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Options for innovation of marketing approaches to the market in the non-profit sector

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Abstract

The variety of marketing tools and their constant attack on literally our every step is a significant stimulus for searching for new ways how to veer off the monotonous mass and to efficiently address the current as well as potential customers. The situation becomes more complex especially in the area of the non-profit sector as even here the responsibility for one's own organization within the market becomes an important aspect, and to position it into such relations towards its environment helping to ensure its constant success. The presented study points at one of the possible options for a solution in utilizing the creative potential, the essence of which is the cooperation of non-profit organizations with the academic sphere on the regional level.

Keywords: non-profit sector, non-govermental non-profit organization, higher education, innovative marketing, non-profit organizations projects

1. Introduction

In today’s society, characterized among other things by a dynamic development, it is becoming a natural thing for organizations to focus their attention on searching for new ways and methods to increase the competitiveness of their products and services, which is, in return, reflected in improving their position in the market. Hence, implementation of innovations in accordance with the marketing is becoming one of the priorities. Linking innovation strategies and marketing leads to interconnecting of the innovation system with the economic sphere. And then it is the innovation itself that turns an idea into a competitive advantage and thus enables acquiring...

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consumers through the offer of products and services that are able to fully satisfy their needs and expectations. In competition, it is becoming necessary to align innovation and marketing, while neither should be underestimated. On one hand marketing governs the demands from consumers and on the other hand product and services innovation knows methods how to fulfil these demands. In the non-profit sector the situation is more complicated as in this sphere it is also becoming increasingly important to place one’s own organization in the market and put it into such connections to its surroundings which ensure its constant success. Whether it is a private organization (e.g. non-governmental non-profit organizations - NGOs) - or (in our case) a public institution (e.g. public higher education institution). It is necessary not only to sufficiently utilize the knowledge of both above mentioned disciplines, but, above all, to be able to apply them to practice.

The objective of this study is to show one of the possible solutions for using the creative potential whose basis is cooperation between non-profit organizations and academic sphere on regional level. This result of cooperation is increased flexibility and creativity on the part of students, which subsequently increases their chances of success in the labour market. On the other hand, mutual cooperation also helps to increase competitiveness on the part of non-governmental non-profit organizations.

2. Theoretical Background

2.1 Non-profit Sector and Non-profit Organizations in the Czech Republic

2.1.1 Non-profit Sector

The first problem arises when we try to define clear terminology of non-profit sector in the Czech-speaking environment, because we are faced with unclear terminology that results in a wide range of generally used terms. Alongside the already mentioned non-profit sector, we can come across terms such as: the third sector, civil sector, independent sector, non-governmental sector, public sector, private non-governmental sector, … non-profit organizations, non-governmental non-profit organizations, private non-profit organizations, third sector organizations, non-governmental organizations, voluntary or volunteer organizations, civil sector organizations or community organizations. While we can see a huge terminological diversity, still we most often come across the term non-governmental non-profit organizations (NGOs), a more specific term for non-profit organizations (NO), or with the term non-governmental non-profit sector, which designates the whole field.

Non-governmental non-profit organizations are those, which are not established by the government, are not dependant on the state, and are founded for generally beneficial activity or non-profit activity for private benefit. Non-profit non-governmental organizations are also some public entities that were co-founded by regional autonomous governments, which, in the Czech environment, including regions, municipalities or autonomous parts of municipalities. Since the term “non-governmental” itself implicitly says that the organization is not founded by the government, whether state or local (i.e. the so-called local public entity such as town, region, country, district etc.), municipal and regional non-profit organizations are usually not counted as non-governmental non-profit organizations. (Bačuvčik, In: Škabelová, 2005)

2.1.2 Non-profit Organizations

The typology of non-profit organizations on the basis of typical features that reflect the diversity in their missions and objectives was established by Rektořík with the classification based on five basic criteria:

- **Founders:** a) public organization – founded by public administration, i.e. state government (ministry, central office of public administration) – or by local government (town, municipal authority, region); b) private organization – founded by a physical or legal entity (they can even found the organization together); c) organizations that were created as public institutions – performing the purpose of public service is set as a legal duty (i.e. public university)

