

Nonprofit Organizations: The Impact of Advertising in Fundraising

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Abstract

Managers in many nonprofit organizations in the World have adopted a marketing approach. In nonprofit organizations, marketing tactics are used to build the organizations image and reputation in society and help the public remember the organization and its cause. Marketing tactics help differentiate one nonprofit from another nonprofit that is offering similar programs, and are used to attract and retain donors, clients, and volunteers. Advertising is one of the marketing tactics which is used from nonprofit organization to inform, persuade, and remind target publics (donator, clients, volunteers) about the organization and its offers. The aim of the paper is to study the situation of non-profit organizations in Albania, the impact of advertising to attract different donors, and to verify the hypothesis: "there is no correlation between advertising and fundraising.

Key words: *Nonprofit Organizations, Marketing, Advertising, Fundraising, Donors*

1. Introduction

Promotion is part of marketing, but it is not, by itself, marketing. Nonprofit managers who believe that marketing refers only to promotion may ignore product, place, and price aspects and very likely will fail to develop a marketing mix that is appropriate for a particular target public.

Difficulties arise if nonprofit managers believe that promotion is the same thing as advertising. Those beliefs may result in nonprofit personnel who not only ignore the other aspects of the marketing mix but also ignore the other aspects of promotion.

In actuality, promotion refers to any activity of an organization that intends to inform, persuade, or remind its target publics about the organization or its offers, when and where they are or will be available, and other pertinent information the target market may need in order to change its feelings, beliefs, or behavior. More succinctly, promotion is the way that nonprofits communicate with their target publics. It is sometimes referred to as marketing communication.

Promotion (marketing communication) is used most basically for one of three reasons: to inform, to persuade, and to remind.

First, promotion may be used to inform target publics about the availability and characteristics of a new benefit or a new offer or about the nonprofit itself. Also, if a nonprofit is trying to approach a new target market, an informational message may be in order. Informative communication is typically used when offers are being brought to the target public for the first time and tends to build primary demand, or demand for a program in general rather than for the specific

program of a nonprofit organization. Target publics, including donors, volunteers, users, the media, and so on, need to learn about a nonprofit and its offers before they can make a decision to donate, volunteer, attend a program, engage in an activity, or take other action.

A second purpose of promotion is to persuade target publics to use the nonprofit's offers rather than offers from another nonprofit or no offers at all. Persuasive marketing is more likely to occur as more and more members of the target public become aware of a nonprofit offer. Persuasion may result in an increase in demand for an existing offer. If a nonprofit's target publics know about it and its offers but similar offers are available from other nonprofits, then persuasion should be the goal of the promotional message. Persuasive communication can be used to build secondary demand, or demand for a particular brand of offer rather than demand for an offer class in general.

Finally, a third purpose of promotion is to remind target publics that a nonprofit or its offers are available. If a nonprofit has been around for a long time or if one or more of its offers has reached the mature stage of the offer life cycle, the nonprofit might find that much of its target public has forgotten about it or has moved on to donate or volunteer at other, newer nonprofits.

Promotional mix consists of advertising and public service advertising, sales promotions, publicity and public relations, personal persuasion, direct marketing, internet marketing, and other tools. When it comes to the tools of promotion, some nonprofit boards believe that certain tools are inappropriate for them, even if they grant that promotion is necessary. On the other hand, many other nonprofits seem to overemphasize advertising relative to other promotional tools.

Marketing managers should understand several important components of the definition of advertising. First, advertising is a paid form of promotion, which means that the nonprofit pays for the development, execution, and placement of the advertising. Second, it is a form of mass, impersonal presentation. Mass means it will reach a relatively large number of people, including a nonprofit's target publics, who are geographically dispersed. Impersonal means the message cannot be changed for each individual who sees or hears the advertising. Third, advertising requires an identified sponsor so that viewers of an ad can know who paid for the message they have just seen, heard, or read. Fourth, advertising is presented to its target publics in a formal communications medium so that people can know that the message is sponsored and not a news story. Therefore, paid advertising is any paid form of mass, impersonal presentation of an offer by an identified sponsor via a formal communication medium. When it is used, advertising tends to be the most visible form of impersonal promotion¹.

