class. For example, people in the target public of a CPR course are likely to expect a course that delivers necessary information by a qualified person. They also may be likely to expect that they will be able to practice CPR on a resusci-Annie and come away from the class with a feeling of competence in CPR skills and with a certificate.

The next level is that of the **augmented offer**, which is anything that comes with the expected offer that the target public does not expect. An example might be a T-shirt or a pin announcing their new skills for students who successfully completed the program. It is important to note that augmentations can become part of the expected offer over time, so organizations have to continually strive to provide low-cost augmentations that distinguish their offers from the competition's.

The final level of offer is the **potential offer**. For many nonprofits, marketing was probably not in vogue in the nonprofit sector at their inception. Therefore, many offers were presented with little or no thought of core benefits or expected or augmented offers. Also, little or no self-analysis or research was done to determine customer and donor needs and wants. So offers were developed and presented and

changed and altered based not on what the customer or donor needed or wanted but on what the nonprofit management believed was important. If that is the case, then the fifth level of the potential offer is the level at which previous mistakes or omissions can be corrected. By clearly defining what the core benefit is for each offer of the nonprofit and then engaging in research and self-analysis, the nonprofit may be able to develop choices for directions of core benefits in the future. In our example, the Red Cross may find out that its target publics prefer some sort of Internet CPR instruction with only, say, one hour on-site for testing. Or students may prefer to check out a computer-linked CPR dummy and learn and be certified at home.

Although identification of the different offer levels for goods and services is relatively straightforward, offer levels are also pertinent when it comes to social marketing organizations such as Environmental Defense (www.environmentaldefense.org) and Adopt-A-Minefield (www.landmines.org.uk), which offer programs and campaigns primarily. A current campaign of Environmental Defense is the Discover Hetch Hetchy (DHH) program (www.discoverhetchhetchy.org), which is concerned with the Hetch Hetchy valley in Yosemite National Park. Until about a century ago, the Hetch Hetchy valley was a beautiful place that rivaled Yosemite Valley in the national park. Currently, however, it is filled with water and serves as a reservoir that supplies water and energy to several northern California communities. The objective of the DHH campaign is to restore the valley and move the water to other reservoirs. Target publics of Environmental Defense are not necessarily those that seek to participate in the DHH program specifically but may, instead, be those looking for a public service program of some type that is related to saving the environment. So the core benefit of DHH is that its purpose is to save a part of the Earth's environment. Among alternatives to participating in the DHH program would be joining the Sierra Club or engaging in any number of other programs and projects concerned with restoring or saving parts of the world's environment. The basic offer of this Environmental Defense campaign is the DHH program. The expected offer is that the DHH will have a website where target publics can find information about the problem as well as the solution. Publics may also expect that they will be asked to "take some sort of action and even to donate money, with the result that they can feel good about their activities in support of the environment." The augmented offer, anything that comes with the expected offer that target publics do not expect, might consist of a pen, T-shirt, download, or other small gift acknowledging a donation to the DHH campaign. The final level of an offer, the potential offer, would come about if DHH did some research and found that target publics would like to have some sort of "interactive chat on or through the website about issues surrounding the DHH program."

The Adopt-A-Minefield organization sponsors a "No More Landmines Day"; asks individuals, groups, and organizations to host fund-raising meals to clear landmines and help landmine survivors in their "1000 Dinners" program; and even has ideas for kids who would like to help, such as e-mailing friends with one of the program's flashing messages, reading other kids' stories on the website, performing the program's one-act play at a school assembly, or studying lesson plans about land mines. For each of Adopt-A-Minefield's programs, one could identify its core benefit, basic offer, expected offer, augmented offer, and potential offer.

❖ **Exhibit 5.2** Different Methods of Classifying Offers of a State Park System

<i>Goods/Services/ Social Marketing Programs</i>	<i>Core/Supplementary/ Resource Attraction Offers</i>	<i>Unsought//Convenience/ Shopping/Specialty Offers</i>
<p>Goods Items in the gift shops, park stores, and tackle shops</p> <p>Services Archery ranges Bicycle trails Boat and canoe rentals Camping services Golf courses Hiking trails Laundry facilities Meeting facilities Picnic areas Playgrounds Swimming Tennis courts</p> <p>Social marketing programs Educational programs Interpretive centers</p>	<p>Core offers Camping services Hiking trails Interpretive centers</p> <p>Supplementary offers Archery ranges Bicycle trails Picnic areas Playgrounds Swimming Tennis courts</p> <p>Resource-attraction offers Boat and canoe rentals Golf courses Items in the gift shops, park stores, and tackle shops Laundry facilities Meeting facilities</p>	<p>Unsought offers Archery ranges Laundry facilities</p> <p>Convenience offers Items in the gift shops, park stores, and tackle shops</p> <p>Shopping offers Bicycle trails Boat and canoe rentals Educational programs Hiking trails Interpretive centers Meeting facilities Picnic areas Playgrounds Swimming Tennis courts</p> <p>Specialty offers Camping services Golf courses</p>

Offer Classification

As shown in Exhibit 5.2, nonprofit offers may be classified along a number of dimensions in various classification systems. We will discuss three different classification systems.

Goods, Services, and Social Marketing Programs

One can place offers into categories according to whether they are goods, services, or social marketing programs. Classifying offers into goods, services, and social marketing programs is important when it comes to the three other marketing mix variables—price, place, and promotion. For example, because goods tend to be tangible, nonperishable, separable, nonvariable, and able to be inventoried, they tend to be easier for an organization to handle, store, and promote compared with services and social marketing programs. In the state park system example, items in park gift shops and park stores would be classified as goods. Bicycle trails, boat and canoe

rentals, camping services, hiking trails, laundry and meeting facilities, picnic areas, playgrounds, swimming pools, tennis courts, and golf courses would all be services. Of course, social marketing organizations are unlikely to offer any sort of good. However, if they decided to offer premiums, such as tote bags and the like, then those particular items would be considered goods.

Services are more difficult to manage than goods in that (a) they are intangible (the target market cannot handle or inspect them before purchase), (b) they are perishable (if a service is not used when it is offered, it is wasted because it cannot be saved for later), (c) they are inseparable (the target market and the service provider often have to be in the same place at the same time for the service to be provided; in education, for instance, students and professors traditionally meet face to face in order for course content to be delivered); and (d) they are variable (service quality often depends on the quality of the service provider).

