

## **A REVIEW OF NONPROFIT MARKETING TEXTS:**

### ***Cases in Public and Nonprofit Marketing***

**By Christopher H. Lovelock and Charles B. Weinberg**

(Palo Alto, CA: The Scientific Press, 1977, 220 pp., \$14.50)

### ***Readings in Public and Nonprofit Marketing***

**By Christopher H. Lovelock and Charles B. Weinberg**

(Palo Alto, CA: The Scientific Press, 1978, 304 pp., \$14.50)

### ***Marketing for Nonprofit Organizations, 2nd Edition***

**By Philip Kotler**

(Englewood Cliffs, NJ: Prentice-Hall, 1982, 528 pp., \$23.95)

### ***Cases and Readings in Nonprofit Marketing***

**By Philip Kotler, O. C. Ferrell and Charles W. Lamb, Jr.**

(Englewood Cliffs, NJ: Prentice-Hall, 1982, 480 pp., \$14.95)

### ***Marketing for Nonprofit Organizations***

**By David L. Rados**

(Boston, MA: Auburn House, 1981, 572 pp., \$24.95)

In the past decade nonprofit marketing has attracted increasing interest from marketing scholars and has developed into a recognized subfield of marketing. Involving the extension of marketing concepts and techniques to public, nonprofit and government organizations and to social and political causes, a marketing perspective may benefit the bewildering variety of organizations that employ over 30% of the United States labor force and account for over one-fourth of its GNP.

This increasing interest in nonprofit marketing has led to its becoming a major elective in the regular mix of marketing courses currently offered in most business schools, and happily a significant number of new books and teaching materials has recently become available. Since most nonprofit marketing courses are offered at the introductory level, in this review we focus on these five books. (Advanced books for specialized courses are listed at the end of this review.)

The broadening of marketing beyond its traditional commercial domain raises some basic questions about the nature of marketing. Though space considerations preclude a thorough discussion of these issues, in the second part of this review we discuss various viewpoints and offer our own perspectives.

### **Lovelock and Weinberg**

Lovelock and Weinberg have published two volumes, *Cases in Public and Nonprofit Marketing* in 1977, and a companion readings book, *Readings in Public and Nonprofit Mar-*

*keting* in 1978. The case book contains 21 managerial decision making cases, most of them quite substantial, which in our experience teach very well. Though we would have liked to see more emphasis on strategic planning and marketing research, a broad variety of organizations (e.g., government, educational and arts institutions) is included, and the problems addressed are various (physical goods, public transportation, consumer services and social marketing). There are, however, no cases on tourism, religion or political candidates.

As a companion volume the readings book presents a broad coverage of 40 nonprofit marketing articles. There is particular emphasis on education, health care and public transportation but less on such areas as tourism, religion, social causes and political marketing. However, taken together these books represent the state of the field when they were published. They have been carefully assembled, contain much of the authors' own work and provide a firm foundation for the first nonprofit course. Of particular interest for the instructor is the teacher's manual. In it the authors provide the framework for a course in nonprofit marketing and present alternative ways of combining cases and readings for maximum pedagogic benefit.

A new Lovelock and Weinberg text, *Marketing for Public and Nonprofit Managers*, is scheduled for publication by John Wiley later this year. We expect this to be a substantial volume as it will represent the culmination of many years work by two dedicated scholars. A preliminary review suggests that there will be considerable emphasis on public sector as well as nonprofit organizations and that managerial issues will be addressed using the services, physical goods and social behaviors trichotomy.

### **Kotler**

Kotler has two books that are worth considering. The second edition of *Marketing for Nonprofit Organizations* was published earlier this year. In addition, he, O. C. Ferrell and Charles Lamb have assembled a new cases and readings book, *Cases and Readings in Nonprofit Marketing*, also scheduled for 1982. For instructors preferring textbooks, publication of Kotler's second edition will be welcome and is a considerable improvement over the first edition. The principal strengths of the book are its ordered conceptual treatment of marketing and its heavy managerial emphasis. This is a book that focuses on how to do the marketing job in a nonprofit organization. We were especially pleased with the emphasis on strategic planning; the treatment of marketing strategy variables is considerably expanded and improved.