Advertising can be used regardless of the type of product (good, service, social behavior program, or cause). A nonprofit can also employ institutional advertising, or a message to promote a nonprofit organization as a whole or a concept, idea, or philosophy, and that encourage people to volunteer, vote, or donate money or services. Such advertising may help support a nonprofit's activities but not necessarily its own offers or programs, for example, a Red Cross ad might simply encourage people to give blood but not include its telephone number or Web address.

Advertising has some powerful advantages. It can dramatize a message by combining color, sound, and visuals. It is effective at building awareness, knowledge, and a long-term image for an offer. It reaches the masses, and it can have a fairly low cost per individual reached. Further, because advertising has become increasingly international, nonprofits may be able to reach people around the world with their socially valuable offers and reach donors anywhere.

But advertising also has disadvantages. It is impersonal and expensive to produce and place, and the message is not adaptable to individuals. Also, there is usually a lot of clutter surrounding advertising, so it is difficult to get the attention of a nonprofit's target public. Further it is difficult to measure the effectiveness of advertising campaigns.

What about the non-profit organizations in Albania Reality?

1.1 Methodology of Research

With the purpose of research, were used three methodological research instruments: questionnaires, focus groups and depth interviews. The questionnaire was designed to identify the involvement of elements of marketing in nonprofit organizations, their importance the identification of various donors and the use of marketing elements in the provision of funds. Intense interviews and focus groups aimed at providing more detailed information on the questions asked. Depth interviews and focus groups were conducted after processing the questionnaire in order to argument the findings of its own non-profit organizations (NPO). Discussion topics in the argument consisted of using the elements of marketing by nonprofit organizations to reach their target audience, and in particular donors. For the selection of samples were based in the database available at Tirana District Court on the registration of all NPOs in Albania. The object of study would be

¹ Philip Kotler, Alan R. Andreasen (2003) "Strategic marketing for nonprofit organizations" (6th ed) Pearson Prentice Hall Publication (Chapter 7)

nonprofit organizations that exercise their activity in Tirana (capital of Albania), in the North and South of Albania. The sample was extracted and a random selection was made based on percentages of NPOs according to their type, enabling the reflection of the respective percentages.

The data obtained through the questionnaire were processed through a computer program SPSS (Statistical Package for Social Sciences). During analysis were used control procedures to ensure their reliability.

1.1.1 Analyses of Results

When we discuss about donators we mean international donators, government, private businesses, foundations, individual donators. 44% of NPOs think that advertising in radio/ television is not at all used. It is expensive and not profitable to attract donators, which means that the cost of advertising don't justify the profits. 33.3% of NPOs declare that advertising in radio or television is little used, 17.3% of them think that ad is moderately used, and 2.5 of them think that it is used a lot. (Figure 1)

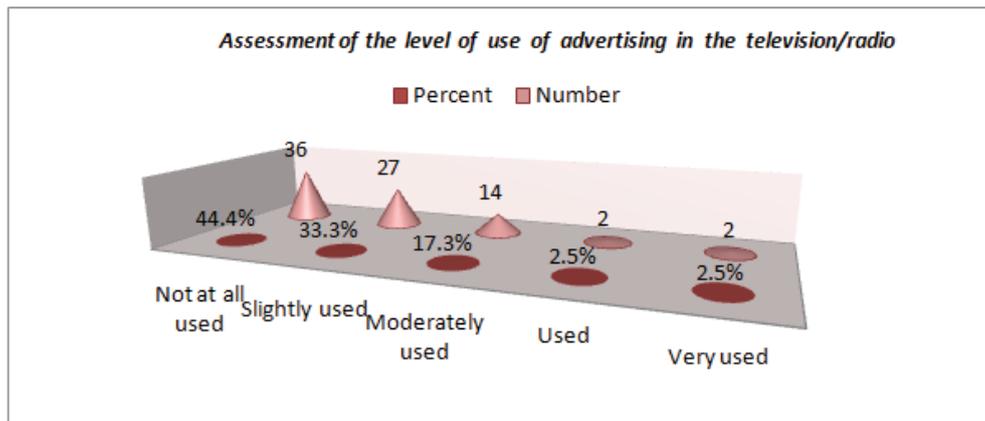


Figure 1 Assessment of advertising in the television/radio to attract donors.