Finally, in this classification scheme, educational programs and interpretive centers would be examples of social marketing programs for the state park because they are intended to change target public behavior. Social marketing programs involve target publics' learning and applying what they have learned from programs. Such programs are usually meant for societal change rather than individual change but, at the same time, seek to initiate societal changes through individuals or small groups of people. Some programs even ask individuals to change their behavior or take action for the betterment of a third party. For example, Environmental Defense, as a part of its DHH campaign, not only asks members and visitors who live in California to send a letter about the lost valley to various California leaders; it also asks members and visitors who live outside California to send letters to their congresspersons as well.

An example of large-scale societal change that grew out of grass-roots social marketing aimed at individuals (many with no disability), companies, and Congress is the Americans with Disabilities Act (ADA), passed in 1990. The ADA grew out of a network of small organizations that advocated for legislative and policy changes in the treatment of handicapped individuals.

Core, Supplementary, and Resource-Attraction Offers

An alternative classification system places offers into categories according to their purposes. **Core offers** are intended to advance the mission of the nonprofit organization. In our state park system example, core offers would include camping services, hiking trails, and interpretive centers because those offers advance the educational, preservational, and research mission of the state parks. Offers are considered to be **supplementary offers** if they are intended to facilitate or enhance the customer's use of the core products. Supplementary offers for a state park system might include archery ranges, bicycle trails, picnic areas, playgrounds, swimming pools, and tennis courts because those offers make the core offers seem stronger, better, or perhaps more enjoyable. **Resource-attraction offers** are intended to develop additional funds and volunteers. For our state park system, resource-attraction offers would include boat and canoe rentals; golf courses; items in the park gift shops, stores, and tackle shops; laundry facilities; and meeting facilities because those offers can be used to tap additional sources of funds, volunteers, and donated resources.

Nonprofits can classify their offers using this system whether they offer goods, services, or social marketing programs, and it may help nonprofits make decisions about developing new offers. Following an examination of their various core offers, for example, a nonprofit's decision makers may realize that supplementary offers such as a parking lot or a child care program could be added to the offer mix to better meet the needs of the nonprofit's target audiences.

Unsought, Convenience, Shopping, and Specialty Offers

A third way to classify the offers of a nonprofit is to use the classic consumer-goods categories of convenience, shopping, specialty, and unsought offers. Particular items in the various stores of a state park system may be considered unsought offers. **Unsought offers** are offers that target publics either do not know about or do not think about using. An example in a state park system might be archery ranges. Such offers may be unsought if the activity has fallen out of favor with the general public. For social marketers, unsought offers may be very new programs. Offers may also be classified as **convenience offers** (e.g., soft drinks, chips) because they tend to be used frequently, immediately, and with little effort. Offers such as hiking trails, on the other hand, may be considered **shopping offers**, which the target public usually compares on the basis of their suitability to its needs and wants and their quality, price, and style. Trails at one park or recreation site may be easier or harder to hike than those at another (an issue of suitability to need), or they may be better or more poorly maintained than others (an issue of quality). Some recreational sites have no charge or only a small fee, and other sites may require a monthly or yearly membership (an issue of price). So hikers may compare possible trails in a way similar to a consumer comparing appliances or furniture. Finally, consider a state park with a golf course that is so unique that golfers will willingly travel some distance to play it. It would be classified with **specialty offers**, or offers that have unique characteristics such that a sufficient number of the target public will make an effort to use them.

Understanding unsought, convenience, shopping, and specialty offers is especially important when it comes to the "place" variable in the marketing mix. In a later section in this chapter, you will see that unsought and convenience offers need to be extensively distributed (and promoted; see Chapter 6), whereas shopping offers may be distributed through selective distribution channels, and specialty offers may be distributed in an exclusive network of channel members.

Each type of classification has its strong and weak points, covered in myriad other marketing textbooks. For our purposes, however, some classifications developed for for-profit organizations may not be too helpful in managing nonprofits' offer portfolios. Further, it is important to point out that not every nonprofit will have all these sorts of offers. For example, social marketing organizations may offer *only* social marketing programs and no goods or services. Further, although every nonprofit must have one or more core offers, not all nonprofits have to include supplementary offers or even resource-attraction offers (in the event that a nonprofit has no need for money, volunteers, or other resources). Finally, not every nonprofit will have unsought, convenience, shopping, or specialty offers.

The three classification systems discussed here are not the only ones available. One may want to classify nonprofits and their offers more generally, either according to the Nonprofit Program Classification system, which classifies nonprofits according to the activities they offer, or in the United States, according to the National Taxonomy of Exempt Entities, which looks at nonprofits' organizational purpose. Or one might want to consider the durability of offers. Durable offers are, generally speaking, goods that last through several uses. A durable offer, then, from our example, would be a good such as a fishing pole bought in a park shop. Nondurable offers, on the other hand, may be goods that are used up in one or a few uses. They would include food or other items bought at a park shop and consumed. Nondurable offers may also include services. As was discussed earlier, services tend to be intangible, perishable, inseparable, and variable.

Managing Nonprofit Offers

Many of the activities involved in managing nonprofit offers are similar to those performed by for-profit managers. In both situations, the marketing manager must make decisions about resource allocation for different offers. However, differences in organizations lead to differences in models helpful for nonprofit marketers.

The Gomes/Knowles CV/M Matrix—A Nonprofit Model

Even though models developed for for-profits may not be appropriate for nonprofits, nonprofit managers still have to decide on the most appropriate mix of offers to put forward. Their organization's offer portfolio needs to be analyzed. The Gomes/Knowles Customer Value/Mission (CV/M) model allows nonprofit marketing managers to analyze their offers along two dimensions that are directly pertinent to the nonprofit: faithfulness to the organizational mission and perceived customer value. The CV/M matrix addresses the needs of nonprofit managers to meet the nonfinancial goals inherent in their missions and, at the same time, be customer centered by taking into account current and potential target publics' perceptions of the organization's offers. The matrix uses the core, supplementary, and resource-attraction classification, and nonprofit managers can use the matrix to analyze a strategic marketing unit (SMU), a group of offers (offer lines), or individual offers themselves. An SMU is a part of an organization that can be planned separately from the rest of the organization and that has its own set of competitors and a manager who is responsible for strategic planning and performance success.

