UNIVERSITY OF STRATHCLYDE

DEPARTMENT OF MARKETING

THE MARKETING OF NON-PROFIT ORGANISATIONS

A STUDY OF THE APPLICATION OF MARKETING TECHNIQUES AND PRACTICES IN THE SCOTTISH ARTS ORGANISATIONS

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SUBMITTED ACCORDING TO THE REGULATIONS

FOR THE DEGREE OF Ph.D.

1982

ABSTRACT

Marketing has always been regarded as an important activity in business organisations. The contribution which marketing discipline can make to improve performance in non-profit organisations has received limited attention, and is comparatively an unexplored field of research.

This thesis analyses the extent to which the application of marketing techniques and practices, as they are practised in profit-oriented firms, can improve performance in the Scottish Arts Organisations, as a particular type of non-profit organisations. It suggests that success and better performance can be derived from two major groups of factors. These are :

First, the management commitment to marketing in terms of the emphasis it places on using marketing planning, dependence on formalised and structured marketing research, and the effort it devotes to identifying users' needs and wants.

Second, the efficient use of the marketing principles related to the marketing mix elements, i.e., product, price, promotion and place.

A thorough examination of literature pertaining to these factors has been carried out, based upon which specific hypotheses have been formalised and tested.

The empirical investigation was carried out in the Scottish Arts Organisations where six matched pairs of arts organisations, half of them successful and half unsuccessful, have been chosen as a framework for the study. Personal interviews with a structured questionnaire was the method used for data collection from these organisations.

The analysis of data was carried out using the method of paired comparison where a successful organisation is compared with an unsuccessful one as a basis for determining any diversity between the two. Comparison between each pair is made using marketing "variables" which, between them, provide the essential information concerning the management attitude towards the marketing concept, and the extent to which the marketing principles related to the marketing mix element, i.e. product, price, promotion, and place, are used efficiently. Also, frequency and cross-tabulation methods are used.

The findings of the field research are inconclusive in terms of distinguishing between success and failure and a number of explanations for this are examined together with proposals for further research. In general it would appear that the management of the arts organisations investigated pay only limited attention to marketing and that there are a number of areas where marketing might make a useful contribution to improving the overall efficiency of such organisations.

ACKNOWLEDGMENTS

In the course of preparing this study, I have received substantial help from others to whom I extend my thanks.

My greatest debt of gratitude is owing to my supervisor, Professor Michael J. Baker, Head of the Department of Marketing and Dean of the School of Business and Administration at Strathclyde University, who gave me the initial stimulus for this study and offered all the sort of help that made it possible. His constant encouragement, generosity with time, constructive comments and inspiring discussions have been of immeasurable value to me. In times of frustration, it was indeed his coaxing and stimulating help that enabled this study to be completed. To him goes more that I can ever acknowledge here.

My grateful thanks are due to both the managers of Scottish Arts Organisations and Scottish Arts Council who participated in this investigation. I acknowledge with gratitude their co-operation and assistance.

I am also much indebted to Al-Azhar University and the Egyptian Government for the financial support to undertake this study. This support is gratefully acknowledged.

Miss C. Latta and Mrs K. Kirkwood have given this work a valuable contribution by typing it so expertly. I owe them my sincere thanks.

I would like to express my heartfelt gratitude to my wife EBTISAM GAMAL EL-DIN for her patience and understanding of the unsociable life she had to share with me during the preparation of this work. She tried her best to make our stay in the United Kingdom enjoyable and contented.

Finally, my children, Marwah, Rania, and Sammer have surrounded me with a warm and joyful atmosphere, and their innocent smiles have provided me with rays of hope and peace of mind which allowed me to carry on my research.

HUSSEIN M.R. HUSSEIN

GLASGOW, FEBRUARY, 1982

TO EBTISAM

AND THE MEMORY OF

MY FATHER AND MOTHER

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Introduction

In 1969, Philip Kotler and Sidney Levy[1] suggested the idea of broadening the concept of marketing and advanced the view that marketing is not just a business function but a valid function and relevant discipline for non-business organisations as well insofar as "all organisations can be said to have consumers and "products". Further, they have many problems which would seem amenable to the application of marketing ideas and techniques.

Since the 1970s, there has been an extensive controversy over Kotler and Levy's suggestion. On the one hand, it has received much acclaim and approval in a number of articles and studies in the 1970s, reporting applications of marketing techniques to the area of non-business organisations. Among these those of Shapiro,[2] Moyer,[3] Buchanan,[4] Nickels,[5] Ford,[6] Wills,[7] Mindak and Bybee,[8] McAnnally,[9] Farley and Leavitt,[10] Weinberg,[11] Zikmund and Stanson,[12] Zaltman and Vertinsky,[13] and Lovelock and Weinberg,[14] are of significant importance. These perspectives examined the usefulness of the marketing concept in developing marketing programmes for non-profit organisations in general, and presented conceptual frameworks to be used in creating specific marketing programmes in the area of social marketing.

On the other hand, there is an alternative perspective which holds that such extenuation may lead marketers towards the dilution of their efforts and unnecessary complication of a field which is already confusing enough. The danger, as Luck[(15)] argued, is that it might provide limitless boundaries to marketing definition which will lose its identity as a consequence.

However, there is a considerable support for a balanced perspective between the two preceding viewpoints. This perspective, of which Baker[(16)] is a representative, does not entirely ignore such extension to include non-traditional areas of marketing, but, rather, states some conditions and caveats which must be considered and taken into account.

Despite the extensive controversy over the idea of broadening the concept of marketing to include non-profit organisation, comparatively little attention has been given by research students to undertake studies to examine the extent to which the application of marketing concepts and techniques, as they are practised in the profit-oriented firms, can improve performance in NPOs. While several studies [*] have been conducted by marketers in the area of profit-oriented firms to explore the extent to which "marketing" is a significant factor in differentiating success from failure,

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* Some of these studies will be discussed in detail in Chapter 5.

a review of the literature indicates that there is a lack of similar studies in the area of NPOs. Most studies conducted so far by marketers and researchers such as Buchanan,[17] Black and Harry,[18] Cairns and Snell,[19] Ford, [20] Yarrow,[21] Lovelock,[22] Mindak and Bybee,[23] Rogers and Shoemaker,[24] Finnigan III. and T.H. Sun,[25] Berry and George,[26] W.D. Clark,[27] Althafer et al,[28] among others* have tried to identify whether or not some non-profit organisations undertake marketing like activities without exploring whether or not such activities have been undertaken professionally or formally, and without examining the extent to which the use of these marketing concepts and techniques has led to improved performance in NPOs.

Based upon the above facts, the present study aims at examining the extent to which the application of marketing concepts and techniques, as they are practised in the profit-oriented firms, can improve performance in NPOs in general, and in the Scottish Arts Organisations in the particular. In other words, this study seeks to establish whether better marketing can lead to better performance and success.

Significance of the Study

The present study is considered important for the following

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* These studies will be discussed in detail in Chapter 4.

reasons :

Firstly : The increased importance of non-profit organisations. The significance of this study stems from its concern with a sector of society which is growing in importance, i.e., NPOs. Most NPOs such as, Churches, Universities, Hospitals, Arts Organisations, Government Departments, and so on, have had, historically, a longer existence or entity than profit oriented firms, with their major objective of achieving profits by selling goods or services.[29]

Mention should also be made of the fact that the rise of NPOs has paralleled the development of society. The social importance of the non-profit sector has been stressed by a number of writers including Baker,[30] Kotler and Levy,[31] Hicks and Gullett,[32] among others. Professor Baker, for instance, points out that "as man's productive capability has grown so he has been able to devote more of his energies to social activities and, that, in order to do so he has had to develop organisations other than business firms." He adds, "When we can release human and physical resources from the treadmill of satisfying the basic needs of food and shelter, we can turn our attention to the satisfaction of higher needs such as education, the arts, health, and social welfare."

In addition, the economic importance and the growth of NPOs has been spectacular. In Great Britain, despite the general reduction in public expenditure imposed by the Government, the

Government's announcement of grant-in-aid for the Arts for the fiscal year 1982/82 would indicate that there is a 7.5% increase over 1981/82. Table 1-1 shows this grant and its main allocations.(33)

The National Health Service, as another example, employs about a million people, full-time or part-time. This workforce amounts to about four percent of the total working population. Its costs have grown to absorb nearly seven percent of the gross domestic product and over one-tenth of government expenditure. (34) Also, the magnitude of the non-profit sector in the US has been illustrated by Don Bates, (35) McConkey,(36) Anthony and Herzlinger(37) Hicks and Gullett,(38) Selby,(39) Mittanthal and Mahoney,(40) among others. Bates, for instance, states that there may be as many as six million private organisations in America's Voluntary Sector. The core group includes 350,000 religious organisations, 37,000 human service organisations, 6,000 museums, 5,500 private libraries, 4,600 secondary schools, 3,500 hospitals, 1,500 colleges and universities, and 1,100 syphony orchestras. He indicates that one out of every ten service workers and one out of six professionals in the US is employed by a non-profit organisation.