Results find that the magazine or newspaper ad is not used in attracting donors. 47.5% think that is not used at all, 25% of them little used, and none of NPOs use it a lot. (Figure 2)

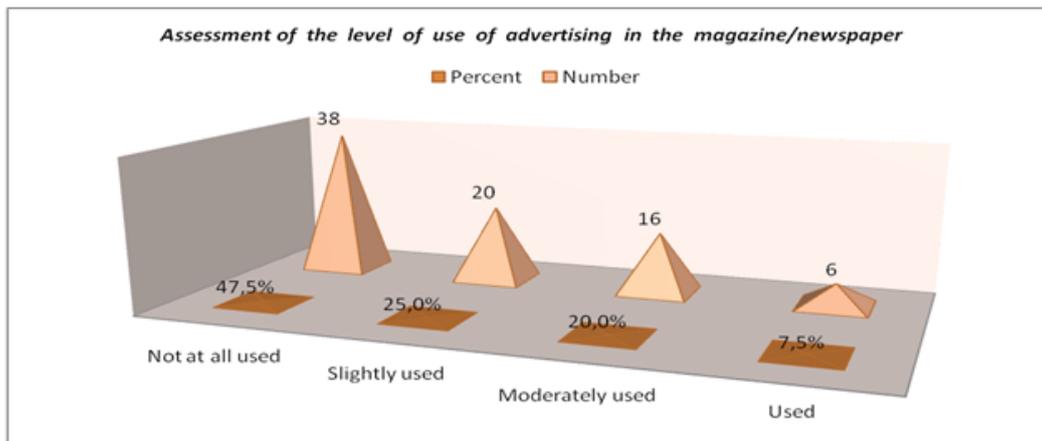


Figure 2 Assessment of the level of use of advertising in the magazine / newspaper to attract donors.

48% of NPOs surveyed believe that the use of posters is effective because they are not expensive, and through them can advertise the project for which they are working.(Figure 3)

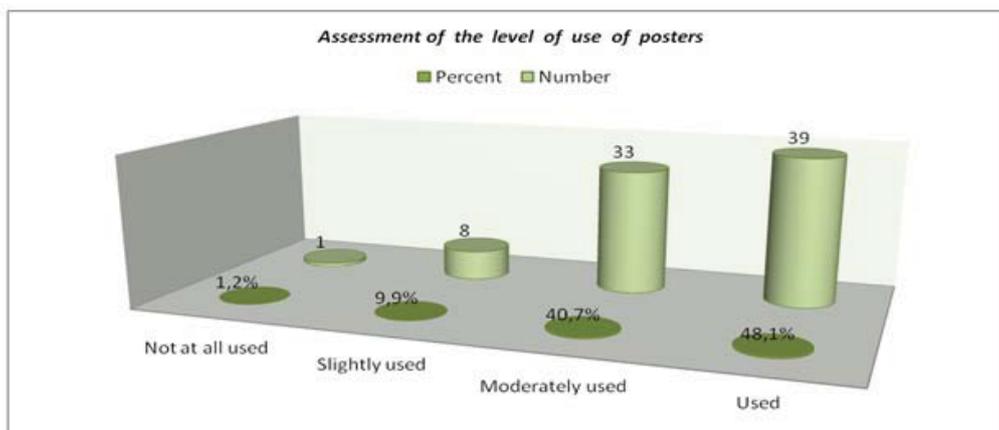


Figure 3 Assessment of the level of use of posters to attract donors

61.7% of NPOs believe that online advertising is not used to secure funding from donors, while 16% think that it is used, and 13.6% of them think that it is used a lot. These estimates result from the fact that 50% of the NPOs interviewed have no website, and it's not a very effective tool to attract donors because there is a lack of credibility to them.(Figure 4)