- **Global character of the mission:** a) organizations for public benefit – their mission is to satisfy the needs of the public – society (public administration, education, ecology, health care system, charity); b) mutually beneficial organizations – set up for mutual support between groups of citizens (or/and legal entities) that have a common
interest; the priority is to satisfy their own interests in case they are proper, not in conflict with interests of other citizens and legal entities (i.e. cultural activities)

**Legal and organizational standards:** a) organization founded in accordance with Act No. 218/2000 Coll., on budget regulations and No. 250/2000 Coll., on budget regulations for regional budgets; b) organizations founded in accordance with other laws and acts valid for non-profit organizations; c) organizations founded in accordance with Act No. 513/1991 Coll., Commercial Code, and organizations of similar nature

**Financing:** a) organisations financed solely from public budgets (administrative components of the state and territorial units); b) organisations financed partly from public budgets – they have legal right to the contribution (e.g. contribution-based organisations, selected citizen associations, …); c) organizations financed from various resources (gifts, fund-raising campaigns, sponsoring, grants …); d) organizations financed chiefly from the results of their activities – performance of their mission

**Type of performed activities:** a) features shared by all types of non-profit organizations – they are legal entities (except organizational units); they are not founded for the purpose of doing business and creating profit; they satisfy specific needs of citizens and communities; they can but do not have to be financed from public budgets; b) features shared only by private non-profit organizations – membership is voluntary (except organizational units); usually lead to creation of informal structure of supporters (but always within legislation); law grants them autonomy in relationship to the external environment. (Rektorič, 2004)

2.1.3 Non-governmental Non-profit organizations

Non-governmental non-profit organization (NGO) is not an official legal term in the Czech Republic, neither is it a legal form or status of a legal entity, but it is a set term in socio-economic texts. Prior to 1st January 2014 the legislation of the Czech Republic defined the following legal forms of non-profit organizations:

- Citizens association (Act No. 83/1990 Coll., on citizens association),
- Public benefit organisation (Act No. 248/1995 Coll., on public benefit organizations),
- Trust or endowment (Act No. 227/1997 Coll., on trusts and endowments),
- Registered church or religious society or so-called church legal entity set up by them (Act No. 3/2002 Coll., on religious freedom and status of churches and religious societies).

On the 1st January 2014 a new Civil Code came into force (Act No. 89/2012 Coll.) which brought changes regarding NGO. The basic changes introduced by the new Civil Code in relation to the current non-governmental non-profit organizations are summed up in the following list:

- New definition of entities of private law (corporation, statute, constitutions)
- Necessity to harmonize internal state in NGO with the new legal arrangements (statute, organs, etc.)
- Definition of so-called public benefit
- End of the possibility to set up a public benefit organization (“p.b.o.”); automatic transformation of p.b.o. into a association (Šebesta, 2012)

2.1.4 Statistics on Numbers of Non-governmental Non-profit Organizations

Looking at the current statistics of NGOs in the Czech Republic from the point of view of development timeline, we can see, as has already been stated, a continuous growth in the number of organizations. While in the year 1990 the Czech Republic had 3,879 citizens associations, in the following years we can see a steady growth: 1991/9 366, 1992/15 393, 1993/21 694, 1994/24 978, 1995/26 814, 1996/27 807, 1997/30 297, 1998/36 046, 1999/38 072, 2000/42 302, 2001/47 101, 2002/49108, 2003/50 997, 2004/53 306, 2005/54 963, 2006/58 347, 2007/61 802, 2008/65 386, 2009/68 631, 2010/72 111, 2011/75 627, 2012/79 002. In the year 2013, there were already 84,400 citizens associations. The number of charitable trusts was also rising steadily from the year 1992/1 551, 1993/2 768, 1994/3 800, 1995/4 253, 1996/4 392, 1997/5 238 until the growth was interrupted by an Act from 1997 on foundations and charitable trusts. It determined that the total volume of the assets owned by the foundation property must not be lower than CZK 500,000 and must not fall under this limit at any moment of the existence of the trust. Consequently the number fell to only 55 in the year 1998. Until the year 2013, there was a continuous rise to the
total number of 500. In the year 1998, there were 71 endowment funds, in the year 2013 there were already 1,323 of them. On the basis of the Act No. 248/1995 Coll., on public benefit organizations, from the year 1995, only one such organization was registered in the year 1996, 52 of them in 1997, and since 1999/560 we have again seen a continuous growth until 2013, when 2,571 public benefit organizations are registered. (www.neziskovky.cz)