Faithfulness to mission. The vertical axis of the matrix concerns the contribution of each offer (or offer category or SMU) to advancing the organizational mission. There are a number of ways to determine the extent to which each offer advances the mission; one way is to charge top administration or even the board of directors with this task. They may begin by analyzing each offer from a strict, dispassionate standpoint to determine whether it is consistent with the mission. To illustrate how nonprofits may benefit from the CV/M matrix, we will use data from a real state park system. A number of useful scales exist; we chose a 7-point Likert-type scale, on which

7 meant an offer *strongly advanced the mission* of the state park system and 1 meant an offer *strongly detracted from the mission*. Managers can use single-item or multi-item measures for each offer.

The state park's mission statement reads as follows:

To promote, publicize and advertise the state's tourist attractions. To promote the general health and welfare of the people of the State by developing and expanding new and existing recreational areas, including the existing state park system. To develop a coordinated plan utilizing to best advantage the natural facilities and resources of the State as a tourist attraction. To preserve and perpetuate our State's rich historical heritage by acquiring and owning, recognizing, marking and publicizing areas, sites, buildings and other landmarks and items of national and statewide historical interest and significance to the history of our State.

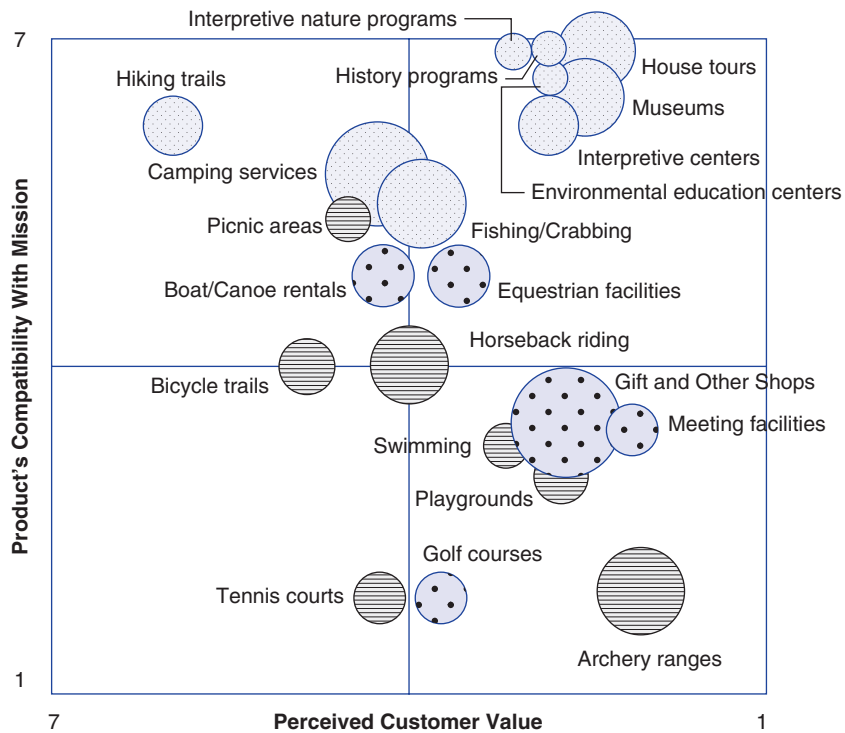
For each offer of the park (see Exhibit 5.2), we asked, "To what extent does this offer advance the organization's mission?"

Not too surprisingly, all the core offers of the state park system identified in Exhibit 5.2 (e.g., camping services) were rated as strongly advancing its mission. Supplementary and resource-attraction offers ranged from having a medium relationship to the mission of the state park (e.g., picnic areas, boat/canoe rentals) to detracting from its mission (e.g., tennis courts, archery ranges, golf courses).

Customer Value. Perceived customer value of each offer, offer category, or SMU is also assessed in this model. Various target markets should be surveyed to determine their perceptions of the offers of a nonprofit. An organization should identify and survey both existing and potential markets to understand which offers the different markets value. One can use any of a number of scales, just as in measuring faithfulness to mission; we again used a 7-point Likert-type scale, where 7 meant an offer was *well-liked by the nonprofit customer* and 1 meant the offer was *strongly disliked*. Such surveying may cost some money, but the information it yields is invaluable to any organization. As with the mission dimension, one can use single-item or multi-item scales to measure value.

The Matrix. Once the manager has the mission data and the customer value data, it is a simple enough matter to plug the values into the CV/M matrix (see Exhibit 5.3). One might use different bubble sizes to indicate the relative size of each offer in terms of the total costs incurred for it by the nonprofit. In the example, perceived customer values of core offers range from high-medium ratings (hiking trails) to medium-low ratings (e.g., house tours, museums). Given that some core offers have low customer-value ratings (e.g., historic house tours), the state park may consider modifying those offers so that they have more customer relevance. Because only one target public was surveyed in this example, it is unlikely the state park system would want to make any changes on the basis of Exhibit 5.3 alone.

The state park's supplementary offers range from having a high-medium perceived customer value (e.g., picnic areas) to having a medium-low value (e.g., archery

❖ **Exhibit 5.3** The CV/M Matrix for the Offers of a State Park System

Small dots = core offerings

Horizontal lines = supplemental offerings

Large dots = resource attraction offerings

Circle size indicates relative size of each offer in terms of the total costs incurred for it by the nonprofit.

ranges). Again, the state park might attempt to alter those offers so that they more actively advance the mission and have higher customer value. Finally, the park's resource attraction offers range from medium to low perceived customer value (e.g., boat and canoe rentals, meeting facilities).

The overall goal for nonprofit organizations is to adjust the marketing mix of offers that appear in the lower right-hand part of the matrix so that they move toward the upper left section (highly related to the mission and high perceived customer value). Advancing the mission and increasing customer value at the same time are not always possible, however, because the two goals are not always compatible.

The value of the CV/M matrix is that it allows nonprofit marketers and administrators as well as boards to make informed decisions when it comes to planning and implementing more effective resource allocation, and it helps direct organizational attention toward offers that rate well in advancing the organization's mission. Note

that we are *not* suggesting that a nonprofit load its offer portfolio with services or social marketing programs that customers value at the expense of the nonprofit's mission. Indeed, in many cases, nonprofit offers may not be valued by the nonprofit's target publics in the here and now. For example, the American Legacy Foundation (ALF; www.americanlegacy.org), which promotes "a world where young people reject tobacco and anyone can quit," and which has programs aimed at youth and adults, faces a lot of resistance from cigarette smokers who do not want to stop smoking today. But for a nonprofit to be viable, there has to be a certain amount of perceived customer value in the long run. And so today, even avid smokers may listen to or read materials from ALF that they think may help them in the future, when they decide to quit smoking. Programs of another nonprofit, Help the Aged (www.helptheaged.org.uk/default.htm), may be seen as relatively unimportant by 20-, 30-, and even 40-somethings, but with age or with experience with their own aging grandparents and parents, they may come to value the programs and the organization itself.