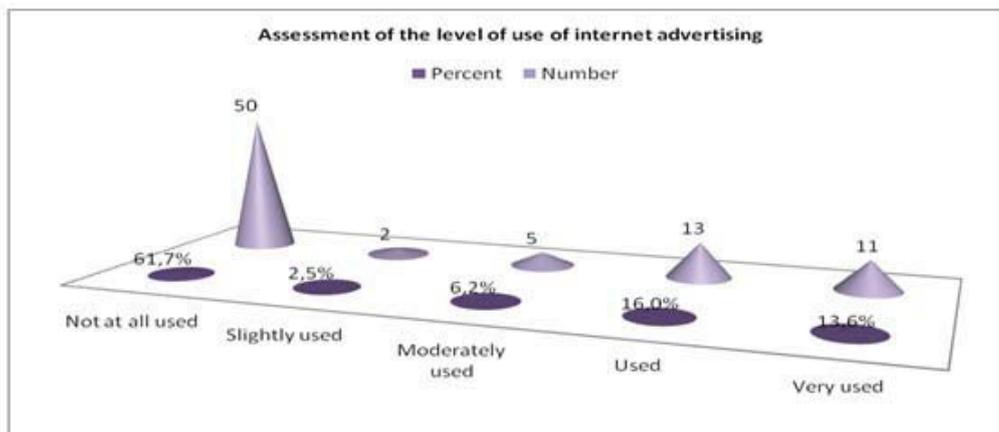


Figure 4 Assessment of the level of use of internet advertising to attract donors

The table below (table 1) is a summary of the assessment of the use of advertising tools used to attract donors. If we look at averages we note that only the posters are used by an average of 4.35, because they are not expensive for NPOs. Advertising on the Internet is considered less used, and advertising through printed media and electronic media is less used. The problem with these tools of communication is the reach of target market, because through it can not be reached the intended donor. NPOs think that it is not worth spending more for advertising because it doesn't give same benefits. Since 98% of NPOs is funded by foreign donors, NPOs think it's not worth advertising through mass media. However, the use of advertising is important to attract other donors such as government, private businesses, foundations or individual donors.

Assessment of the level of usage of advertising tools in attracting donors	N	Minimum	Maximum	Mean	Std. Deviation
Assessment of the level of use of advertising in the television/radio	81	1	5	1,85	,963
Assessment of the level of use of advertising in the magazine/newspaper	80	1	4	1,88	,986
Assessment of the level of use of posters	81	1	5	4,35	,761
Assessment of the level of use of internet advertising	81	1	5	2,17	1,595

Table 1 Assessment of the level of usage of advertising tools in attracting donors

If we look at the level of usage of advertising tools by location, we conclude that NPOs in Tirana have a low level of use of advertising through radio/television, as well as ads in newspapers and magazines. The use of posters in NPOs of Tirana is common, while online ads less used. If you look at the Tirana NPOs compared to NPOs in total, we conclude that there is no difference between them regarding the importance they give advertising tools to attract donors. NPOs in North and South view the level of advertising through television and radio above average, while the level of use of posters to attract donors as very efficient. If we look at the statistical significance of the connection between the assessment of level of the use of advertising tools and the location of the NPO, we conclude that the link has not statistical significance. (Table 2)

Assessment of the level of usage of advertising tools to attract donors	Min	Max	Tirana	North	South
Assessment of the level of use of advertising in the television/radio	1	5	1.92	3.58	3.84
Assessment of the level of use of advertising in the magazine/newspaper	1	5	2.08	2.42	2.58
Assessment of the level of use of posters	1	5	4.26	4.50	4.42
Assessment of the level of use of internet advertising	1	5	2.66	2.00	1.42

Table 2 Assessment of the level of usage of advertising tools to attract donors by location.

Level of use of advertising tools by type of NPO's is low for radio / television as well as for advertising in newspaper or magazine, and posters have a high level of usage regardless of the type of NPO (table 3). If we look at the statistical significance of the connection between the level of use of television and radio advertising and the type of NPO's, we conclude that the link has statistical significance according to the square test, and is 0.033 smaller than the level of reliability 0.05. Centers do not use advertising in radio/television, while associations and foundations use it little.