The book is organized into six sections and 22 chapters. The first four chapters deal with the nature of marketing and its role in nonprofit organizations. These are strong chapters but Kotler relies too heavily on voluntary exchange as the critical underlying concept tying marketing together in all its diverse domains. We applaud the introduction of portfolio notions in Chapter 3, though the application of these concepts to nonprofit organizations needs further development. Finally, placing the new product/service development function in Chapter 4 rather than leaving it to a later product chapter seems a good move.

Both Organizing Marketing (marketing organization, marketing information and research, marketing planning and control) and Analyzing Marketing (marketing measurement and forecasting, segmentation and targeting, and consumer analysis) are strong, well-organized sections that present important material. Marketing organization is a much improved chapter.

In the consumer analysis chapter, as elsewhere, Kotler keeps his readers up to date when, for example, he discusses various consumer evaluation models: conjunctive, disjunctive, lexicographic, expectancy value, ideal product and determinance.

These 10 chapters pave the way for planning the marketing mix. Rather than relying on the four Ps' straightjacket, however, Kotler assigns one chapter each for discussion of product, price, distribution, sales force, advertising and sales promotion, and public relations decisions. A separation of sales force and advertising decisions makes good sense, given the very different nature of the problems and activities. For a field that places much emphasis on the relationship between an organization and its publics, a separate chapter on public relations is also welcome. Overall, these chapters are solid and represent considerable improvement over the somewhat skimpy offerings of the first edition, though the pricing chapter is little changed and is rather pedestrian.

There are two serious concerns with the strategy formulation segment of the text. First, the role of competition seems to be underplayed. There is such heavy focus on developing a consumer orientation that the fact that nonprofit organizations exist in competitive environments appears to get lost. Second, despite the concern with multiple publics for whom marketing strategies must be developed, there is little attempt to discuss the interaction between these strategies. Whereas the business firm may develop strategies for its various publics independently (i.e., customers, financiers, suppliers) and is often legally required to do so (e.g., reciprocity laws), frequently the nonprofit organization must develop strategies that not only are integrated within a public but are integrated across publics. For example, the extent to which a symphony orchestra is funded by donor groups may well be a function of the content of its programs, the nature of its audiences, or the venue of its performances.

Following these 18 chapters Kotler presents chapters on areas of special concern that cut across nonprofit organizations: recruitment, donors and voters. This is a better approach than the focus on nonprofit domains—health, education and political candidates—which characterized the first edition. We were less happy with the final section, *Adapting Marketing*, in particular Chapter 21, the marketing of services, persons and places. Since the output of many nonprofit organizations is a service, we would have preferred to see services woven into the fabric of the book, rather than relegated to an end chapter. We doubt that the marketing of persons and places deserves special status.

The overall presentation of the book is internally consistent. Each chapter commences with a short case situation highlighting problems addressed in the chapter. Together with the chapter summary and questions, this produces a "tell 'em what you're going to tell 'em, tell 'em, tell 'em what you told 'em and see if they listened" effect that should be very conducive to the learning process. In summary, this is a solid piece of work. Though its major focus is on nonprofit organizations, with perhaps an overreliance on examples from the health care and education fields, public institutions are not forgotten. Social marketing is not central to the book; however, it is dealt with in the last chapter. Finally, while the tone of the book is somewhat evangelical in suggesting that marketing may be a panacea, we have little doubt that it will prove to be popular.

The Kotler, Ferrell and Lamb new cases and readings book contains 29 articles and 18 cases. Structured identically to Kotler's new textbook, it is an appropriate companion volume, though some articles seem a little weak. The cases are much more substantial than those in the first edition text, but over 50% are 1975 or earlier. The coeditors could surely have iden-

tified or written some more contemporary cases. Indeed, we were puzzled as to why, apart from two of Kotler's seminal articles, only one item, a coauthored article, and none of the cases were cited as written or supervised by the coeditors.

## Rados

For the instructor who prefers texts and cases in one volume, the new Rados book warrants serious consideration. It consists of 300 pages of text and 16 new cases, many of them of the "Harvard" type. Rados displays a wealth of experience in dealing firsthand with nonbusiness marketing problems. The book is studded with examples, and the reader emerges with a good sense of what it is like to be in marketing in a non-business organization. The book is written with a witty style, and Rados has a refreshing tendency of saying exactly what he thinks, though some readers may take issue with certain of his bold assertions.