2.2 Higher Education in the Czech Republic

2.2.1 School Marketing

School marketing can be characterized as purposeful communication between institutions offering education on one side and customers, founders and other partners who (may) influence the school running, on the other side. We are speaking of efficient control of exchange relations of the given institution with various markets and target public, which includes activities aimed at creating, maintaining or changing attitudes and behaviour of the target public to the given institution. It evaluates what it can and will ask of the partners and what it can offer them in return. It becomes successful only when it is carried out systematically and is well though-out, in harmony between market demands and its own plans and abilities. That means to have a strategic approach to school management, to clearly define the mission and objectives, to carry out the SWOT analysis and to work out a long-term strategic plan. It does not forget the elements of relation marketing either, which is based on building a firm network of quality relationship with all significant customers and partners of the school. Another component is also creating a quality organization and pleasant ambience within the school, which creates a suitable environment for education as well as conditions for ever-more-needed cooperation between school experts and the practical field. Světlík defines school marketing as “managerial process which leads to learning, understanding, influencing and finally satisfying the needs and wishes of customers and clients of the school in effective way which ensures meeting the objectives of the school at the same time.” (Světlík, 2006)

2.2.2 Statistical Overview of Higher Education in the Czech Republic

In the academic year 2012/13 there were operating in the Czech Republic 26 public, 44 private and 2 state higher education institutions (University of Defence in Brno, established by the Ministry of Defence, and the Czech Police Academy in Prague, established by the Ministry of the Interior). 24 public universities, three private schools (Jan Amos Komensky University, Metropolitan University Prague and the University of Finance and Administration) and both state universities are higher education institutions of the university type (offering bachelor, master and doctoral study programmes). Other schools (two public and 39 private ones) are the non-university type (offering only bachelor and master programmes). The total number of higher education students was 381,272, out of which 341,599 students were Czech citizens and 39,696 were foreign citizens, 282,082 studied in full-time programmes and 102,788 in distance or combines study programmes; 48,392 people studied at private higher education institutions. (www.czso.cz, 2014)

2.3 Innovative Marketing

As was mentioned at the beginning, connection between marketing and innovation is in these days inevitable. Innovation is closely related to: a) creativity – it consists of cognitive aspect (learning of new opinions, new scientific theories) and implementation (creating values); b) invention – an original new idea, mental ingenuity – is closely related to the cognitive side of creativity, creative activity leading to changes in structure of knowledge in the form of inventions, improvement proposals, projects etc.; c) intuition – random phenomenon with a considerable role in innovation, albeit just additional.

According to Hrázdilová Bočková “Innovative marketing (is) perceived as introducing new methods supporting product sales, improvement in the areas of packaging, advertisement and promotion of products and services. Innovation is the basis of today’s competitive strategies. A number of products at the top of the market popularity became popular only due to appropriately selected advertising and communication strategy, which addressed the target group of customers.” (Bočková, 2010) Kotler and Trias de Bes defined three stages of innovative marketing:
stage 1 – selecting the area of interest in the marketing process: we choose one of the three areas that we are interested in – market, product, and remaining parts of the marketing mix; if we focus on the components of the marketing mix, they serve us as the entry for implementing the principles of innovative marketing and in the given case the aspects of market and product remain unaffected; stage 2 – creating “marketing gap”: if we start thinking in a different way than usually, i.e. we must interrupt a flow of logical thinking, while the ideas that arise may not make sense (the principle of creating a gap) while using six operations (on the level of product, market and marketing mix alike): a) substitution (i.e. hot dog in a sweet biscuit instead of a roll), b) inversion (shops that do not state prices – they sell the goods for the lowest prices in the town discovered in the previous research), c) combination (e.g. of the target groups – champagne for parents and for children), d) exaggeration (a pen that will never run out), e) elimination (notebook without a monitor – can be used in places with monitors fixed to the tables), f) reordering (first we look at photos than we have them developed); stage 3 – defining how new ideas shall be merged with the original ones: first we need to evaluate the situation, formulate conclusions or results of observation. (Kotler, 2005)