Assessment of the level of usage of advertising tools in attracting donors	Min	Max	Association	Foundation	Center
Assessment of the level of use of advertising in the television/radio	1	5	1.95	2.11	1.63
Assessment of the level of use of advertising in the magazine/newspaper	1	5	2.12	2.25	1.43
Assessment of the level of use of posters	1	5	4.48	4.33	4.17
Assessment of the level of use of internet advertising	1	5	2.38	3.00	1.63

Table. 3 Evaluation of the use of advertising tools to attract donors by type of NPO.

If we look at average levels of use of radio and television advertising to attract funds from government we get to the conclusion that the level of its use is low. Specifically 41.2% of NPOs that take funds from state government declare that they do not use advertising in radio/ television to secure funding from it. As well as 26.5% of NPOs that take funds from the government, think that radio and television advertising is little used.

Assessment of the level of usage of advertising in radio/ television to attract different donors	Government	Individual Donors	Private Businesses	Foundations	International Donors
Not at all used	41.2%	42.9%	48.3%	24.1%	46.2%
Slightly used	26.5%	28.6%	35.0%	55.2%	32.1%
Moderately used	23.5%	28.6%	13.3%	13.8%	17.9%
Used	2.9%	.0%	3.3%	.0%	1.3%
Very used	5.9%	.0%	.0%	6.9%	2.6%
Che square test	.276	.910	.050	.003	.007
Coefficient of correlation	-.139	-.019	-.197	-.217	.116

Table 4 Assessment of the level of usage of advertising in radio/television to attract different donors

Hypothesis H0 "there is no link between the level of use of advertising through radio and television and taking funds from the government" Che square test is 0.276 which means that hypothesis does not fall down, which means that the

level of use of radio television advertising does not affect securing the funds by the government. This is because:

- It is not convincing
- It is not credible
- It is costly, for which the NPO does not have sufficient funds

The average level of use of funds to attract individual donors is 1.89 (table 5) which means it is little used and level of attracting individual donors through radio/television advertising has no statistical significance.

The average level of use of radio and TV advertising is low 2.24 to secure funding from private business, but is higher compared with other donors. League has statistical significance since test Che square is 0.05, but the link is weak, which means that the advertisement through radio and television does not affect much on attracting private businesses. The reasons are:

- Private businesses are numerous and it is possible that we manage to draw one of them through advertising
- On the other hand private businesses do not call for projects and this is an opportunity to encourage them to fund
- Another reason is that and funding that can provide private businesses are small, and can play a key role the level of recognition

The average level of use of radio television to secure funding from foundations is low which means that in this case is used less, but is a relation between level of use of advertising through radio and television and the withdrawal of funds from foundations, again link is weak.

And in the case of international donors the average level of use of advertising through radio and television is less used, and has no statistical significance the relationship between level of use of television and radio advertising and securing funds from foreign donors.

Assessment of the level of usage of advertising tools in attracting donors	Government	Individual Donors	Private Businesses	Foundations	International Donors
Assessment of the level of use of advertising in the television/radio	2.06	1.86	2.24	2.10	1.82
Assessment of the level of use of advertising in the magazine/newspaper	1.94	1.86	2.10	1.90	1.87
Assessment of the level of use of posters	4.24	4.43	4.24	4.21	4.33
Assessment of the level of use of internet advertising	2.03	1.43	2.19	1.86	2.22

Table 5 Assessment of the level of usage of advertising tools to secure funding from donors (for different donors)

A high percentage of NPOs see the level of use of advertising on magazine/newspaper as not used at all, and a small percentage of NPOs see it as little used. Average level of use of advertising through newspapers and magazines to attract donors are close to 2 for all types of donors, this means that those are little used (table 6). If we look at the link that exists between the level of use of advertising in magazines/newspapers and attracting donors we conclude that the Che square test for all connections, except foreign donors, is greater than 0.05 which means that there is no link between the level the use of magazines/newspapers advertising and providing funds from various donors. This is because:

- It is not credible
- There is no great achievement
- For some donors, like government, is not a proper way of securing funds.