Nonprofit Offer Development

In time, many nonprofits are faced with the possibility of adding and/or deleting offers from their offer portfolio. Of course, not all nonprofits are able to add or delete offers. Some operate within strict parameters and restrictive missions. But for more-flexible nonprofits, there are several possible "beginnings" to new offer development. For example, perhaps a nonprofit has completed a CV/M matrix or other model and found that one or more offers are having a negative impact on its mission, so it decides to stop offering them and start to offer new ones. Universities may find that some courses or even degrees are hopelessly outdated, and other nonprofits may find that, like archery in Exhibit 5.3, offers that are not valued by their target publics and do not advance their mission are using up scarce resources and therefore should be discontinued. Another indicator that suggests a nonprofit should add new offers is market segmentation (discussed in Chapter 2) that turns up one or more relevant market opportunities for which the nonprofit has sufficient wherewithal to develop offers. Perhaps an observant and creative board member, employee, or volunteer has listened to one or more enthusiastic donor(s) and is inspired to propose a new offer. Or, as happens in many nonprofits, management may simply feel a need for ongoing grant applications so that the nonprofit can remain relevant to its target publics. Nonprofits may find or decide that they need (a) new core offers to meet the changing needs of their target markets, (b) new supplementary offers to facilitate or enhance core offers, or (c) new resource-attraction offers to bring in monetary or other resources that may be used to run the organization or help in providing or developing core or supplementary offers.

When it comes to developing new offers, nonprofit organizations would do well to consider using a process similar to that used by for-profits. The major steps in the new offer development process appear in Exhibit 5.4. Although this process may look overwhelming at first, the steps serve as a template that any nonprofit can use for developing new offers.

Review of Mission and Objectives of the Organization. A new offer development process should begin with a review of the mission and the objectives of the nonprofit

❖ Exhibit 5.4 New Offer Development Steps

- Review of mission and objectives of the organization
- Idea generation
- Idea screening and evaluation
- Feasibility analysis
- Offer development
- Market testing
- Commercialization and introduction

organization in order to avoid what has been called mission creep. **Mission creep** occurs when offers are added indiscriminately to the offer mix of a nonprofit as board or management whims dictate until the organization realizes it has moved far from its original mission. To avoid mission creep, a nonprofit should examine its various offers on a regular basis, comparing them to the mission and objectives of the organization.

Idea Generation. Ideas for new offers can come from just about anywhere, including target publics of the nonprofit, such as clients, donors, media, and the like. They may also come from other nonprofits, competitors as well as noncompetitors. New offers that arise in response to a market opportunity or need are much more likely to succeed than those from other sources, so the nonprofit should be sure to carefully analyze demographic, societal, economic, political, and other trends. An important point is that anyone in the nonprofit can have a great idea, not just board members or upper management, and nonprofit workers who have direct contact with target publics can be asked to report what those publics think about current offers as well as any difficulties using them. Another source for ideas is marketing research involving customer surveys or focus groups. It is imperative to be creative, even visionary, in this stage in order to increase the likelihood of finding an innovative and significant offer. Because the next step involves weeding out poor or inappropriate ideas, at this stage the nonprofit should strive to increase the number of ideas suggested. A relatively young nonprofit such as Handicap International (www.handicap-international.org/esperanza/site/onglet4/pyramide/menu.asp), which was launched in 1982 with projects in Thailand, would want to carefully consider which programs or campaigns it might add but would likely benefit from being very open to ideas and suggestions. For example, in the United Kingdom, some current supporters are taking part in marathons and runs to raise funds for the nonprofit. The larger organization may want to consider adding these activities to its list of ongoing projects.

Idea Screening and Evaluation. At this stage, suggested ideas are screened and evaluated in terms of their fit with the mission and objectives of the nonprofit. There are many different methods that can be used to screen and evaluate ideas. Some organizations use rating instruments in which screening criteria are developed, weights are assigned to

each criterion, and then each idea is evaluated. A nonprofit might develop a number of criteria related to factors that impact acceptance of new offers. Generally speaking, new offers are more likely to succeed if the following conditions are met:

1. They have a relative advantage over competitors' offers.
2. They are compatible with the values and activities of target publics.
3. They are simple to understand and to use.
4. A target public can try the offers before committing to them.
5. They can be explained or communicated easily to the relevant markets.
6. There is a low risk associated with their use.

The manager or group charged with new offer development, then, could rate each idea on these or other criteria. Those ideas judged a good fit with the nonprofit's mission and likely to succeed pass into the feasibility analysis stage, and those ideas that do not show promise are no longer considered. In the past, most nonprofits have not accepted the necessity of a new offer development process, and those with cause or offer orientations (see Chapter 3) tend to add offers that the board or upper management advances. It is not until a nonprofit has a needs-centered orientation that it will routinely evaluate new ideas according to its target publics' needs.

Feasibility Analysis. Ideas not eliminated in the previous step enter the feasibility analysis stage. The new-idea committee may examine return-on-investment criteria, asking, "How likely is it that this idea would advance the nonprofit mission and objectives given the work that the nonprofit would have to do to offer it?" In addition, the committee should examine the new idea in comparison with offers (existing or potential) of competitive nonprofits. The committee would also want to consider the potential for successful market entry. In addition, during this stage, the committee would need to weigh estimated program costs against program outcome benefits. The likelihood (feasibility) of acquiring funding for the proposed idea is also taken into account.

Offer Development. This step takes the offer from an idea to an actual good, service, or social marketing program. In many cases, an idea that is favorably evaluated in prior steps while in the concept stage is found to be impossible to develop into a good, service, or social marketing program that is practical for the nonprofit to offer. In these cases, the new offer committee would discontinue developing the new idea further.

Market Testing. The nonprofit may decide to "market test" the new offer. A nonprofit could use market-testing firms for this step, or if the nonprofit is national in scope, it could present the new offer in one or more markets to test its acceptance. A caveat here is that market testing does have its risks, one being that once a new offer is in the marketplace, competitors may copy it and even get theirs to a national market before you can.