The structure of the book is somewhat unusual. Following an introductory chapter there are chapters entitled *Costs*, *Behavior*, and *Giving*, before a presentation of marketing strategy, distribution, communication, price, marketing control and marketing organization. The presence and positioning of the costs chapter reflects Rados' concern that for many nonprofit organizations, financial analysis and control is a critical weakness. Though the chapter contains much worthwhile material, it is somewhat disorganized. Part of the chapter deals with costs borne by the organization and perhaps would be better placed under planning and control, while the remainder concerns costs borne by clients. Though providing much insight into the total cost absorbed by the client, of which price is just one element, it would be better placed in a consumer analysis or pricing chapter.

In his introductory chapter, Rados presents a refreshingly different view of marketing. He discards the concept of exchange as underlying all marketing activity, preferring to see marketing in terms of a technology for behavior change. The third chapter, *Behavior*, reflects this position. Chapter 4, on *Giving*, is consistent with Rados' purpose—to focus on topics specific to nonprofit organizations. It contains much data on who gives, how much and to whom, the art of fund raising and a good discussion of giving in inflationary times. It does not, however, tell the reader how to go about setting up a giving campaign.

The next four chapters are organized more traditionally, though product strategy is dealt with in the marketing strategy chapter. The opening pages of this chapter focus on competition and make the point very clearly that any marketing strategy must be a competitive marketing strategy. This treatment is in striking contrast to Kotler who understates the role of competition. However, as with Kotler's book, Rados' is less clear in identifying the interrelationships between the marketing strategies targeted at the various publics. The product strategy segment is competent, though abbreviated. Only eight pages are devoted to new product strategy and new product development.

The distribution and communication chapters are competently written and the pricing chapter, though extensive, would have been stronger had the costs material, noted earlier, been included. Finally, in Chapter 9 Rados makes some concise points about the importance of and ways to achieve control of the marketing effort and highlights critical issues in organizing for marketing.

Our overall view is that Rados knows what he is talking about and what he knows is presented clearly. The book's strengths are the wealth of information about marketing in public and nonprofit organizations, the extensive examples and

the clear, honest writing style. Its weaknesses are an organization that seems suboptimal for the material presented, a lack of space on some important areas and an overemphasis on descriptive material in some chapters. Finally, although we liked the questions at the conclusion of each chapter, we believe chapter summaries would have had pedagogic benefit.

The Kotler and Rados volumes in particular view marketing quite differently. In the next section we expand on these differing viewpoints and offer some of our own perspectives.

### What Is Marketing?

Perhaps the most interesting difference between the Kotler and Rados books is the authors' differing views of the nature of marketing. Though both clearly see marketing as a managerial function and favor a broadening to nonprofit organizations, ideas and causes, the differences between them present a new dimension to the "what is marketing" debate.

Kotler's views have developed at Northwestern University over the past decade (Bagozzi 1974, 1975; Kotler 1972; Kotler and Levy 1969) and now represent the conventional wisdom. He sees marketing as a management function concerned with facilitating the voluntary exchange of values. Extended beyond the traditional business supplier/customer exchange to nonprofit organizations, social causes and other publics, exchange should be accomplished by implementing the marketing concept, satisfying the needs and wants of the exchange partner.

Rados discards the exchange concept as a universal underlying marketing. Though he argues that voluntary exchange is valuable for understanding many mercantile activities of business firms (supplier-customer, customer-supplier, firm-banker, firm-stockholder and so forth), he believes that voluntary exchange must be stretched to meaningless limits to accommodate marketing in nonbusiness organizations. Thus he argues that the donor to an art museum may have good feelings from his/her donation, but these are really self-generated and did not emanate from the museum. As another example, the Swedish adult may stop smoking and switch driving from the left to the right hand side of the road in response to government persuasive efforts, but it is difficult to comprehend what is being exchanged. Rados prefers the perspective that "some marketing is exchange, but not all of it" and echoing Blair's (1977) critique of Bagozzi (1975), "some exchange is marketing, but not all of it."<sup>1</sup>