Secondly : This study was undertaken in the hope that it would help managers of non-profit organisations do a better job. In fact, by applying modern marketing concepts and techniques to the area of NPOs, we broaden and deepen the marketing discipline. In this way, the study constitutes further research into the

Table 1-1 The main allocations of grant-in-aid for Arts : 1982/83

	Allocation of grant 1981 / 82 £	Allocation of grant 1982 / 83 £
National Companies	21,000,000	23,050,000
Music (including Festivals)	5,208,000	5,663,250
Dance	2,307,000	2,567,000
Touring	6,078,000	7,120,000
Drama	10,340,000	11,133,000
Art	3,892,000	3,460,000
Literature	852,000	875,000
Regional Arts Associations	7,666,000	9,240,000
Arts Centres and Community Projects	1,365,500	1,117,000
Training in the Arts	580,000	500,000
General Operating Costs	3,440,000	3,755,000
Unallocated	194,000	232,750
	62,923,000	68,713,000
Scotland	9,344,000	10,200,000
Wales	5,483,000	5,987,000
Total Commitment Figure	77,750,000	84,900,000
Housing the Arts	2,500,000	1,400,000
General Total	£80,250,000	£86,300,000

diffusion of marketing innovation as this case into the non-profit sector. However, the important criterion for such diffusion is that of relevance. Specifically, marketers should judge the value of their contribution, in terms of how much it actually helps the managers of NPOs do a better job. As Austen(40) indicated, any applied science, but particularly an applied social science, tends to hover uneasily between being aridly theoretical and a collection of "cook book" prescriptions applied and applicable to a narrow range of ephemeral situations. It is only by inter-change of theory and practice over a wide and divergent range of living situations that a discipline like marketing can broaden and deepen its field while enhancing rather than reducing its practical relevance.

Thirdly : The present study, in addition to the body of literature which it reviews, provides useful information which can enable marketers, (the managers of NPOs, in general), and the Arts Organisations' managers in particular, to see certain areas for mutual co-operation and concern. The most important contribution that marketers could make would be in determining and suggesting ways by which these organisations can benefit from applying the marketing concepts and techniques, as they are practised in the profit-oriented firms. In other words, whatever the specific area for such mutual co-operation, the study may encourage the Arts Organisations' managers, in particular, and the managers of NPOs in general, to seek professional marketing help.

Organisation of the Study

The study is organised in seven chapters the first of which is the introduction. Essentially, chapters two to four, review the relevant literature.

Chapter 2 discusses marketing concepts and techniques in order to determine their relevance to NPOs in general. This chapter begins with a discussion of the definitions of marketing. Then, it traces the stages in the development of marketing thought. These stages are classified into four major eras ; the production-orientation era, the sales-orientation era, the marketing-concept era shifting from consumer satisfaction, to consumer-satisfaction and firm's profit emphasis, and to an integrated point of view. The adaptation and implementation of the marketing concept and a review and criticism of this concept are presented. The final stage in the development of marketing thought, i.e., the broadening of the concept of marketing era during which the marketing concept is broadened and applied to NPOs, is extensively discussed.

Chapter 3 is an attempt to explore the nature of NPOs and to analyse those factors which tend to distinguish them from profit-oriented organisations. The main objective, in this case, is to identify the fundamental differences, or similarities, between the two sectors, i.e. profit-oriented and non-profit-oriented organisations. The chapter begins with a definition of NPOs, followed by identifying the main characteristics of the non-profit sector in order to see whether NPOs are really different. It also assesses the importance of NPOs historically, economically, and socially identifying the main classifications of these organisations. Then, the management of NPOs ; its importance, and the main requirements for effective management in this sector are examined. Finally, the status of the marketing function in NPOs and the current requirements for introducing the marketing function into these organisations are discussed.

Chapter 4, is devoted to explore the contribution which the application of the marketing mix elements might make to improve performance in NPOs, and to determine the extent to which this is similar to or different from their application in profit-oriented organisations. Investigation into the nature of this application and its contribution is organised in this chapter as follows. Firstly, the concept of the marketing mix, in terms of its definition, combination, process, and application are discussed. This is followed by an extensive discussion of each element of the marketing mix, i.e., product, price, promotion, and distribution in terms of their application and contribution to NPOs.

Chapter 5 discusses the design of the field study, and is a bridge between the theoretical framework and the empirical findings. It presents the formulation of a number of hypotheses to guide the collection, analysis, and interpretation of data followed by a description and evaluation of the methodology which is used in this study, i.e., the paired comparison method. It also presents an overview of the sampling frame and the development of the questionnaire.

Chapter 6 is devoted to presenting a discussion of the field study findings, and the general conclusion.

Chapter 7 presents the contributions of the study, discusses its limitations and, where possible, makes recommendations and suggestions for further research to be undertaken.

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CHAPTER TWO

CONCEPTUALISING MARKETING

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Introduction

This chapter will discuss the marketing concepts and techniques in order to determine their relevance to non-profit organisations in general. To this end, it would appear meaningful and logical to start by discussing the definition of marketing in the light of stages in the development of marketing thought. These stages can be classified into the following four major eras :

1) The "production-orientation era" ;

2) The "sales-orientation era" ;

3) The "marketing concept era" shifting from consumer-satisfaction, to consumer satisfaction and firm's profit emphasis, and to an integrated point of view. The adaptation and implementation of the marketing concept and a review and criticism of this concept will then be presented.

4) The era during which the marketing concept is broadened and applied to non-profit organisations will be investigated.

Marketing Definition

It has been argued that the nature of marketing has necessitated a wide variety of interpretations and so encompassed many divergent viewpoints. The following statements may testify to this lack of agreement on the nature of marketing and stress that the answer to the question "What is marketing?" is very complicated and somewhat confusing.

" ... It has been described by one person or another as a business activity ; as a group of related business activities ; as a trade phenomenon ; as a frame of mind ; as a coordinative, integrative function in policy making ; as a sense of business ; as a structure of institutions ; as a process of exchanging or transferring ownership of products ; as a process of concentration , equalization, dispersion ; as the creation of time, place and possession utilities ; as a process of demand and supply adjustment, and many other things."(1)

Robert Bartels (2) supports this view. He noted that 'to define marketing as a technical mechanistic or managerial process emphasises technology, economic behaviour and conventional marketing "principles" ... ; as a behavioural process emphasises non-economic, non-business motivations and human behaviour patterns; ... as a social process emphasises the cultural orientation of business in relation to other social institutions, organisations and values. The concept of marketing as a view of behaviour in relationships, Bartels argues, holds a promise of integrating marketing thought of yesterday, today, and tomorrow.'

Similarly, Eugene J. Kelley(3) argued that marketing can be perceived as a field of management practice, as a social discipline, or as a developing science. As a field of business practice, marketing consists of the activities involved in the generation of markets and consumers and in the development and distribution of customer-satisfying goods and services. As a socio-management activity, marketing includes all tasks involved in the development and delivery of a flow of goods and services from production to consumption. As a social discipline, marketing is the study of the economic and social instrumentality through which a standard of living is delivered to consumers.

Finally, Baker[4] expressed a similar view when he indicated that marketing is an enigma. He argued that 'at the same time, it is both simple and complex, straightforward and intricate, a philosophy or state of mind and a dynamic business function ; it is new and it is as old as time itself.'

The above status of disagreement on the definition of marketing may lie in the following reasons.

1) The multiplicity of marketers' point of view. In this regard, Baker[5] suggests that uncertainty, confusion or misunderstanding as to the scope and nature of this exchange relationship (marketing) would seem to stem from the fact that all of us have participated in such interchange and have formulated our own interpretation of its nature. He proposes that consensus is possible by distinguishing between marketing as a philosophy of exchange between persons and/or organisations, and marketing as it has emerged as a business function.

Similarly, Marketing Staff at Ohio State[6] University have noted that each of the "foregoing" concepts may be appropriate for a given person, at a given time, when examining marketing problems from a given point of view.

Crosier[7] is of the same opinion. He states that various definitions of marketing have appeared through time, focusing first upon commodities, later upon the institutions necessary to carry out the marketing process and still later upon functions that were performed in making marketing transactions possible.

2) Evolution in social change and in the scope of marketing. Robert Bartels,[8] for instance, illustrates that one looks to evolution in social change as the nutriment of change in marketing practice and theory. He argues that successive tasks imputed to marketing impelled the emergence of the traditional functional institutional approach, the behaviouristic or inter-disciplinary approach, and the quantitative statement of marketing variables. In describing the evolution of the scope of marketing, Bartels, elsewhere[9] notes that since its inception early in the 20th century, the concept of marketing has undergone many changes. The causes of change have been both conceptual and perceptual ; conceptual through the introduction of new ideas as to the nature of marketing, and its functional role ; perceptual, through an environment of new realms in which the marketing process might be applied.

Moreover, John Arndt[10] remarks that what marketing actually is has never been settled once and for all. Since the turn of the century, marketing thought has been in constant evolution, mainly in the direction of greater breadth. He describes the reason of such evolution as being in part a result of an adoptive process in which the discipline has attempted to adjust itself to the changing problems confronting practitioners. However, a part of the impetus comes from forces within the discipline, as the thinking and visions of students of marketing have transcended current problems.

3) The rapid growth and expanding influence of marketing. It has been suggested that the rapid growth and expanding influence of marketing have brought the discipline to what might be described as an identity crisis. The almost exclusive pre-occupation in teaching, research, and practice with the organisational technology concept of marketing has caused substantial questions to arise regarding marketing's functional nature, its social roles and responsibilities and its most important research priorities.[11]

4) Business philosophy and the environmental conditions. Supporting this view, Edward S. McKey[12] states that with all the speeches made in relation to it, the many articles published in its behalf, and the numerous text-books seeking to clarify its meaning, the marketing concept still suffers and limps along without the clarification and definition essential for facilitating its perceptive adoption, and extensive implementation. He describes this status as follows : "the marketing concept is like a chameleon. What we mean by the term varies in nature and in time, dependent both upon our business philosophy, that is, the attitude with which we view our business (in terms of current moods, philosophy, strategy, and policy), and upon the environmental conditions in the business arena where we operate."