Commercialization and Introduction. This is the final stage of new offer development, the stage when the new offer becomes widely available. The nonprofit needs to carefully plan the introduction of a new offer so as to publicize it along with explanations of when and where it may be available.

Managing Nonprofit Distribution

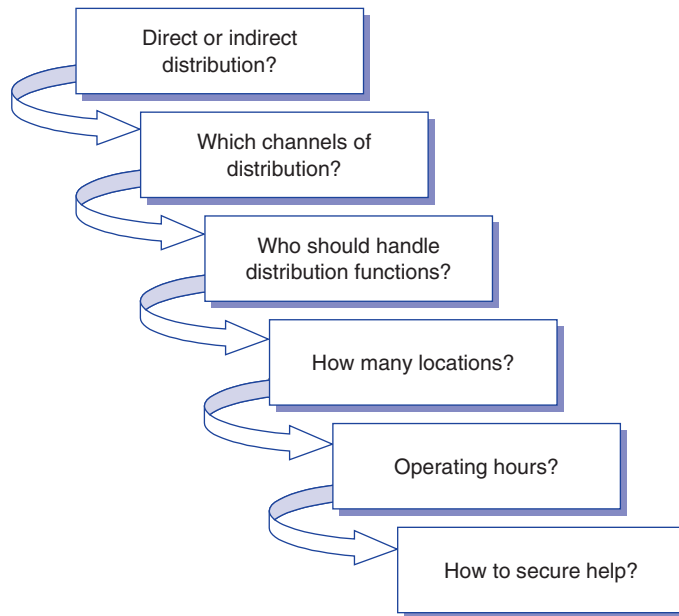
In addition to determining and developing offer(s), nonprofit marketers also need to turn their attention to how those offers or information about them will reach their various publics. Typically, nonprofits must overcome time, place, and possession gaps that often exist between nonprofit offers and their publics; therefore, nonprofits must engage in activities that are part of the place (distribution, location, and accessibility) variable in the marketing mix.

When it comes to managing distribution of a nonprofit's offers, a number of strategic issues should be addressed to ensure that the nonprofit meets the needs of its publics. Among these issues, shown in Exhibit 5.5, are determining (a) whether the nonprofit should engage in direct or indirect distribution, (b) what channels of distribution should be used, (c) who should handle the various distribution functions, (d) how many locations there should be, (e) what the operating hours should be, and (f) how to secure help in distributing offers.

Should the nonprofit engage in direct or indirect distribution? At their inception, many nonprofits, unlike for-profits, engage in direct distribution of their offers for the simple reason that they do not know that there are other options. Direct distribution refers to any sort of direct contact with the various publics, such as via salespeople or personal persuaders, direct mail, e-mail, or an Internet website. Advantages to direct distribution include the nonprofit's retaining control over its offer(s) and being able to maintain contact with its own publics; hence, a nonprofit can better keep up with its publics' needs or wants as well as with any developing problems, changes, or competitive offers. In addition, if the nonprofit is selling offers for a price, it will be able to keep more of its money if it uses direct distribution. Direct distribution also means that the nonprofit can be more responsive to its publics and make changes quickly because outside distributors do not have to be considered.

On the other hand, many small nonprofits may not be able to engage in direct distribution and may have to make use of outsiders to get their offer(s) to their important publics. Or it just might make more sense to use an existing channel of distribution rather than build a new one from scratch. For example, many nonprofits have formed to raise awareness of the spread of HIV/AIDS worldwide or to sponsor research to fight it. One of those organizations, the Interfaith Center on Corporate Responsibility, plans to call on several multinational companies, including Procter & Gamble and Colgate-Palmolive, to use their existing distribution networks to educate people about the disease (see www.iccr.org).

What channels of distribution should be used? **Channel of distribution** refers to a conduit for bringing together a nonprofit marketer and a target customer or market at

❖ Exhibit 5.5 Issues to Consider in Getting an Offer to Its Target Public(s)

some place and time for the purpose of facilitating a transaction. The channel includes buildings and a combination of internal nonprofit resources (e.g., salespeople) and external intermediaries (e.g., ad agencies, marketing research firms, direct mail) to move an offer from a nonprofit to the appropriate public. Even if a nonprofit chooses to engage in indirect distribution and employ other organizations to help, it still needs to set up one or more channels on its own. For example, a nonprofit has to have a headquarters of some sort, or it may use direct mail to reach current or potential target markets. Social marketing organizations need to consider promotion channels rather than physical distribution channels at this point because social marketers usually do not make contact with their target publics directly but instead use promotion channels such as advertising, public relations, Internet marketing, and the like to make their programs known and accessible.

Who should handle the various distribution functions? Nonprofit marketers should carefully consider who will handle the various marketing distribution functions. Specific distribution functions include buying and selling, transportation and storage, sorting and assorting, financing, and assuming risk. If a nonprofit takes on direct distribution of its offer(s), it will likely take on most, if not all, of the various distribution functions. Whereas goods may require physical distribution channels, involving transportation, storage, and display, services may be delivered to the

customer directly at the nonprofit headquarters site or transmitted electronically. Like for-profits, nonprofits need to consider each of the various functions involved in getting their offers to their publics. Finally, some functions may not be necessary at all; services, for example, cannot be stored. Which distribution channels and which functions a nonprofit chooses depend on the type and size of the nonprofit as well as its offers.

How many locations should there be? Location is the physical place an offer is available to target publics. If nonprofits provide goods or services, they should try to locate their offices near their particular target markets if at all possible.

Depending on the type of offer(s) produced by a nonprofit, publics may want or expect them to be offered in many different places or only in a few places. In Exhibit 5.2, we noted that one classification of offers involves unsought, convenience, shopping, or specialty offer categories. Generally speaking, convenience and unsought offers should be available to target publics where and when they want them or, in the case of unsought offers, where target publics may come into contact with them. For example, a nonprofit that focuses on individuals who might be at risk for high blood pressure and that provides free blood pressure checks may determine that its target publics do not want to be bothered by having to go to an office to have their blood pressure checked. (This is very likely to be the case because most people with high blood pressure do not feel ill.) Those nonprofits would be more successful if they offered blood pressure checks in many different locations. Therefore, distribution for unsought and convenience offers needs to be intensive (available in as many different locations as possible). In the case of social marketing, unsought programs may need to be widely promoted via advertising or public relations. Shopping offers are those that target publics are willing to shop for, and they compare shopping offers on the suitability of an offer to their needs and wants in terms of quality level, price, and style. Shopping offers may be available through selective distribution (use of more than a few but not all the intermediaries that would be willing to distribute an offer). Examples of shopping offers in the state park example shown in Exhibit 5.2 include swimming and interpretive centers. City people who like to be outdoors would likely compare swimming pools in the city to swimming facilities available at a nearby state park and perhaps choose the park facilities because they are in a natural setting and not surrounded by cement and parking lots.