The concept of facilitation of exchange of values is replaced with that of obtaining behavioral response. Rados argues that marketing is a technology for behavior change that is used by organizations to get large numbers of people to do things. Not all methods of influencing mass behavior can be called marketing, however. Rados explicitly rules out violence, forbidding choices (e.g., making them illegal) and limiting choices (bureaucratic restriction of available options), and sees absence of control over the persons to be influenced as intrinsic to marketing problems. Marketing is seen as characterized by two types of method: persuasive communications and adaptation to existing patterns of behavior. Rados observes that marketing is limited to superficial changes in behavior for the simple reason that individuals must be taken as they are. Other behavior change technologies (psychoanalysis, brainwashing) aim at permanent, fundamental change.

Stated in more familiar terms, adaptation to existing patterns of behavior is the marketing concept. Employing this concept, the marketing oriented organization identifies the

needs and wants of a target customer group and develops products and services to satisfy those needs and wants. Use of persuasive communications, which of course complements implementation of the marketing concept, is frequently termed a sales orientation in which the organization attempts to persuade its audience to purchase its existing products and services.

The conventional wisdom of marketing is that the marketing concept underlies all of marketing. Thus, Nickels (1979, p. 618) states:

There are certain universal concepts which pervade all of marketing. For example, all of marketing is concerned with satisfying human needs and wants.

Furthermore, the sales orientation is viewed as an incorrect way for marketers to proceed. Thus, Kotler and Levy (1969, p. 15) argue:

Certainly selling and influencing will be large parts of organizational marketing, but, properly seen, *selling follows rather than precedes* the organization's choice to create products to satisfy its customers. (emphasis added)

We wish to take issue with these positions and argue that the marketing concept is irrelevant as a marketing universal.<sup>2</sup> Focusing on the commercial supplier-customer relationship, the supplier's objective is to achieve a behavior, purchase. One way to proceed is to implement the marketing concept, to identify the extant needs and wants of customers and to make whatever modifications of products and services are necessary to satisfy them. Equally reasonably the organization may persuade customers to a different set of needs and wants and show how the firm's existing products and services satisfy them. In the context of multi-attribute models of consumer choice, whereas the marketing concept implies taking the evaluative/importance terms as given and producing products and services that can generate appropriate beliefs, the sales orientation implies an attempt to change the evaluative/importance terms.

For the business firm acting rationally the choice of which general strategy to adopt is simply a function of the returns it expects from various alternative allocations of its resources. These returns will depend upon the strength of the customer's beliefs in his/her existing needs and wants, the degree of change of needs and wants to match existing products and services, competitive products and services (current and expected future), costs of developing new products and changing production processes, and so forth. It may be that in many cases adapting the firm to match its environment generates better returns, but the alternative approach of adapting the environment to match the firm cannot be ruled out, either as a rational business strategy (Pfeffer and Salancik 1978) or as a fundamental part of marketing.<sup>3</sup>

Indeed, adoption of this perspective results in a very different concept for achieving business success. Rather than employing the marketing concept of serving customer needs as its rationale, the business firm should focus on securing competitive advantage. Producing products and services that best

<sup>1</sup>See O'Shaughnessy and Ryan (1979), for another critique of the exchange concept.

<sup>2</sup>In focusing on prescriptions for managerial behavior, the normative micro level, we do not mean to suggest that macromarketing or positive micro issues are unworthy of discussion (Hunt 1976).

<sup>3</sup>See Marcuse (1964) for a critique of marketing on the basis that marketing mechanisms cause the imposition of false needs on consumers. See Nord and Peter (1980) for a discussion of behavior modification techniques, and Rothschild and Gaidis (1981) for a discussion of behavioral learning theory in marketing.



serve extant needs is simply one method of securing competitive advantage, but it is by no means the only one.

The limitations of the marketing concept are more clearly seen when the business firm is compared to many nonprofit and social cause organizations. The business firm is a totally variable entity in that, pursuing a long run survival objective, its mission, the businesses comprising that mission, and the products, services and customers of the businesses may all be changed, more or less frequently, as the firm best matches its resources to environmental opportunities.