5) Marketing is a multidimensional process. Nickels,[13] for instance, suggests that marketing is a multidimensional, dynamic process which is subject to many interpretations and approaches. Changes in the political, social, economic, and technological environment have caused much controversy recently about the meaning, scope, and content of marketing as a discipline.

The development of Marketing Thought

It is worth mentioning that the many approaches to classifying various stages in the development of marketing thought suggest that the general trend in the evolution is a general expansion of the scope of marketing. Robert Bartels[14] has identified seven stages.

1) Marketing concerned with the distribution of products ;
2) Marketing as the economics of distributive enterprises ;
3) As management of the distributive process ;
4) As distributive managerial decision making ;
5) As a social process ;
6) As a societal process ;
7) As a general function applicable to both business and non-business institutions.

On the basis of Bartels descriptive comments, a few scholars recommend further classification. Arndt,[15] for example, identifies the gradual expansion of the scope of marketing in the following three eras :

I) the pre-disciplinary era, consists of stages one and two which treated marketing as a part of economics, concerned with the creation of time, possession, and place utilities;

II) the marketing concept era, consists of stages three, four, and five ; and

III) the broadened concept of marketing era, consists of stages six and seven which represent efforts to widen the boundaries of marketing. Arndt suggests that the first six stages are relevant only to business organisations, while the seventh stage is relevant to all organisations.

Furthermore, Sweeney(16) suggests that the marketing discipline has passed through a series of stages by which its interpretation has graduated from : 1) the most narrow one, namely, the organisational system perspective viewing marketing exclusively as a technology or set of techniques employed by an organisation to elicit specific desired responses from other organisations or individuals ; to 2) the distribution system, viewing marketing as a system of distributive institutions performing economic functions required to transfer products from points of production to points of consumption ; to 3) social system, the broadest level of aggregation viewing marketing as an integral and inherent part of society.

Similarly, Kotler(17) notes that marketing was originally founded as a branch of "applied economics" devoted to the study of distribution channels. Later, marketing became a "management discipline" devoted to engineering increases in sales. More recently, it has taken on the character of an "applied behavioural science", concerned with understanding buyer and seller systems involved in the marketing of goods and services. Kotler adds that marketing evolved through a commodity focus ; an institutional focus; a functional focus ; a managerial focus ; and a social focus.

On the other hand, if one adopts a traditional perspective, there are some scholars who write of shifting of emphasis from production to sales, and then to marketing orientation. Such viewpoints will be discussed in subsequent sections.

For the purpose of our research, and based upon the foundation of the preceding various classifications of stages in the development of marketing thought, these eras may be stated as follows :

1) The production-orientation era ;
2) The sales-orientation era ;
3) The marketing concept era ; and
4) The broadened concept of marketing.

First : The production-orientation Era

Before the Industrial Revolution, there was a scarcity of goods. Under this condition, consumers had to approach the sellers. Consequently, most goods were sold before they were produced. Therefore, there were no significant problems in disposing of goods, that is, the problems of marketing did not emerge immediately. After the Industrial Revolution, more specifically between 1900 and 1930, although supply deficiency was still common in many parts of the world in terms of a minimal standard of living, it seemed that deficit market conditions disappeared. Consequently, most industries had experienced a surplus of goods ; a situation in which immediate demand ran behind the industry's ability to produce. Thus, there arose a critical need to devise a system of distribution.[18]

During this period, marketing was viewed as a technical process dealing with physical distribution and the economic and legal aspects of transactions, as concerned with the macro aspects of the distributive process. In general, it dealt with economic variables and with economically motivated market behaviour.[19] Specifically, more considerable attention was given to problems related to manufacturing rather than those related to identification and development of markets [20]... as long as consumers responded favourably to good products that were reasonably priced there was little need for company marketing effort to achieve satisfactory sales and profits.[21]

It is perhaps worth noting that some writers argue that production-orientation circumstances, particularly those of scarcity, still exist. Perhaps Baker[22] sums up this state best when he states that "With rare and localised exception the history of mankind has been one of scarcity. Not until recent times, and even now only on a limited scale, has it been possible to do much more than satisfy the basic physiological needs of people. Thus, the provision and acquisition of food, shelter and clothing have been the preoccupations of the majority, with only a small and privileged minority able to develop and satisfy demands for higher-order needs concerned with leisure, recreation, the arts, etc. In such circumstances, Baker adds, "the basic choice tends to rest between having and not having, rather than selecting between alternative means of satisfying different needs." He concludes that under these conditions, the nature of demand requires to be simple and basic in order that the producer will maximise satisfaction by producing the largest possible output at the lowest possible Unit Cost."

Second : The sales-orientation Era

The change in direction and emphasis from production orientation to sales-orientation may be summarised through the following brief literature review.

In his description of the shifting emphasis from the production-orientation to the sales-orientation era, Professor Baker[(23)] clarifies the situation which brought the production-orientation into disrepute - the creation of "excess" supply. Excess supply is, of course, a comparative state and applies only to certain categories of products under very limited conditions. However, as he continues to point out, "from the firm's point of view, a state of excess supply begins to become apparent when the market ceases to absorb all of its output and exhibits price inelasticity of demand within the range which would be acceptable to the firm, that is, to stimulate increased consumption, it would be necessary to sell to an unacceptably low price." Hence, managements' immediate reaction tends to be to try to maintain volume through non-price competition and especially by means of product differentiation, promotion and selling effort.

Bell[24] also describes why and how the shifting of emphasis to what he called 'the stage of agressive sales' has occurred. He noted that 'although organisations were created that were capable of mass distribution, ...and although they were developed almost to the point of perfection, the problem of goods accumulating at factories and retail stores continued. Goods were moving further from their production source, but they were not being sold. Accordingly, an awareness of the importance of selling emerged. Specifically, the 1920s and 1930s were the decades of sales manager. The high-powered, skillful manipulator of consumer opinion, using personal salesmanship and aggressive advertising took charge in many American businesses. His was the very specialised task of selling the goods that had been mass produced and mass distributed. He found that almost anything could be sold with enough expense and effort.

It has been argued that the implicit premises of the selling concept and the selling orientation era are : [25]

1) The main task of the company is to get sufficient sales for its products.
2) Consumers will not normally buy enough on their own.
3) The consumers can be induced to buy through various

sales-stimulating devices.

4) The consumers will probably buy again, and even if they do not, there are many other consumers out there.

5) The assumption that higher sales volumes lead to higher profits was widely accepted.[26]

In brief, during the sales-orientation era, marketing was regarded as being synonymous with distribution, and as serving the function of seeking outlets for society's productive resources. Marketing was completely divorced from production decisions ; without a sale no marketing had occurred. Whatever could be produced, as Levy and Zaltman[27] argue, had to be sold as efficiently as possible. The most obvious variables under the marketer's control to accomplish this objective were advertising and the Sales Force, both of which received considerable attention in the literature and textbooks.'

However, there were many factors responsible for the shift from the period of the sales-oriented emphasis to the period of the marketing-oriented emphasis. Some of these factors can be identified as follows.

a) A host of criticisms faced marketing including accusations of high-pressure tactics and misleading and false advertising.[22]

b) Great risks in practising the selling concept, especially in its hard-drive from where Customer Satisfaction is considered secondary to getting the sale. This would seem to be a practice which spoiled the market for the seller ; who would eventually find no more customers who would have confidence in his abilities.(29)

c) The increasing recognition of the importance of marketing research to aid the sales department in its efforts.(30)

d) The marketing concept emphasis seems privately and socially more acceptable. In private terms, the seller recognises that it is easier to create products and services for existing wants than to try to alter wants and attitudes toward existing products. In social terms, it is held that this marketing philosophy restores consumer sovereignty in the determination of the society's product mix and the use of national resources.(31)

Third : The marketing-orientation Era

It may be worth noting that the shift to a marketing-orientation was termed "the marketing concept." The discussion of this era will briefly deal with the following points :

a) Determining what exactly the marketing concept is ;
b) Differentiating between the marketing concept and the sales-orientation approach ;
c) The adoption and implementation of the marketing concept.

The Marketing Concept Defined

A review of the literature indicates that there are a host of definitions concerning the marketing concept ; some have concentrated only on consumer satisfaction, others on the relationship between consumer satisfaction and firm's profits, while others take an integrative point of view.

The first trend, consumer-oriented, is apparent from the following definitions.

The marketing concept, as William Sachs and Benson(32) state, visualises a firm's product and marketing policies rotating around the consumer. The amalgom of buyers, which represent a market, is seen as having specific wants, needs, and desires. The primary function of a firm is to fulfill them, provided it is profitable to do so.

Levitt(33) supports this view. He argues that the view that an industry is a "customer-satisfying process","not a goods-producing process", is a vital role for all businessmen to understand. Specifically, an industry begins with the customer and his needs, not with a patent, a raw material, or selling skill. Given the customer's needs, Levitt explains, the industry develops backwards. First, it concerns itself with the physical delivery of customer-satisfaction. Then, it moves back further to creating the things by which these satisfactions are in part achieved. Finally, the industry moves back still further to finding the raw materials necessary for making its products.

The second trend, which gives a balance of concerns between customer-satisfaction and the firm's profit objectives, may be represented by the following points of view.