3. Problem Formulation

3.1 Communication in Non-governmental Non-profit Organizations

The current development of the non-profit sector alongside the continuous growth in numbers of non-governmental non-profit organizations requires non-governmental non-profit organizations representatives to reassess their way of thinking with regard to the set mission and tasks of each organization, to reconsider the values and ideas, to try out new innovative ways of providing services and to develop new possibilities in the area of activities, even more so in times of financial crises. The trust on the part of the public and state administration leans not only on the transparency of NGOs but also on the ability to efficiently communicate on the part of NGOs. Problematic area remains to be the persisting inefficient communication by NGOs, which is related mainly with the lack of finance and low number of core employees in non-profit sector. At the same time we can by no means overlook the problem of lack of specialists in marketing communication, which is a sore place for NGOs. In order to make expert and general public aware of the activities of non-governmental non-profit organizations, these have to focus their attention not only on fulfilling their mission but at the same time increasingly so also on securing finances for smooth running of the organization, but also on making the communication (marketing) activities more efficient. And it is just the increasing diversity in marketing tools used by the competition and their literally constant attack that represent a significant stimulus for searching for new innovative ways how to step out of the monotonous masses and successfully address the current as well as potential customers.

3.2 Joining the Theory and Practice in Higher Education

Improving the quality of higher education entails the need for connecting with the area of scientific research as well as with the economic sphere. In order to make the educational process more efficient, it is inevitable to interconnect the theory (higher education institutions) and practice (commercial and non-commercial entities). Equally important is the sufficient practical preparedness of university students to enter the practical experience hand in hand with the development of abilities leading to sufficient understanding of business processes. Even though the situation in tertiary education had improved over the last ten years, we still come across the existing problem reflected in persisting separability of individual partners, which reflects continuously in the current relationship between the theory and practice at numerous higher education institutions.

4. Problem Solution

4.1 The Cooperation Project

Interest in non-profit sector, information exchange and obtaining knowledge of the Czech and foreign environment was an impulse for proposal and implementation of a project entitled Cooperation of higher education,
public administration, commercial and non-profit sectors for socio-economic development of the region. The aim of
the project is to develop international cooperation and exchange experience in the sphere of human resources
development and employment on the basis of cooperation, and to connect activities of academics sphere, non-profit
sector, and public and commercial sectors on the principle of partnership. The created partnership should function as
a platform for monitoring of target groups’ needs, checking the effectiveness of sources distribution, exchanging
experience, preparation of expert studies, developing innovative solutions, creating methodological
recommendations and legislation proposals, and most importantly, for a constructive discussion on possibilities for
socio-economic development of the region with the focus on employment and human resources development.

4.2 Objectives and Methodology

The main aim of the research project was to carry out an analysis of the current state of non-governmental non-
profit organizations with residence and activities within the territory of the Zlin region. The following main task was
to obtain, apart from the basic economic indicators, including human resources, also the information on activities of
each NGOs, their interest in possible cooperation and communication, including the current forms of presentation,
i.e. to analyse the non-profit sector from the point of view of its needs, forms and communication tools for the
possibilities of innovation and region development on the basis of a more efficient coordination of relationships
between the partners of the Cooperation Project – i.e. the Zlin region, TBU, The Zlin Municipality, Chamber of
Commerce, NGOs Association, Labour Office. The selected survey method was questionnaire with questioning
carried out by phone and electronically. The questionnaire was created in cooperation of all partners, which was
reflected in organizing the questions in separate groups. The survey was carried out under the patronage of Tomas
Bata University in Zlin in the course of the year 2012 with the title Analysis of the non-profit sector in the Zlin
region.