Such a model, however, is not valid for those nonprofit and social cause organizations having a core area of mission. For example, a church may engage in many activities (businesses): fund raising, scouting, soup kitchens and women's clubs, which reflect an extant mission, and these may change over time as the desired relationship with its social environment (its mission) changes; nevertheless, a central core of mission related to its underlying doctrine will be much more resistant to change. An antiabortion group may engage in many different activities, but its core mission is making abortion illegal. For such organizations pursuit of the core mission may be more important than survival, and attainment of the mission may result in dissolution of the organization. Thus strike committees come and go; no longer is there a women's suffragette organization nor, we believe, a committee to reelect Richard Nixon as President. Furthermore, history is replete with examples of men and women who have suffered utmost deprivation and death in pursuit of a mission.

As far as pursuing its core mission is concerned, for a nonprofit or social cause organization the concept of satisfying customer needs and wants is absurd. If members of a church do not agree with its doctrine, the church will attempt to persuade them to accept the doctrine or accept a loss in membership rather than change its doctrine. A gay rights organization is not interested in satisfying the heterosexual population's needs and wants; it wants to persuade that population to its point of view and have it take appropriate action.

For many nonprofit and social cause organizations the appropriate behavior regarding its core mission is persuasion to its point of view. For other areas of activity, either a marketing or a sales orientation may be appropriate. Certainly a university may modify its course offerings in response to student requests, a city may introduce new bus routes and modify existing schedules as citizens require, and the Sierra Club may publish those books that environmentalists have indicated they like. But in the area of core mission, the tools of persuasion rather than a modification of the mission or cause are the key items in the nonprofit marketer's arsenal.<sup>4</sup>

In their seminal article, Kotler and Levy (1969, p. 14) expressed their belief that:

Marketing is seen as a large and increasingly dangerous technology, making it possible to sell persons on buying things, propositions and causes they either do not want or are bad for them.

<sup>4</sup>Rothschild (1979) has noted that some social causes require 100% behavioral response from a nation's citizens, e.g., metrication of measurement (USA), decimalization of currency (UK), changing from driving on the left to driving on the right (Sweden). It cannot seriously be argued that the needs and wants of all citizens were being satisfied. Further, Ryans and Weinberg (1978) see the key problem of managers in the public sector as "inducing consumers . . . to maintain socially desirable behaviors . . . such as using mass transit, fastening seat belts, stopping smoking, and conserving energy" (p. 84) irrespective of whether individual citizens wish to engage in any of these activities.

However, they suggested that there was a regrettable misunderstanding and that much weaker in the public mind was:

the other meaning of marketing . . . the concept of sensitivity serving and satisfying human needs. (p. 14)

We believe it is time that marketers ceased hiding behind the marketing concept as a justification for their actions and face the reality that they are indeed dealing with a technology for securing desired behavior.<sup>5</sup> Then perhaps they will start to address a topic on which they have remained surprisingly silent, the ethical issues,<sup>6</sup> three of which are: First, should I attempt to persuade people to behave in this fashion: purchase handguns, use vaginal sprays, stop breast feeding and so forth? Second, irrespective of the behavior I seek to obtain, are the techniques I am using proper ones? Third, should I, as a marketing researcher, develop a particular type of methodology for securing desired behavior when I have little control over its eventual use (the nuclear physicist's dilemma pre-Hiroshima)? The marketing journals are remarkably silent on these questions, yet these are surely questions that should concern the sensitive user and developer of marketing technology.

In summary, we found the publication of these books on marketing in nonprofit organizations to be an encouraging development in the growth of the field. Furthermore, we believe that not only have nonprofit organizations gained much from marketing practice developed in the profit sector but in the preceding decade marketing itself has gained from efforts to expand into the nonprofit area, especially at the conceptual level. In this review we have noted a new dimension to the what is marketing debate which offers further insight into the nature of marketing and raises some important issues that were previously largely ignored.

NOEL CAPON  
Columbia University

GARY MAUSER  
Simon Fraser University

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<sup>5</sup>For a critique of the technological perspective, see Sweeney (1972).

<sup>6</sup>See Laczniak, Lusch and Murphy (1979) for raising ethical issues in the context of social marketing.

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