Barksdale and Darden[34] note that the concept which is variably called the marketing philosophy, total marketing, and integrated marketing, soon attracted the attention of marketing executives and educators. The authors argue that this marketing concept is based on two fundamental notions. First, the consumer is recognised as a focal point or pivot for all business activity. Second, profit, rather than sales volume, is specified as the criterion for evaluating marketing activities.

King[35] is of the same opinion when he identifies that the marketing concept implies two elements : consumer-satisfaction, and the firm's profit. He defines the marketing concept as 'a managerial philosophy concerned with the mobilisation, utilisation, and control of total corporate effort for the purpose of helping consumers solve selected problems in ways compatible with planned enhancement of the profit position of the firm.'

Levy and Zaltman[36], too, state that "the marketing concept called for a customer-orientation on the part of the firm, backed by an integrated marketing effort designed to assure customer-satisfaction as a means of obtaining long-range profit."

The third trend, the integrative point of view, is attributed to a recognition of the broader meaning of the marketing concept, including the following three basic elements : the need to pay considerable attention towards customer's satisfaction ; firm's profit objectives ; and, recognition of the marketing management and its manager's role within the internal organisational structure. The following definitions may represent this integrative trend.

Kotler[37] defines the marketing concept as "a customer-orientation backed by integrated marketing aimed at generating customer-satisfaction as the key to satisfying organisational goals."

Consistent with this view, Bartels[38] describes the integrative trend in three distinct steps :

a) Marketing as management of the distributive process, during which an elevation of marketing management occurred during the 1950s. The marketing concept represented an extension of the marketing manager's role within the internal organisational structure.

b) Marketing as distributive managerial decision-making where the emphasis shifted toward a broadened interdisciplinary concept of management itself by incorporating models, quantitative analysis, electronic data processing, and various methods and techniques of decision making.

c) Marketing as a social process during which roles of marketing participants definable in other than their economic context were identified, and the patterns of their interactions and perceptions of responsibility were explained. This step in broadening the concept of marketing led to the study of consumer behaviour, system interactions, and economic and social responsibility.

On the basis of Bartels' steps, Arndt[39] argues that these three stages form what perhaps may be combined under the label of the marketing concept era. In his opinion, the marketing concept view positioned marketing firmly as a management discipline, aiming at integrating marketing decisions to enable the firm to reach its goals. This level might perhaps be called the 'marketing management concept.' This era began in the late 1940s and continued until the 1960s.

Finally, Bell and Emory[40] suggest that the marketing concept would have three elements :

a) Consumer concern by making him the focus of marketing decisions through a service that delivers a high level of satisfaction per consumer dollar spent.

b) Integrated operations, a view that the entire business is a total operational system with consumer and social problems taking precedence over operational considerations in all functional areas.

c) Profit reward as the residual that results from efficiently supplying consumer satisfactions in the marketplace.

The fundamental differences and contrast between the selling and marketing orientation

Typically, marketers differentiated between the marketing concept and the production and sales management orientations. These differences could be summarised as follows :

The sales management orientation may be characterised as "selling what we can make" in contradistinction to "making what we can sell," which is considered a central feature of the marketing concept.(41) Thus, where the production or sales-oriented manager would tend to ask himself "what do customers want?" the marketer would ask the customers themselves and then proceed to organise a supply of the desired objects. More specifically, selling centres on the needs of the sellers, marketing on the needs of the buyers. Selling is pre-occupied with the seller's need to convert his product into cash, - marketing with the idea of satisfying the needs of the customer by means of the product and the whole cluster of things associated with creating, delivering, and finally consuming it. (42)

At this stage, it may be useful to identify the extent to which the marketing concept has been adopted and implemented by industrial and consumer-goods / or services firms.

The adoption and implementation of the marketing concept

According to the marketing concept, as indicated earlier, a business organisation should try to satisfy consumers needs through a coordinated set of activities that allows the organisation to achieve its goals. More specifically, the customer-orientation of the marketing concept stresses the importance of customers and emphasises that marketing activities start and end with them. The main purpose of this section is to explore the extent to which the marketing concept, as a management philosophy, has been accepted and implemented by business firms.

A review of the literature indicates that, while many firms have adopted the marketing concept in total or in part, there are many others that still have not acknowledged this philosophy.

In 1969 a research study was made by McNamara[43] to determine the extent to which the marketing concept has been accepted and implemented by US firms. This study examined a random sample of 1,492 industrial companies. The sample included 498 small companies, 494 medium sized companies, and 500 large companies. The empirical evidence in this study clearly supports the argument that consumer-goods companies and large companies have tended to adopt and implement the marketing concept to a greater degree than industrial-goods companies - both medium and small sized. More specifically, this study revealed that :

a) Consumer-goods top management had a stronger marketing background than industrial-goods companies.

b) Large companies utilise university executive development programmes to a greater extent than do medium or small companies.

c) The top marketing executive is accorded higher status committee membership in the customer companies than in industrial firms.

d) Individuals with a marketing background hold more key positions than those possessing other business backgrounds.

As an extension and replication of the preceding study by McNarmara, through a nation wide survey of 203 executives and 132 educators, Barksdale and Darden(44) came to the conclusion that there is general support of the marketing concept both from executives and educators who expressed the opinion that the concept has contributed to the improvement of the organisation and management of marketing activities. This study revealed that consumers had benefited in tangible ways from the implementation and the adoption of the marketing concept. The authors argued that any failure in application may be attributed to problems of implementation rather than inherent weaknesses of the concept.

Hise(45) added another empirical support to the adoption and implementation of the marketing concept. To determine if this concept has been adopted, three major factors were investigated in a sample of 273 industrial companies. These major factors were : 1) customer orientation ; 2) profitability of operations ; and 3) organisational structure of the marketing department. The study came to the conclusion that :

a) both large and medium manufacturing firms, to a large extent, have adopted the marketing concept ;

b) it would appear that the marketing programmes of the firms dealt with in this survey, e.g. those conducting marketing research to identify and discover customer needs and wants, are extensively customer-oriented.

c) the survey revealed that the majority of both large and medium firms accorded the top marketing man the same position in the company's hierarchy as that given to the chief manufacturing executive.

d) finally, it was found that large firms were more fully committed to the marketing concept than medium ones.

Thus, it is evident from the foregoing arguments that there has been a movement toward adoption and implementation of the marketing concept in many business firms.

However, there are many other business companies which still have not recognised this philosophy. In the following, an attempt will be made to refer to a number of empirical studies which confirm this argument, i.e. that the marketing concept has been rejected by some firms, - and to explore the notion that lack of commercial success can be attributed to such rejection.

Baker,[46] to begin with, refers to a survey undertaken by the National Industrial Conference Board, where eight major reasons of new product failure were identified, in rank order of importance, as follows :

1) Inadequate market analysis
2) Product defects
3) Higher costs than anticipated
4) Poor timing
5) Competitive reaction
6) Inefficient marketing effort
7) Inadequate sales force
8) Inadequate distribution

Basically, these eight factors reflect as 'a little thought suggests', inadequate research and / or analysis.

A more recent study by Gisser(47) has supported and extended the NICB findings. The study ascribes the high rate of new product failure to the lack of market analysis in terms of inadequate market research, poor timing, ignoring user needs, mis-estimation of market size and / or lack of effective marketing policies and strategies.

The University of Sussex in its SAPPHO project(48) obtained results which support this point. The analysis of thirty four unsuccessful cases indicated that failure to understand user needs, and to pay considerable attention to marketing were among the main factors identified as having high correlation with lack of success. Table 2-1(A and B) summarises the reasons for failure for both chemical and scientific instrument industries.

Table 2-1(A)

Market related variables : failure to understand user needs

Reasons for failure	Instrument	Chemical
a) made no enquiries of users at all	3	1
b) made enquiries but of too few	4	2
c) made enquiries but ignored the answers	2	-
d) mis-understood answers to enquiries	2	-
e) committed to a pre-conceived design	2	4
f) made user enquiries but not on the spot investigation	3	-
TOTAL	16	7

Source : Roy Rothwell, "Marketing : A Success Factor in Industrial Innovation," Management Decision, Vol. 14, No. 1, 1976, p.48.

Table 2-1(B)

Market related variables : failure to pay attention to marketing

Reasons for failure	Instruments	Chemicals
a) market research neglected or ignored	8	3
b) neglect of publicity or under-investment in marketing effort	6	1
c) failure to educate users	4	1
d) unforeseen changes in the market, (e.g. price falls, demand shifts, new legislation)	2	5
TOTAL	20	10

Source : Ibid, p. 49.

Cooper[49] adds further support to this finding. In an analysis of the reasons for failure of 114 new industrial products in Canada, he concludes that, in 70.7% of the cases, the most important general reason for failure was that 'anticipated sales never materialised'. Six specific variables were identified as contributing causes of such poor sales - five of which "describe a lack of understanding of market place ; customers, competition and environment." (The other variable describes technical difficulties with the product).

Gerstenfeld [50] substantiates this conclusion. From a study of eleven successful, and eleven unsuccessful innovations in three industries in West Germany, he found that eight out of eleven of the successful innovations were stimulated in response to an intensive market analysis. On the other hand, nine out of the eleven unsuccessful innovations were considered to be so because the innovators made no sufficient investment in marketing studies.

Utterback[(51)] et al lend credence to this conclusion. Their research of 66 successful and 51 unsuccessful innovations in five industries in Europe and Japan obtained results showing that, in 80% of the successful cases, there was 'no initial difficulty in marketing', whereas all but 10% of the unsuccessful cases had had such problems.