The survey was directed to the 987 contacts from the current database of NGOs within the Zlin region, out of
which 404 respondents (NGOs) completed 436 questionnaires on their separate activities, which makes 41% out of
all current contacts. Among beneficial outcomes of the survey was also collection of some very useful data
regarding the possibilities of cooperation of NGOs within the Zlin region with the academic sphere, namely with the
Department of Marketing Communications of the TBU Faculty of Multimedia Communications.

4.2.1 Survey Results

With regard to the theme of this contribution, we can consider of a special importance the results in the area of
(marketing and) promotion. The results show that the tool most frequently used by NGOs is work with the client
database (153; 22 %), followed by PR (85; 12 %) and analysis of strong and weak points of the organization or
situation that the organization finds itself in (81; 12 %). Next comes measuring the customer satisfaction (75; 11 %)
and inclination for strategic planning is also not completely out of NGOs focus (68; 10 %). Due to the lack of
marketing specialists (see below), the more sophisticated marketing tools were less likely to be used, including
research (33; 5 % x 195, 12 %), SWOT analysis (27; 4 % x 206; 2 %) or market segment analysis (8; 1 % x 259; 16
%). Here the telling indicator is the comparison of values for consistently and regularly used promotion and
marketing activities with the values reflecting planning of the mentioned activities for the future.

The resulting values for other questions which reflect the current situation in NGOs promotional activities
showed that while 71 organizations (out of the base of 436 NGOs) stated that at present they use qualified
(marketing and) promotion specialists, 215 respondents, which makes 49%, replied that (marketing and) promotion
in the organization is not dealt with by a specialist but “whoever has time for it”. When we add the organizations
that do not care for promotion at all (32) there are already 56 % (247) organizations that do not use the services of a
marketing specialist. The situation is significantly worse when we look at the existence of a separate department for
(marketing and) promotion, which exist only in organizations, which is only 2 %!!!

What do NGOs consider the main reason leading to the current unsatisfactory situation in marketing and
promotion? The respondents that do not use marketing specialists (298) mentioned as the main reason lack of
finances (135; 45 %), although we could mention the vicious circle here (lack of finances = absence of marketing
specialists = insufficient (absent) communication = absence of interest (awareness) on the part of the public = lack
of finances = …). Another reason is related, supported by the persisting idea that any worker of a non-profit organization can handle (marketing and) promotion. Therefore, as 125 organizations states, there is no reason (or rather need – “since we have skilful workers”) to use the services of marketing specialists. The reasons for their decision included the small size of the organization, its focus, as well as the lack of awareness of the importance of the role promotion and marketing play in efficient work of an organization.

On the other hand, it was useful to learn that NGOs are interested in help from university students in the sphere of promotion and marketing. Organizations showed the biggest interest in help with promotion when preparing and implementing their projects were 173 (58 %) prefer this form of cooperation. 69 (23%) organizations would like to use the possibility of cooperation in the form of analyses carried out as a subject of bachelor or diploma projects. (Kooperace, 2012)

4.3 Forms of Solution

It is not enough to discuss problems, though. It is necessary to search for ways how to solve them, which has become one of the significant tasks of the Faculty of Multimedia Communications of Tomas Bata University in Zlin. This situation became an inspiration for developing the study course Non-Profit Organizations Projects. The main idea of the course is to establish a lasting cooperation between students and NPOs in the Zlin region. Students are given a chance to learn about the activities, structure and communication strategy of NPOs right in the practical situation, not only theoretically.