Assessment of the level of usage of advertising in magazine/newspaper to attract different donors	Government	Individual Donors	Private Businesses	Foundations	International Donors
Not at all used	44.1%	42.9%	33.3%	37.9%	49.4%
Slightly used	23.5%	28.6%	33.3%	37.9%	22.1%
Moderately used	26.5%	28.6%	23.8%	20.7%	20.8%
Used	5.9%	.0%	9.5%	3.4%	7.8%
Che square test	.651	.818	.502	.177	.025
Coefficient of correlation	-.067	-.010	-.149	-.060	-.073

Table 6 Assessment of the level of use of advertising in the magazine / newspaper to attract donors according to types of donors)

If we look at average levels of use of posters they are above 4, which means that the posters are used by NGOs to inform or attract donors. But if you look statistical significance between level of use of posters and attracting donors, the link has no statistical significance. Despite the use of posters level that is high, there is no statistical significance relationship between the level of use of posters and attracting donors (table 7).

Assessment of the level of usage of Posters to attract different donors	Government	Individual Donors	Private Businesses	Foundations	International Donors
Not at all used	2.9%	.0%	4.8%	3.4%	1.3%
Slightly used	.0%	.0%	.0%	0.00%	0.00%
Moderately used	14.7%	.0%	4.8%	3.4%	10.3%
Used	35.3%	57.1%	47.6%	58.6%	41.0%
Very used	47.1%	42.9%	42.9%	34.5%	47.4%
Che squire test	.361	.705	.251	.030	.894
Coefficient of correlation	.073	-.034	.049	.147	.083

Table 7 Assessment of the level of use of posters to attract donors.

If we look at average levels of use of the Internet advertising to attract donors, we conclude that they are approximately at 2 relating to each donor. This means that the level of use of advertising through the Internet is little used. If we look at the statistical significance of the link between the use of advertising through the Internet and attracting donors, we conclude that link has no statistical significance, since all Che squire test values are greater of 0.005 (table 8).

Assessment of the level of usage of Internet advertising to attract different donors	Government	Individual Donors	Private Businesses	Foundations	International Donors
Not at all used	64.7%	85.7%	61.9%	72.4%	60.3%
Slightly used	5.9%	.0%	4.8%	3.4%	2.6%
Moderately used	2.9%	.0%	4.8%	.0%	6.4%
Used	14.7%	14.3%	9.5%	13.8%	16.7%
Very used	11.8%	.0%	19.0%	10.3%	14.1%
Che squire test	.400	.657	.723	.368	.748
Coefficient of correlation	.063	.151	-.012	.149	-.149

Table 8 The level of use of the Internet advertising to attract donors

2. Conclusions and Recommendations

Advertising through radio / television, printed media and the Internet is characterized by a low level of use in securing funds from donors. The reasons are because for both first types, advertising is expensive, not reliable, and it is not feasible for some types of donors, as for the low level of advertising through the web is argued with the fact that a considerable part of the NPO's do not have a website.

Advertising through posters has a high level of use in fundraising. The reason for the high use of posters is that they are not costly, and used more during project implementation. Since 90% of NPOs in Albania are funded by foreign donors, this is a reason of use of many posters, and a lower use of advertising through other means. This shows that they are not driven to spend on securing funds from other donors.

Results show that the centers do not use advertising, while associations and foundations have a low level of use. The centers are more consolidated, have more capacity, are more stable regarding the number of projects in which they are engaged, and focus more on fundraising from foreign donors, while neglecting other donors.

If you look at the effectiveness of advertising from different types of donors, we conclude that it is not effective in securing funds from government, individual donors, and foreign donors, this because benefits do not justify the costs.

Advertising through radio / television is effective in securing funds from private entrepreneurs (private businesses) and foundations. This means that private businesses and foundations have been more sensitive to advertising in giving funds. The reasons are that private businesses, being more in number, have a greater achievement, but besides achievement they have financial opportunity.

Statistics show that the proportion of NPO financing from individual donors is very low, this means that there is no social culture to give funds for charity. NPOs must do more to sensitize this donor type. And this can be achieved through projects that can be applied in school in order to create a social culture to give funds for charity.

In addition to individual donors in the spotlight for NPOs should be private businesses. This can be achieved through increased reliability, and transparency in the manner of use of funds by NPOs. NPOs themselves need to be more driven to attract funds from both types of donors mentioned above, because the results show that they themselves do not hope to obtain funds from these two types of donors.

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