Finally, Crawford,[(52)] Calantine and Cooper,[(53)] and Szatasits,[(54)] among others, have reached a conclusion which attributes failure in new industrial products mainly to market-related factors.

From the above discussion, it is clear that many firms have rejected the marketing concept and that lack of commercial success amongst these firms can be a resultant consequence.

Criticisms and Revision in the Marketing Concept

The marketing concept has not only been rejected by many firms, but a further distinct and sizable dissatisfaction on the part of consumers has been emerging. This dissatisfaction or unrest has led to active discontent - labelled 'consumerism' which is defined as a "social movement seeking to augment the rights and power of buyers in relation to sellers."[55]

This consumerist movement was enhanced by several factors including the following : -[56]

a) Increased leisure time, rising incomes, higher education levels, and general affluence have led to increased expectations which have tended to amplify consumerism.

b) Inflation which has impaired purchasing power and created greater price / quality expectations.

c) Unemployment, in the past, has tended to be low. Therefore, the marginal labourer has been employed even though he has fewer skills. Such workers reduced output quality.

d) Demands for product improvement have led to increased product complexity. Moreover, this complexity has been exacerbated by the emergence of new technology. This has led to increased service difficulties as well as performance and reliability problems. Although society has been thoroughly conditioned to expect perfection from its technology, it is apparent that the consumer is demanding better products than those presently available, regardless of the economic and technical ability of the firm to provide it.

e) Consumerism is expected to persist due to the pressure of further inflationary price increases and rising taxes on consumer's purchasing power, and the increasing number of consumer organisations.[57]

Thus, it would seem apparent from the above discussion that consumerism is regarded as evidence of one of the most fundamental weaknesses of the marketing concept. That is, the thesis assumes that there is a general tendency among producers to view the actions of users to protect their interests as being contrary to the interests of these producers. However, since consumerism and marketing both claim that their central aim is to maximise consumer satisfaction, there is no room for contradiction or for consideration of consumerism a threat - in fact, it is an opportunity. In this regard, Baker[58] argues 'that there is no fundamental conflict between consumerism and marketing - their basic objective is the same.' Naturally, if one regards consumer protection as the main objective of consumerism, one can expect that increases in the level of marketing activity should be paralleled by an increase in activities designed to protect consumers. Kotler[59] confirmed this point when he indicated that 'creative marketers will recognise consumerism as an opportunity to serve consumers better through providing more information, education, and protection.'

In addition to the manifestation of apparent weakness of the marketing concept, i.e., consumerism, a further two flaws can be cited. The first is that the marketing concept emphasises research and long-range planning, but with an almost exclusive stress on technological trends and product improvement. Although a consumer orientation seeks to alert management to possible long-run shifts in tastes and preferences, neither the technological nor the consumer perspective calls attention to a much broader form of 'cultural obsolescence', which may occur in a world of rapidly changing values and priorities.

The second discrepancy is that the marketing concept satisfies 'selfish interest', thereby becoming incompatible with an age in which society demands a higher degree of selfless sacrifice on the part of its institutions and constituents.[(60)]

In reaction to these criticisms and flaws, many attempts have been made looking for an alternative philosophical position for marketing in today's society. In the following pages, we seek to provide some light upon such attempts.

Marketing as a Human Concept

In this regard, Dawson[(61)] argues that the perspectives of the marketing concept are too limited to cope with human and social demands. A marketing concept, he believes, is not adequate to help business retain a healthy ecological balance with an environmental characterised by an increasing shift from sensate values to human, social, and moral values. Dawson defines the human concept of marketing as "a managerial philosophy centred upon the continuous research for and evaluation of opportunities for the mobilisation, utilisation, and control of total corporate effort in achieving a genuine internal social purpose in the development of organisation members to their fullest potential, generating the necessary profit input within the proximate environment by devising solutions to selected consumer problems, and achieving a genuine external social purpose within the ultimate environment by contributing to the identification and fulfillment of the real human needs of our time."

Marketing as a social process

Gordon Wills [62] proposes the social process as a broader perspective concept for marketing. He argues that, because neither the marketing of goods nor the profits, (which successful marketing can bring about), are ends in themselves, the marketing profession must move towards the development of a new view of the social contract under which the institutions for producing economic goods and services operate within society. Thus, the efficacy and worth of marketing must be judged by what it does for society as a whole and not simply in some traditionally segregated parts of that society. To gain such a broad perspective, i.e., the social process, to work on such a wide canvass, requires less emphasis on skills and more concentration on the humanities.

A similar view is expressed by Bell and Emory [63] when they point out that "adherence to the marketing concept as it is practised today as an operational concept, not a philosophical one, has resulted in organisational stress, excessive costs, high product failure rates and a deterioration between business, government, and the general public. They argue that the first objective for the company is to assume more responsibility for consumer welfare."

Marketing as a fundamental societal process

The orientation of the societal concept has been stressed by some marketing writers. Kotler,[(64)] for example, believes that the marketing concept has failed to distinguish consumer interest in the short-run from consumer welfare in the long-run. Rather, the two have been equated. As a solution to the dilemma in the simple marketing concept, Kotler proposes 'the societal marketing concept' which calls for a customer-orientation backed by integrated marketing aimed at generating customer satisfaction and long-run customer welfare as the key to attaining long-run profitable volume. The addition of long-run customer welfare requires the businessman to include social and ecological considerations in his product and market planning. The businessman is asked to do this not only to meet his social responsibilities, but also because failure to do so may hurt his long-run interests as a producer.

Feldman[(65)] adopts a similar view when he argues that the marketing concept has stressed the individual and social satisfaction arising from the purchase and ignored the potential role of societal satisfaction as a purchase incentive. Consequently, marketing decisions will be increasingly shaped by diminishing or limited resources and government intervention. His alternative philosophical position emphasises on acceptance by marketers of the need to alter their current objective of increasing the material living standard to one which accepts a more stable or reduced level of material consumption. Feldman claims that such an alternative could be implemented by shifting the emphasis from the marketing of physical products to the marketing of services, stressing societal consumption criteria, and by actively participating in formulating the centralised planning policies which affect marketing.

Similarly, Sweeney[(66)] argues that those perspectives which view the marketing concept as an organisational technology or as distributive systems are not sufficient concepts related to the fundamental nature of marketing. Specifically, such perspectives view marketing as a semi-autonomous entity, having only economic ties to the society it serves. Accordingly, he suggests, viewing marketing at the social system level of aggregation provides a broader, more comprehensive, and more robust concept of the nature of marketing. From this perspective, marketing is recognised as a fundamental societal process which necessarily and inherently evolves within a society to facilitate the effective and efficient resolution of the society's needs for exchange of consumption values.

George Schwartz[(67)] also supports the societal concept. He argues that future historians will designate some year in the decade of the 1970s as the beginning of another new orientation to marketing in which marketing management and business management generally are likely to be required to move in the interests of fairness to consumers and benefit to society. Schwartz believes that the orientation of the societal concept requires a firm to take into account consumer and society welfare, as well as the profitability and survival of the firm, in the formulation and execution of marketing plans.

Marketing as ecological imperatives

George Fisk [68] explores the concept of 'ecological imperatives' or 'responsible consumption', both of which refer to limiting individual consumption in the more affluent nations. He suggests two necessary conditions for successful reduction of individual consumption : a) a new attitude toward consumption, and b) a social organisation to implement the new attitude. Fisk concludes that marketing management should use the concept of responsible consumption as a guide to marketing policy, while awaiting the arrival of the new and more omnipotent social organisation.

Marketing as an intelligent consumption

James T. Rothe and Lissa Benson [69] point out that the pursuit of intelligent consumption pattern in the marketplace is an appropriate alternative. They describe this alternative as "one in which the individual consumer's ability to generate maximum personal satisfaction per dollar expended is not impaired". The above authors argue that a pattern of intelligent consumption would result in more rational consumption relative to resources and environment and would retain a great deal of individual choice and self selection for individual consumers.

Marketing as a communication process

Bent Stidsen and Thomas F. Schutte[70] stress that the main criticism which may be directed at the marketing concept is consumer-oriented concern, arguing that the mere act of focusing on the customer does not capture the spirit of the marketing concept. In this perspective, the emphasis is on producing specific outcomes rather than the process, ignoring that the spirit and the ultimate purpose of the marketing concept is to facilitate a dialogue between producers and consumers, representing marketing as a well-directed and efficiently implemented monologue. Thus, the above authors propose that viewing the marketing concept as a communication process will overcome these limitations since, "the ideal marketing process is a functioning dialogue involving a communication system which enables consumers and producers to significantly influence each other's goal attainment".

In summary, marketing thought and interpretation, during its evolution and development, has passed through a series of stages which can be described in four major eras. So far three eras have been discussed.

1) The production-orientation era, where the focus centred on problems related to manufacturing rather than those problems related to identification and development of marketing.

2) The sales-orientation era, during which the main task of the company was to get sufficient sales for its products.

3) The marketing concept era where the focus shifted from consumer-orientation to a balance between consumer satisfaction and firm's profits ; to an integrative trend to give a recognition of marketing management and the manager's role within the internal organisational structure in addition to consumer-satisfaction and

the firm's profits.

Despite apparent acceptance and adoption of the marketing concept by a major proportion of the business community, it has been witnessed that many other firms have rejected this concept. It is also clear that the marketing concept possesses inherent flaws, particularly in the area where consumer-dissatisfaction led to the development of the consumerist movement. Consequently, many attempts have been made, by some marketing writers, to search for an alternative philosophical position for marketing in today's society. In this respect, six perspectives have been discussed. These perspectives are :

1) Marketing as a human concept,
2) Marketing as a social process,
3) Marketing as a fundamental societal process,
4) Marketing as ecological imperatives,
5) Marketing as intelligent consumption, and finally,
6) Marketing as a communication process.