Finally, nonprofit offers that are considered to be specialty offers, such as having a celebrity speak to members about an issue, need engage only in exclusive distribution, because target publics of these offers will go to great lengths to take advantage of the offer. Also, although the nonprofit should schedule the talk for a time and place to suit most of its target audience, it does not have to offer the talk in many different locations at many different times.

What operating hours should the nonprofit have? In addition to the number of locations available, nonprofits need to consider accessibility, which has to do with hours of operation. Generally speaking, nonprofit marketers need to carefully consider the needs and wants of their target publics when setting operating hours. Too often, organizations

(for-profit organizations, too!) tend to consider only traditional hours of operation. Needs-centered nonprofits will focus on their target market's needs and set hours at times when most of the target audience can partake of their offers.

A clue to the operating hours that would be most effective comes from the classification of offers into unsought, convenience, shopping, and specialty offers. Convenience offers need to be available not only where target publics want them but also when target publics need them. The nonprofit that provides free blood pressure checks would be more successful not only if offered blood pressure checks in many different locations but also if it did so during times that the most people could be served. Hours of operation are just slightly less important when it comes to a shopping offer like the swimming facilities at a state park. The park may not be able to allow swimming 24 hours per day (given federal and state regulations), but the facilities need to be open as much as possible if they are going to be competitive with other swimming facilities. If the park is not sensitive to the needs and wants of its target publics, those publics are likely to go elsewhere to swim. Finally, when it comes to a specialty offer like having a celebrity give a talk, hours may be much more restricted because target publics will be more willing to accept the celebrity's schedule.

How does a nonprofit go about securing help in distributing offers? A caveat here is that when a nonprofit decides to work with one or more outside distributors, and even if the nonprofit is lucky enough to have distributors willing to help it for free, relationships between the two organizations still need to be managed. So-called place decisions are among the hardest to change once they have been made because they involve agreements on both sides that must be honored.

This decision involves nonprofit marketers' selecting which, if any, intermediaries they will partner with to get their offers to their publics. Some types of intermediaries are agents, brokers, wholesalers, and retailers. Nonprofit marketers need to consider each of the various intermediaries that may help in getting their offers to their publics and view the process of securing help as a marketing problem. Nonprofit marketers should make clear to a potential intermediary the likely benefits that would accrue to the intermediary as a result of participating in distribution. For example, the nonprofit may allow the intermediary to publicize its involvement in helping or working with the nonprofit, in other words, use reward power to get help. Of course, a public nonprofit organization (a government agency) may choose to use coercive power to get help from large for-profit firms in distribution of pamphlets and the like; however, using threats goes against the marketing orientation recommended in this textbook.

Unlike for-profits, who are expected to pay for distribution of their offers, some organizations are willing to distribute materials for nonprofits for free (e.g., the King County Library System in Preston, Washington, will distribute literature about nonprofits in its individual library buildings). In some countries, nonprofits have learned to make use of existing for-profit and nonprofit channels to get their offers to their publics (see www.psi.org/resources/pubs/cent-asia-brochure.pdf). Other organizations, such as TechSoup (www.techsoup.org), are willing to connect nonprofits with donated and discounted technology products that may be used to deliver offers to publics.

When it comes to deciding which intermediaries to work with, a nonprofit marketer needs to consider a number of factors. For example, there should be a match between the nonprofit and the intermediary in terms of values and interests; the nonprofit marketer should avoid linking up with just any organization. An intermediary with some experience working with nonprofits can also be desirable. Another important point is that it is better to have more than one channel of distribution. A nonprofit museum marketer may have a channel relationship with retailers and also a channel of distribution that handles direct mail to notify current and potential patrons of upcoming shows and events.

Managerial Issues

The following issues are relevant for nonprofit managers:

1. **The nonprofit marketing mix.** Like for-profit marketers, nonprofit marketers have at their disposal four controllable variables that should be considered when it comes to meeting the needs of their target audiences. The elements of the marketing mix are the product (the offer), the place (distribution, location, and availability of offers), the promotion (marketing communication with target audiences), and the price (monetary and nonmonetary costs). Understanding that even nonprofits have control over these elements is important when it comes to making decisions about where to allocate scarce resources.

2. **Identification of offers.** It is important for nonprofit managers to understand that offers are any combination of benefits existing in a good, a service, or a social marketing program that can satisfy a need or want of an organization's target publics. Because nonprofits tend to offer services and social marketing programs rather than goods, they may be difficult to explain to others because they tend to be more indefinite than physical goods offered by for-profit firms.

3. **The five levels of an offer.** Five levels of an offer should be considered by a marketer: core benefit, basic offer, expected offer, augmented offer, and potential offer. Paying attention to these levels can help nonprofit managers develop better offers, anticipate competition, develop marketing communications, and so on.

4. **Classification schemes for offers.** Three different classification schemes include (a) a distinction between goods, services, and social marketing programs; (b) a scheme based on the purpose of each offer, whether core, supplementary, or resource-attraction; and (c) a classification based on the expectations of target publics and whether offers are unsought, convenience, shopping, or specialty offers. Using *all* these classifications to think about a nonprofit's offers can help managers make better decisions about communicating the offers and deciding between keeping and discontinuing a particular offer.

5. **Managing nonprofit offers.** Many of the activities involved in managing nonprofit offers are similar to those performed by for-profit managers. In both situations, the marketing manager must make decisions about resource allocation for various offers.

However, nonprofit marketers are usually concerned with more than the bottom line and so need a model that allows them to determine both the degree to which existing offers advance the mission of the organization and the level of customer value for each offer.

6. The new offer development process. In time, many nonprofits are faced with the possibility of adding or deleting offers from their offer portfolio. New offer development may occur after a nonprofit has completed an internal analysis of its existing offers, after a nonprofit has engaged in market segmentation and has turned up one or more relevant market opportunities, or in response to observations on the part of nonprofit employees and volunteers. Nonprofit organizations would do well to consider using a process similar to that used by for-profits. The major steps in the new offer development process include reviewing the mission and objectives of the organization, generating ideas, screening and evaluating ideas, analyzing feasibility, developing an offer, market testing the offer, and commercializing and introducing the new offer.