When preparing projects, emphasis is put on both the theoretical solution of all stages of the marketing process and their practical implementation. Thus we can speak of a practical course which proves that a specific cooperation between students and Ns has been established and shows how students apply the obtained theoretical knowledge in implementation of their own or assigned projects. Benefits include more profound interest in the events of the region on the part of students as well as their possible further professional orientation on non-commercial marketing communication. However, the priority remains the same – the possibility to try out implementation of a project with everything it entails in a real life scenario. Improving the quality of education thus directly corresponds with innovation in schooling, which aims to educate students in line with the demands of the market and new trends in the field, to strengthen their competences, teach them to work according to the principles of project management and enable them to obtain practical experience in the course of study, when they solve a specific tasks, campaigns and communication strategies. (Göttlichová, 2013)

4.3.1 Projects of Non-profit Organizations

A number of projects have already been carried out as a part of the course. Among the significant projects where students participated in both preparation and implementation is one entitled Life is not a Zebra. It is the largest of non-profit projects and focuses on organizing and promoting a two-week exhibition introducing non-profit organizations of the Zlin region. The exhibition will be structured so as to show various locations of the Zlin region and their activities, and will be accompanied by numerous workshops and events of informative and educational nature, related closely to the current issues of the region and target groups. NGOs from the Zlin region will participate in both the lectures and cultural programme. The aim of the event is to give space to the non-profit organizations of the Zlin region to introduce their activities to the general public and to point out the importance of the non-profit sector. Students are also taking part in the creative process, preparing the promotion materials for the presentation of non-profit organizations and the whole exhibition.

Another example is the project named Touch Fashion Show – Fashion That Helps! It was a charitable event with a gala night, fashion show and auction of presented clothes. These unique fashion designs were created by the designers from The Fashion Design Studio of the TBU Faculty of Multimedia Communications. The yield from this charitable event was donated to a non-profit organization providing help for senior citizens and Alzheimer patients.

Students remembered also the wordless “inhabitants” of the town. The project entitled Wordless Face was carried out by students in cooperation with the Municipality of Zlin and The Animal Shelter in Zlin-Vršava. The project has several objectives with regard to supporting the shelter. First of all it is the endeavour to secure the best possible
living conditions for the animals in the shelter through fundraising that is obtaining money and material gifts from legal entities as well as general public, with the use of various events and meetings organized on the premises of the shelter in Zlín-Vršava. The project also works hard to raise awareness of the shelter among the general public, using advertising, public relations and direct marketing.

Projects on non-profit organizations also reflect the new approach to the curriculum, “which is no more based merely on acquiring as big amount of facts as possible, but arises from the new mission of educational institutions, which is to provide a systematic and balanced structure of basic terms and relations, thus enabling putting information into a meaningful context of knowledge and practical life experience. These changes should provide students with the possibility to learn how to work with information, how to classify it and apply, not only accumulate and gradually forget. That is connected with the ability to orientate in practical real-life situations and to act independently, accept responsibility for one’s acts, and so on.” (Rektořík, 2002) That is where the students could apply all steps of innovative marketing with a clear aim, which is increasing competitiveness of NPOs in the market.

5. Conclusion

The main task of the educational system should be providing graduates with such knowledge and abilities as to make them employable and able to be successful even in the environment of fast changing requirements of the labour market. In order to achieve that, it is necessary to coordinate the output of the tertiary education sector with the needs and requirements of employers, and to provide sufficient and trustworthy information on both job opportunities and study offers. At the same time it is necessary to give all students an opportunity to take an active part in creative work linked to classes, which will result in creating a stimulus-rich environment and which will motivate them strongly for further work. Today we already know that we cannot get by without efficient development of contacts and communication with potential employers (from both commercial and non-commercial sphere). That will provide access to relevant information and enable implementation of new innovative forms of cooperation on the content and organization of schooling.

The so-called third function of universities plays an important part in this process. It is well known that apart from the traditional role of universities in the sphere is education and research universities have always had other functions as well. Lately, they have been more and more often functioning as the initiators of regional development. The improving level of regional universities is thus becoming one of the basic conditions for obtaining large investments into a region, and the research carried out at universities is increasingly important as a condition for the development of innovative business in regions.

References

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