To this end, we turn to discuss the fourth stage of the development of marketing thought and interpretation, that is, the broadened concept of marketing.

Fourth : Broadening the concept of the marketing era

In 1969, Kotler and Levy (71) suggested the idea of broadening the concept of marketing and advanced the view that marketing is not just a business function ; it is a valid function and relevant discipline for non-business organisations as well, insofar "all organisations can be said to have consumers and products and considerable marketing problems need the understanding of marketing". They argue that the principles of good marketing in traditional product areas are transferable to the marketing of services, persons, and ideas. Furthermore, they are calling on marketing people to expand their thinking and to apply their skills to these interesting areas.

Accordingly, Kotler and Levy define the modern marketing concept, shifted from product-orientation to consumer-orientation, as "the function of the organisation which can keep in constant touch with the organisation's consumers, read their needs, develop 'products' that meet these needs, and build a programme of communication to express the organisation's purposes". To implement such a modern concept, they identify nine principles which are singled out as crucial in guiding the marketing effort of a business organisation. These principles can be summarised as follows :

1) Generic product definition
2) Target groups definition
3) Differentiated marketing
4) Customer behaviour analysis
5) Differential advantages
6) Multiple marketing tools
7) Integrated marketing planning
8) Continuous marketing feedback, and

9) Marketing audit

Other attempts have been made to widen the concept of marketing further to include the transactions between an organisation and all of its publics. In this regard, Kotler,[72] too, views marketing as the discipline task of creating and offering values to others for the purpose of achieving a desired response. He suggests that such a generic view of marketing could be defined as a set of four axioms. Axiom 1 : marketing involves two or more social units. Axiom 2 : at least one of the social units is seeking a specific response from one or more other units concerning some social object. Axiom 3 : the market's response probability is not fixed. Axiom 4 : marketing is the attempt to produce the desired response by creating and offering 'values' to the market.

In 1971, the term 'social marketing' was first introduced by Kotler and Zaltmen[73] as they proposed that commercial marketing concepts and techniques can be transplanted into the social sector to market causes, practices, and to influence public acceptance. Accordingly, they define social marketing as 'the design, implementation, and control of programmes calculated to influence the acceptability of social ideas and involving considerations of product planning, pricing, communication, distribution, and marketing research.'

However, by 1973, the social marketing concept had undergone some changes in terms of clarifying and advancing this concept, and defining it better, showing those areas where it works most effectively, and recognising some of its limitations. In this respect, Kotler [74] defines social marketing as "the design, implementation, and control of programmes seeking to increase the acceptability of social ideas, cause, or practice in a target group(s)". He differentiates social marketing from ordinary business marketing, which is motivated by profits and limits itself to those areas of human need which will yield a profit to marketers. Social marketing, also, differs from 'business marketing' when it is conducted in a socially responsible manner, it is called 'socially responsible business marketing' not 'social marketing'. Finally, he distinguishes social marketing from the ordinary marketing activities of non-profit organisations - it is called 'non-profit organisation marketing'.

The challenge of broadening the concept of marketing to include business and non-business organisations is focused upon some major factors which can be stated briefly as follows :

1) Non-business organisations share with business organisations a common raison d'etre, namely, 'serving and satisfying human needs'.[75]

2) All of these organisations are concerned about their 'products' - in the eyes of certain 'consumers' they are seeking to find 'tools' for furthering their acceptance insofar as these organisations conduct marketing activities, as well as the other traditional business functions, whether or not they are recognised

as such.[76]

3) The formal marketing principles will enable these organisations to be more effective in achieving their goals and activities.[77]

4) The real contribution of marketing thought is to lead each institution to search for a more meaningful position in the large market. It will lead to better understanding of the needs of different client segments ; to a more careful shaping and launching of new services ; to a pruning of weak services ; to more effective methods of delivering services ; to more flexible pricing approaches ; and to higher levels of client satisfaction. Altogether, marketing offers a great potential to the third sector organisations to survive, grow, and strengthen their contributions to the public welfare.[78]

5) To introduce marketing into non-business organisations, six alternative approaches have been recommended :*

a) Appoint a marketing committèe.

b) Organise task forces to carry out an institutional audit.

c) Hire marketing specialist firms as needed.

d) Hire a marketing consultant.

e) Hire a director of marketing.

f) Hire a vice-president of marketing.[79]

* These alternative approaches will be discussed in detail in the next chapter.

This broadening of the concept of marketing theme has received much attention and a few articles and studies followed in the 1970s reporting applications of marketing technology to the area of non-business organisations. Other academic marketers attacked this theme, arguing that marketing made sense only in profit-oriented firms ; while others added some conditions which must be appreciated in order to apply the marketing concepts and techniques to this new area. In the following, an attempt will be made to discuss the various trends and perspectives towards this theme. These perspectives can be classified into three categories:

1) Proponents of broadened marketing concept.

2) The objection to extending the marketing perspective,

and

3) The conditional extension perspective.

Proponent of broadened marketing concept

This section will briefly discuss some perspectives which examine the usefulness of the marketing concept in developing programmes for non-profit organisations in general, and which present conceptual frame-works to be used in creating specific marketing programmes in the area of social marketing.

Of significant importance is Shapiro's[80] emphasis that there is a definite marketing function in private non-profit organisations, and that the managers of such organisations should attempt to improve their comprehension of the exchange process and their ability to define their products. Consequently, he identifies four key business concepts which provide the basis for marketing thought and action in the non-profit area. The first concept is that of self-interest as an aspect of the transaction or exchange, in which both the 'client' and the 'seller' believe they are receiving greater value than they are conceding. The second concept is that of the marketing task which stresses the importance of satisfying customer needs. The above author argues that, while the profit-motivated firm has only one primary constituency to which it provides products and from which it receives funds and consequently only one marketing function, (i.e. to facilitate a direct two-way exchange), the non-profit organisation, by contrast, has two constituencies ; clients to whom it provides goods and / or services ; and donors from whom it receives resources. Thus, it must approach two tasks separately. These tasks are ; resource allocation, (providing goods and services), and resource attraction, (obtaining revenue). The third business concept which could be applied by NPO's is the marketing mix. In this regard, Shapiro explored the extent to which the use of the following major marketing mix elements are important

a) Product policy. This element is more complex and important when applied to NPO's. It is, first, more complex in that non-profit organisations must have two sets of product policies ; one for donors and the other for clients. Secondly, it is more important because the non-profit organisations' product is more elusive than comparable goods and services. Broadly defined, the organisation's product includes intangibles such as personal satisfaction, pride, a feeling of belonging, and a sense of participation.

b) Pricing. With regard to this marketing variable, Shapiro points out that many NPO's recognise the attractiveness of moving toward a self-sufficient and single-constituency operation. Such movement makes these organisations close analogues of profit-oriented firms and, therefore, traditional business concepts and techniques can be applied to their marketing needs.

c) Communications programme which includes advertising and personal selling.

d) Distribution Channels which perform the function of providing location utility that can provide credibility and exhibit the organisation's interest in a particular field, both of which facilitate resource attraction.

The fourth applicable business concept to NPO's areas is that of 'distinctive competence'. It is as important to NPO's as it is to profit-oriented firms since any organisation, with its limited competence and resources, can most profitably serve only those consumer needs which it can most efficiently serve.

In short, Shapiro claims that realistic marketing and planning can enable private NPO's substantially to improve their operations.

A similar view has been expressed by Moyer (81) when he claims that, since NPO's, like business organisations, produce 'products' and serve consumers, they must use certain marketing tools if they are to further their goals. Accordingly, whenever an NPO adjusts its activities to meet its consumer's needs, it is engaging in product improvement. Even though such organisations may place less emphasis on profit maximisation, the NPO's must price their 'products' to cover their costs. Moreover, the functions of distribution ; e.g., making known the availability of United Fund Services, can be as important to the effective functioning of NPO's as it is to firms seeking profits.

Buchanan (82) provides empirical support to Kotler's contention. He conducted a study to examine the nature and the scope of marketing and marketing management techniques used in the extension service work of 93 State Universities and Land-grant Colleges in the U.S. This study confirmed that the majority of the respondents do perform a marketing function in carrying out their service mission. Over 94% stated that they endeavoured to respond favourably to their clients needs. It was found that around 92% of the respondents engaged in pricing decision and that 'endeavour to recover costs' is the most utilised procedure to establish a suitable price. The study indicated that the majority of the respondents use many methods of communication -- newspapers being the most frequent choice. Approximately 91% stated they offer a variety of services both on and off campus. Almost two-thirds of the institutions endeavoured to manage their service activities by assigning one individual the overall responsibility for coordination. Responses indicated that 81% of the institutions attempt to evaluate and audit their service programmes and personnel in an organised manner. Finally, this study showed that over two-thirds of the respondents have stated goals or objectives for their total service mission.

Nickel [83] adds further empirical support for this view. He conducted a survey of 100 University marketing professors to examine their conceptualisation of marketing and its parameters, and to determine whether there were major ideological differences among marketing scholars regarding marketing's role and function in education and in society.