7. Managing nonprofit distribution. In addition to determining and developing offer(s), nonprofit managers also need to turn their attention to how offers and information about them will reach their various publics. Typically, nonprofits must overcome time, place, and possession gaps that often exist between nonprofit offers and their publics and therefore must deal with distribution, location, and availability issues, which make up the place variable in the marketing mix.

Summary

The nonprofit marketing issues presented in this chapter are summarized here according to the chapter learning objectives they meet.

Understand the makeup of the nonprofit marketing mix. Like for-profit marketers, nonprofit marketers have at their disposal four controllable variables that should be considered when it comes to meeting the needs of their target audiences. The elements of the marketing mix are the product (the offer), the place (distribution, location, and availability of offers), the promotion (marketing communication with target audiences), and the price (monetary and nonmonetary costs). Understanding that even nonprofits have control over these elements is important when it comes to making decisions about where to allocate scarce resources.

Define the term *offer* and identify offers in different kinds of nonprofits. An offer is any combination of benefits existing in a good, a service, or a social behavior program that can satisfy a need or a want of an organization's target markets. A quick look at the websites for several nonprofits shows that many actually have several offer lines (several categories of offers that are available). Therefore, instead of talking about *the* offer of the American Red Cross, for example, we actually have to discuss the *many* offers that can be found in their several offer lines.

Understand the five levels of an offer. In order to really see their own offers from the point of view of their nonprofit's target publics, nonprofit marketers need to look at each offer on each of five levels. At the most basic level is the core benefit, followed by the basic offer, the expected offer, the augmented offer, and the potential offer. Marketers are likely to find potential competition at each level and need to anticipate that competition in order to better serve their own clients and donors.

Understand the three different classification schemes for offers. Three different classification schemes are presented in this chapter. One is based on the characteristics of the offers themselves and consists of goods, services, and social behavior offers. As one moves along a continuum from a pure good to a pure social behavior offer, the offer becomes less tangible, more perishable, less separable, and more variable. Another classification scheme is based on what the nonprofit intends an offer to do for it. In this scheme, some offers are core offers and must actively advance the mission of the organization, some are supplementary and are meant to facilitate or enhance core offers, and some offers are resource-attraction offers and are expected to bring money or volunteers into the organization. The final classification is based on the amount of shopping that clients or donors are willing to engage in for an offer. Some offers are unsought and some are convenience offers, neither of which the target public would want to shop for. Other offers are shopping offers, and still others are specialty offers. On a continuum from shopping offers to specialty offers, target publics demonstrate more and more willingness to shop.

Understand what is involved in managing nonprofit offers. Although many of the activities involved in managing nonprofit offers are similar to those performed by for-profit managers, not all should be the same. In both situations, the marketing manager must make decisions about resource allocation for various offers. However, nonprofit marketers are usually concerned with more than the bottom line and so need a model that allows them to determine not only how customers perceive each offer's value but also whether existing offers strongly advance the mission of the organization.

Understand the new offer development process. Many nonprofits are faced with the possibility of adding or deleting offers from their offer portfolio. There are several reasons a nonprofit may decide to develop one or more new offers, but those reasons center on finding and exploiting marketing opportunities. Nonprofit organizations would do well to consider using a process for offer development that includes the steps of reviewing the mission and objectives of the organization, generating ideas, screening and evaluating those ideas, analyzing their feasibility, developing an offer, market testing it, and commercializing and introducing the new offer.

Understand what is involved in managing nonprofit distribution. In addition to determining and developing offers, nonprofit managers also must turn their attention to how offers and information about them will reach their various publics. Typically, nonprofits must overcome time, place, and possession gaps between nonprofit offers and their publics and, therefore, must deal with issues that are part of the place (distribution, location, and availability) variable in the marketing mix.

Glossary

4 Ps. The marketing mix, which consists of the product (the offer), the place (distribution, location, and availability of offers), the promotion (marketing communication with target audiences), and the price (including both monetary and nonmonetary costs).

Augmented offer. Anything that comes with the expected offer but that the target public does not expect.

Basic offer. The offer presented by an organization; it should do what it is supposed to do—a class provides information, a sandwich satisfies hunger, an after-school program offers safety.

Channel of distribution. A conduit for bringing together a nonprofit marketer and a target customer or market at some place and time for the purpose of facilitating a transaction.

Convenience offers. Offers that tend to be used frequently, immediately, and with little effort.

Core benefit. The most basic aspect or element of an offer that is sought by a target public, e.g., anything that meets a principal human need, such as hunger, thirst, safety, esteem, and the like.

Core offers. Offers intended to advance the mission of the nonprofit organization.

Expected offer. What a target public reasonably expects when using an offer.

Goods. Offers that are tangible (can be handled or sensed), nonperishable, separable (from their provider or manufacturer), nonvariable (consistent from one to the next), and able to be inventoried (stored for later use).

Marketing mix. The four controllable variables—product, place, promotion, and price—that may be combined to shape market demand and facilitate transactions.

Mission creep. Situation when offers are added indiscriminately to the offer mix of a nonprofit as whims of board or management dictate, until the organization has moved far from its original mission.

Offer. Any combination of benefits existing in a good, a service, or a social marketing program that can satisfy a need or want of an organization's target markets.

Potential offer. Any changes or improvements to a basic offer that may better serve the needs of the target publics.

Resource-attraction offers. A nonprofit's offers that are intended to develop additional funds and volunteers.

Services. Offers that tend to be intangible, perishable, inseparable from the "manufacturer," variable from one instance to the next, and unable to be inventoried.

Shopping offers. Offers the target public usually compares on the basis of suitability to its needs and wants, as well as quality level, price, and style.

Social marketing programs. Offers that are even more intangible, perishable, variable, and inseparable than services are; sometimes referred to as issues marketing, social norms marketing, health marketing, or behavior change marketing; tend to focus on health and social issues.

Specialty offers. Offers with unique characteristics such that a sufficient number of the target public will make an effort to use them.

Strategic marketing unit. A part of an organization that can carry out planning separately from the rest of the organization and that has its own set of competitors and a manager who is responsible for strategic planning and performance success.

Supplementary offers. Offers intended to facilitate or enhance the customer's use of a nonprofit's core products.