The major results of this research showed that the marketing discipline needs to change its scope, content, and concepts to reflect its social and its managerial aspects. It appears that the overwhelming majority of the respondents, 95%, felt that the scope of marketing should be broadened to include the marketing of schools, politicians, and other non-business activities. Over 75% felt that introductory marketing classes should include these concepts, while 83% indicated that emphasis should not be placed exclusively on the market transaction, but should include those activities which further the goals of churches, schools, charities, and other social causes. More than 90% of respondents indicated that the American Marketing Association's definition of marketing as "the performance of business activities that direct the flow of goods and services from producer to consumer or user" is not acceptable, whether as a macro or micro-definition of marketing, and that new definitions of marketing, both as a management technology and as a social process, are needed. Concerning the marketing concept, it was apparent that around 90% of the respondents were of the opinion that this concept should be broadened to include efforts of non-business organisations to satisfy society's needs. The general consensus was that the marketing concept should be broadened to extend consumer-orientation to a more general orientation, and profit-orientation to a more general goal orientation.

In 1974, David Ford (84) carried out a study to solve the pressing financial problems of a Youth Organisation in Wales. This case study was based from the standpoint which considered that "it is worthwhile to approach the study of a non-profit making organisation in a similar way to the study of a business organisation, whilst being aware of the additional complexities and constraints which are inherent in a voluntary body". Accordingly, he investigaged the following elements :

a) The organisation's objectives, both formally stated and implicit ;
b) The organisational strengths and weaknesses ; its management, structure, financial situation, etc.,
c) The markets it serves ; the competition it faces ;
d) Its marketing operations, i.e. products, pricing, promotion, and distribution.

The above author concluded that the marketing approach emerged as the most useful way of tackling charity organisation's complex problems. Specifically, the application of the marketing approach to the Welsh charity helped it to make all its objectives explicit, and also to understand the incompatibilities which existed between them. This led to a clearer set of priorities in addition to comparatively evaluating the total charity objectives. Such a systematic appraisal made charity's products more closely related both to the market requirement and the charity ideals.

Gordon Wills [85] has also expressed a similar view when he notes that 'marketing technology can be applied to non-Commercial causes and activities to see that the relevant publics are kept informed and thereby better able to make a choice.' He referred to his work with the City's Area Development Association as 'the most enjoyable marketing project whilst at Bradford University'. Via a thorough programme of research, it was possible to identify the nature of the root problems affecting the City's inability to broaden its social, cultural and economic basis. Accordingly, a series of marketing strategies were formulated and implemented to begin the process of changing the substantive nature of the City, and the factually incorrect image which existed amongst all but the cognoscenti.

Similarly, Mindak and Bybee[86] explored the effectiveness of marketing concepts and tools when applied to non-business organisations. In their case study, concerning the March of Dimes fund raising drive held in Travis County, Texas, in the US., January 1970, the authors attempted to apply various marketing techniques using Kotler and Levy's classification which was described as follows.

1) Segmenting the market in order to isolate and determine the 'heavy user' to whom the campaign should be directed.

2) The search for a differential advantage to determine which type of appeals would best differentiate the March of Dimes 'new' birth defect's image from the other charitable causes.

3) Using multiple marketing tools. In this regard, the study found that one of the keys to the success of the March of Dimes' campaign was 'the mothers march', a day set aside for personal solications in the prospects homes. Moreover, localised publicity materials were prepared for both the print media and the broadcast news media.

4) Marketing audit - by which the campaigns's designers were able to evaluate the overall impact of the campaign. Such examination indicated whether or not the advertising was effective in achieving the required market penetration estimates. The authors argued that the total income realised for the 1970 campaign increased by 33% over the previous year and that it was the first time in 12 years that contribution from a fund raising drive had increased.

McAnally[87] expresses a similar emphasis when he indicates that a good understanding of marketing, including identification of target segments, selection of communications appeals and media, and management of volunteer 'salespeople' would result in developing a successful annual fund. He argues that developing an effective fund raising programme is associated with the existence of four major elements, attention ; interest ; involvement ; and commitment. Attention can be attracted through an effective programme of re-unions, seminars, continuing education, magazines, and newsletters. Building public interest is the primary function of the case statement, which should be a simple summary of the aims, objectives, and needs of an institution that can be realised through the annual fund. Involvement of class agents, geographic agents, fund chairpersons for annual clubs, workers in a personal solicitation campaign, can all lead to greater interest in the annual fund itself and in the institution. Consequently, gifts, not only to the annual fund, but corporate gifts, foundation gifts, special gifts, and deferred gifts will increase. Finally, commitment is the end of the total strategy. If the programme has been sound, and if a good case has been presented, then, the end result is a successful annual fund.

Farely and Leavitt [88] support this contention. They argue that marketers can contribute, significantly, to relieving the pressure of population problems if they pay considerable attention and become more sensitive to the many delicate issues involved. They claim that a latent market exists for birth control services and devices, but the means used to stimulate its development have generally been inadequate. Such a situation presents a variety of marketing opportunities, particularly when the problems facing such issues are familiar to marketers who have developed techniques for solving similar problems with other products and product concepts. The above authors attribute the failure of massive programmes designed to avoid the population explosion to the technical personnel responsible for administrating these programmes who neglect such critical issues as distribution channels, promotion, and consumer attitudes analysis. They strongly contend that the use of marketing research represents one of a sense of contributions that marketers might make to population problems. Specifically, marketers' experience with planning and evaluating test markets can be very useful in assessing potential selling targets, and evaluating alternative strategies related to promotion and distribution.

Expressed in this way, Weinberg [89] indicates that marketing concepts are increasingly being thought of as being applicable to the area of performing arts organisations, and that marketing can have an important role in the management of these organisations. He demonstrates the way by which the performing arts organisations can construct their marketing plans. The initial component in a marketing plan is a situational analysis which examines the organisation in terms of its external environment ; e.g. audience, funders, performers, and competition, and its internal environment; e.g. its objectives, strengths and weaknesses. This analysis should lead to the specification of a set of problems and opportunities. Having performed this task, the next step is the identification of the marketing programme's goals which should be specific, realistic, important, and prioritised. The marketing strategy, the means by which the organisation achieves its marketing goals, should be selected. Another step in the marketing plan is the preparation of a marketing budget by identifying the way by which the organisation should increase and allocate its critical resources.

The recycling of solid wastes has been considered as a channel of distribution problem which can be analysed through applying traditional marketing techniques. Zikmund and Stanson,[90] on this issue, state that reverse distribution, from the viewpoint of marketing management in a firm, should be treated as another ingredient in the marketing mix. They argue that the success of any firm's recycling attempts will be contingent upon the marketing strategy employed, and that the consumer's willingness to use such a backward channel will be strongly affected by an attempt to educate the consumer via promotion. The above authors claim that the selection of backward channels should be dependent on the factors used in the selection of traditional channels, that is, the nature of product and market. To substantiate their point of view, they note that if it is a marketing function to distribute products and to add time and place utility to products, then, theoretically, it should make no difference whether the product is an empty, used beer can, or a full one.'

Zaltman and Vertinsky,[91] in an attempt to take marketing outside its traditional realm of business orientation, present a model of the social and psychological considerations and their interactions affecting the success of marketing health programmes.

They illustrate the manner in which concepts from the behavioural and social science can be combined with the competent application of marketing concepts to achieve socially desirable results outside of the business arena. They also argue that non-profit health agencies will be more effective if they utilise marketing concepts more carefully and explicitly. Moreover, marketing activities represent an important force for developing and tapping the market of health and allied industries, and in making a significant contribution to human health welfare.

Evidence of continued interest in health marketing is provided by some studies and articles. Lovelock and Weinberg [92], for instance, illustrated how rising medical costs, excess capacity in many hospitals, and the development of new forms of health care delivery, such as health maintenance organisations (HMOs) in the U.S., have served to spur interest in marketing in the field of health care. At the same time, growing attention has been devoted to encouraging changes in behaviour patterns which, hopefully, will lead to better health and/or broader societal benefits. Possible fields for the application of marketing techniques which the authors identified included nutrition, alcohol and drug abuse, birth control, and immunisation campaigns. It is the authors' claim that marketing studies in health care should not only be centred on consumer research and communication, but also distribution systems. For instance, they explored the contention that the theory of vertical market structures could be applied to the evaluation of alternative health care delivery systems, and that this would help health care planners to provide a better service to consumers at a lower cost.'

The Objections to Extending the Marketing Concept Perspective

Although the broadened marketing concept theme has its proponents, as can be seen from the previous section, it seems that it is not without its critics or opponents. Luck,[93] for instance, criticises this theme voicing his concern that an extension of the marketing concept to include hospitals, services, education, Labour Unions, and welfare agencies has gone too far. He argues that the marketing discipline should be confined to market transactions characterised by the sale and purchase of goods and services for money. So long as non-business organisations sell their products, he claims, they are engaging in marketing. However, if there are no established terms of sale, then it is outwith the scope of marketing. It is the author's contention that marketing, because of such extension, will wholly lose its identity, and that this might motivate sociologists to claim for themselves most of the 'consumer behaviour' area of marketing. Moreover, the field of management, with equal logic, might lay claim to the precepts of marketing management. Furthermore, Luck believes that broadening the concept of marketing to the extreme expounded by its proponents "might provide limitless boundaries to marketing definition, since it would include 'any task' performed by 'anybody' anywhere". The author urges marketers to approach, in the first instance, the solution of marketing's myriad of problems and suffer any monotony which is accompanying as opposed to reinforcing their complaint about the narrow definition of marketing. He also criticises the current 'semantic jungle' that appears to be growing in marketing - referring to conflicting definitions of 'marketing' and 'social marketing' in the current literature. In this regard, he notes that "concepts of marketing and social marketing may be expected to vary with differing approaches and individuals interests." Therefore, he calls on the American Marketing Association to establish valid and communicable identities for marketing, for social marketing, and for other major aspects of the field. (94)

Robert Bartels (95) adopts a similar view when he criticises the idea of broadening the concept of marketing as advanced by Kotler and Levy. He argues that the universal application of marketing functions to 'all organisations' implies a deduction uncommon in marketing logic. The author stresses that these functions, when they are used in the fields of political campaigns, religious evangelism, or Red Cross Solicitation, are not considered the domain of marketers in particular, but the domain of social scientists in general. In addition, he points out some potential disadvantages associated with such broadened concept of marketing which can be summarised as follows.