Unthought offers. Offers that target publics either do not know about or do not think about using.

QUESTIONS FOR REVIEW

1. Define *marketing mix*.
2. Define the term *offer* from the point of view of a nonprofit employee or staff member and from the point of view of a client and a donor.
3. What are the differences between goods, services, and social marketing programs?
4. What are the five levels of an offer?
5. Explain the difference between core, supplementary, and resource-attraction offers.
6. Explain the difference between unsought, convenience, shopping, and specialty offers.
7. Define *mission creep*.
8. Define *channel of distribution*.

QUESTIONS FOR DISCUSSION

1. Why is it important for a nonprofit to know and understand the 4 P's of the marketing mix?
2. What effect might the differences between goods, services, and social marketing programs have on how those types of offers are distributed?
3. Why is it important for nonprofit marketers to know the five levels of an offer?
4. What are the differences between core, supplementary, and resource-attraction offers?
5. How should unsought, convenience, shopping, and specialty offers be distributed?
6. Explain what the CV/M matrix shows and why it might be useful for nonprofits to apply?
7. What are some reasons nonprofits might have for developing new offers?
8. What are the factors that seem to be very important when it comes to the success of a new offer?
9. What are the steps of the new offer development process, and why is each step important in developing a successful offer?
10. What issues are involved in managing nonprofit offer distribution?

INTERNET EXERCISES

1. Enter www.startnonprofit.org/, the website of the Colorado Nonprofit Development Center (CNDC). After reading about the center, click on Current Projects, on the right. Click on some of the nonprofits that CNDC is mentoring. Consider how your department might do the same.
2. Enter the term *Dell Foundation* in Google and search. Look for the link that has a URL starting with www1.us.dell.com/. Click on it, and then click on Open Grants, on the right. Look at the bottom of the page, where Dell tells prospective grant seekers that their offering must be catalytic, collaborative, sustainable, and outcome oriented. Note everything on this list, and incorporate these qualities into your offering designs.
3. Enter www.onphilanthropy.com/, and in the upper right search box, enter the term *branding*. Read the articles about branding for nonprofits. Many are quite short but make important points.
4. Use your search engine to search on the term *+nonprofit +“life cycle”*. Explore what is being said about the concept.
5. Use your search engine to research the future of videoconferencing technology. Someday this technology will be as widely used as the telephone. List what types of nonprofit service delivery and offerings will be forever changed.
6. Go to the Adopt-A-Minefield UK website (www.landmines.org.uk), choose one program explained there, and analyze that program using the template from Exhibit 5.1. That is, for your selected program, determine that offer’s core benefit, basic offer, expected offer, augmented offer, and potential offer.

TEAM EXERCISES AND ROLE PLAYING

1. As a university student and client, you have in-depth knowledge of your school’s service offerings and their delivery system. The offer and place are called “controllable” marketing mix variables because they are designed and set in place by marketers like you and us. Work in teams. Each team will pick one of the following issues regarding first-year college students (classes, registration, parking, housing, campus food, campus services). Develop a plan for new and improved service in the area you have chosen. The class will vote on the best new ideas.
2. Go to www.switchboard.com; then, in the Find a Business section, enter your location, state, and the term *organization* for the Business Name or Category. Several types of organization categories should come up, but if they do not, pick a larger, nearby city. From the list, click on Charitable and Nonprofit Organizations and review those in your area. Then do the same for the listing Social Service & Welfare Organizations. Form teams; each team should pick a local nonprofit to advise. Review the nonprofit’s offerings and client base in depth and suggest offering improvements and new offerings. Present your proposals to the class, and if it approves, send the suggestions to the nonprofit’s executive director.

MINICASE: Working for the Director of State Parks—Part A

Working for the director of state parks was a big change for Nina Black. Right after college, she had gone to work for a major aeronautical company. She had enjoyed her assignments, which involved her in several of the company's major government projects. Soon it became clear that she was on the fast track for advancement, but it was a career path that would require frequent transfers to other company locations. She loved her job, but not the moving. The job with the parks department sounded as if it would be even more fun than working with airplane contracts, and she would finally be able to settle down in one place.

As soon as she started interacting with other state departments, Nina began to wonder seriously whether anyone in government service understood marketing. They were all wonderful people, but they seemed to have very conservative and traditional perspectives. For example, although the world had changed dramatically, park offerings were pretty much the same as when she was a girl. Nina did have fond memories of her parents' taking her to state parks for swimming, hikes, and picnics, but she did not think those offers would be very attractive to today's kids and their families. The steady decrease in state funding for parks seemed to support her worry that perhaps the public viewed parks as old fashioned.

Because Nina had taken marketing classes in college, she knew that tastes change and that service providers have to constantly differentiate themselves and keep up with the times. She thought about what was different about people's lives today compared with 20 years ago. She was particularly interested in what activities attract groups. Where did groups of kids go to play today, and what did they play? She asked herself the same question about tweens, teenagers, young adults, families, and senior citizens. She thought about today's amusement parks and attractions and the activities scheduled for visitors at popular resorts.

She wondered if state parks should rethink their offerings and become involved in more of today's leisure activities. She knew that people today did not hesitate to spend a lot for their fun, sports, hobbies, and entertainment, but they complained about a \$2.00-per-car entrance fee at state parks.

When she casually asked the parks director whether it might be possible to attract new visitors by putting in things like a mountain bike mogul racing track or a skate park for in-line skating and skateboarding, he wasn't very responsive. He did, however, ask her to look into some alternatives to bring new life to the park system. Nina knew a big career opportunity when it stared her in the face. If she handled this right, the park system could bring in considerably higher fees and possibly even get involved in selling the equipment needed for these new activities. She was pretty sure that a successful transformation of the department's offerings could put her in line to be the next parks director.

Nina wisely decided that she had to research leisure and entertainment by population segment and would need to be very creative about what a park of the future could be.

Assignment:

You are Nina. Review the strategic planning process and the process for new offering creation. Segment the market in the way that is most appropriate. Consider the behavior of each segment of the target public. Plan the details of each offering for which your projections show revenue exceeding cost. Consider whether it would be possible to attract individual and corporate sponsors to pay for the costs of construction and perhaps subsidize operation in lower-income areas. Prepare a report to the parks director with your detailed recommendations and cost projections. The Minicase assignment at the end of Chapter 6 is part B. There you will be asked to set prices and design promotions for the offerings you pick now.

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