1) Turning the attention of marketing researchers away from important problems in the area of physical distribution to non-business interests.

2) Methodology will, to some extent, replace substance as the content of marketing knolwedge.

3) Forms of decision-making will become more important than knowledge of the subject about which decisions are to be made.

4) Literature will become esoteric, abstract, and unintelligible to many business practitioners. Finally, the author warns that "if marketing is to be regarded as so broad as to include both economic and non-economic fields of application, perhaps marketing as originally conceived will ultimately re-appear under another name".

A further reference which is worthy of mention is Rodger (96) who argues that when the whole of industry has still not been persuaded to accept the marketing concept, it is wrong to expend energy trying to spread it outside the commercial sector. Further, he asserts the view that marketing ideas may not be useful in non-profit organisations when one considers that profit, as an inescapable economic and commercial fact, represents the most acceptable and effective means of providing for continuing of employment, for growth, for investment in the future, and ultimately for the general welfare of mankind. Accordingly, he views social welfare and the public sector as representing a relationship between the State and its citizenary, a relationship in which the government has the interest of promoting the health and welfare of the latter. Thus, as the author claims, it is not a marketing relationship, because there is no commercial exchange of values involved, but, on the contrary, it is considered politically determined. Rodger has been urging marketers to focus on the development of techniques that actually can be used to create wealth for the economy, and on dealing with the real problems that are close at hand. Having performed this task, marketers should be able to afford to develop the welfare or aid the relationship between the State and its Citizens, but prior to this, they must avoid going down the more distant, unprofitable, cul-de-sacs of social marketing and the marketing of public sector services.

Finally, Tucker [97] adds another criticism to the Kotler Levy contention when he notes that their argument tends to both enlarge and diminish the scope of marketing. Described more fully, their extension of the subject lies in the contention that all organisations, which seek cooperation with any sort of public to attain organisational goals, are marketers ; and that all activities designed to influence attitudes, opinions, and behaviour are marketing. He points out that, at the same time that a large amount of organisational behaviour theory is subsumed as marketing - a considerable portion of individual behaviour is carefully excluded. To illustrate, the author refers to Kotler's assertion that "the buyer who comes into the marketer's store and pays the quoted price is engaging in buying, not marketing, in that he does not seek to produce a specific response from the seller, who has already put the goods up for sale. If the buyer decides to bargain with the seller over terms, he too is involved in marketing". [98] Furthermore, Tucker argues that there is little harm involved in thinking of, for example, a Churchgoer as a consumer of religion or a teacher as a salesman of mathematics. Although the analogies are at least suggestive, it seems sensible to ask what marketing theory can derive from an intensive study of religious practices or educational efforts." On the contrary, he believes that marketing is heavily concerned with economic rationality in terms of store location, advertising effectiveness, merchandise assortments, pricing policies, inventory management, sales territories, and the like. Relatively prompt and specific consumer-satisfaction, he adds, characterises the great majority of transactions. Finally, the author presents two alternative marketing viewpoints as new directions which promise such new theoretical development. These alternatives are : study of the labour market, particularly the human resources it has failed to organise ; and research of consumer behaviour from the standpoint of the consumer's own well-being, or that of society'.

The Conditional Extension Perspective

There are some marketing academicians who represent the balanced perspective between proponents of the broadened marketing concept theme and the objected extension perspective. The conditional extension perspective does not entirely ignore such extension to include non-traditional areas of marketing, but, rather, states some conditions and caveats which must be considered and appreciated.

Perhaps Professor Baker [99] as a representative of this perspective, summarises the situation best when he states that "we are arguing that philosophy and techniques which have apparently worked so much to the advantage of private profit-oriented organisations are equally relevant and meaningful to all other forms of organisations. However, he enumerates three things which must be appreciated :

a) One must not strain the analogy between business and non-business organisations too far and so try to force the latter to fit patterns which have proved successful in the former context, but which may be wholly inappropriate to non-business organisations.

b) Success in marketing depends upon commitment - mere lip-service to the concept and changing the sales function's title is insufficient.

c) Success depends upon matching skills with opportunities.

Additionally, the author urges marketers to re-define the profit concept to counteract the criticism facing it as a monetary measurement for use in business sectors. Once this has occurred, it may be successful and easier to transfer the ideas and techniques from this sector to non-business organisations. Also, there is a need to define the 'consumer-need' which is to be served, and to define 'product' which will meet this need relating these needs to the capabilities of the supplying organisation. If this is achieved, interest will develop in marketing techniques, such as product-line, pricing, or tools for dealing with problems of distribution and promotion. Finally, Professor Baker reaches the conclusion that the main difficulty which faces any attempt to broaden the concept of marketing lies in overcoming initial resistance to the materialistic connotation of marketing. More specifically, marketers should first attempt to practice what they preach and restify misunderstanding of their true mission and give more attention to the sources of criticism of marketing in order to understand their antagonists in order that they can persuade them that the marketing concept can be extended to include other non-business areas of human activity'. (100)

Buzzell(101) shares the same vision when he points out that "there is a great challenge in understanding and improving the performance of government, social welfare agencies, medicine, education, and other institutions outside marketers' traditional orbit". In doing so, he identifies some critical conditions by which the scholars' contribution will be more effective. Broadly speaking, these centre on the fact that the lack of understanding and experience with non-business institutions necessitates that one attributes first priority to undertaking descriptive studies, which will provide a necessary foundation for more sophisticated, analytical and predictive studies in the future. At the same time, marketers can probably make some immediate contributions by modifying marketing research techniques for use in a new context. Finally, marketers' contributions to the effectiveness of non-business institutions will be maximised ... "if they make a serious effort to design their research in such a way that its results will serve the real needs of specific target groups of potential users".

Crosier,(102) also, is of the same opinion when he indicates that the marketing concept can be extended to include social causes and that some marketing tools, particularly market research, can play a vital role in this area. However, he argues that such extension would rely on a specific set of conditions which must exist. These conditions can be summarised as follows.

a) Supplying the tyro of social marketing planner with highly valuable sources of relevant data.

b) Raising the qualifications of the social marketing managers, particularly those who are working in small organisations, so that they perceive the potential usefulness of marketing technology.

c) Supplying those social organisations with enough money and manpower to assume the task of market research. The author confesses that long-term solutions for these conditions may be available. The Social Marketing Group could provide these organisations with the preparation of an annotated bibliography it has in hand, and with active proselytising by social marketing missionaries. In relation to the finance and manpower needed, the author argues that social organisations should create a market researchers' trade association which could donate the cost of worthwhile social marketing research programmes to deserving organisations with insufficient funds, and finance the operation by a general levy.

Consistent with this conditional view is that of Arndt [103] who expresses his critique of Kotler and his followers' attempts to broaden marketing while, at the same time, adding some ethical conditions which must be considered. In his opinion, the basic issue is not whether the marketing concepts and techniques may be applicable to non-business areas, but whether such extra-curricular applications should be treated as an integral part of marketing. In this regard, the author indicates that it should not equate 'function' with techniques methods and tools since successful application of factor analysis or sociometry to marketing does not make marketing a part of psychology or sociology. In addition, considering marketing as an exchange process, as Kotler has argued, will not include exchanges in non-commercial and economic areas, such as churches, welfare and cultural agencies. Accordingly, Arndt argues that extending and applying marketing concepts and knowledge outside its traditional domain needs two things : first ; ethical considerations should put some constraints on such extension, that is, a distinction should be made between the 'science part' of marketing - the natural domain and substantive core of marketing -, and the 'art part' - the concrete uses or applicative dimensions of marketing knowledge. Second, by so doing, a behavioural science definition of marketing is required.

The author proposes the following behavioural science definition of marketing : "marketing is 1) the social process consisting of 2) the conception, planning, and implementation of 3) the total set of activities undertaken as exchanges by 4) individuals or organised groups of individuals being actors in the system 5) in order to bring about the satisfaction of consumer needs for economic goods and services, and 6) the social and environmental effects of the activities undertaken." He explains element 4) by saying that actors in the system consist of not only business practitioners, but also consumers, regulators, and other governmental individuals or agencies as they make marketing decisions. He also explains element 6) as incorporating external effects and latent functions of marketing activities as a part of the subject matter content.

Finally, Webster,[(104)] demonstrating the possibility of extending marketing concepts into non-profit sectors, defines some other limits of such extension which can be summarised as follows :

1) Social marketing should be more than promotion. This is proposed because this approach requires facilitating the transaction with clients by assuring that distribution arrangements have been planned before interest in the idea or cause is stimulated through promotion.

2) Social marketing should be less than all management. Social marketing should not attempt to call all functions of management as its own, it is only one part of management.

3) It should not involve all human exchange. Although the four axioms* apply to all marketing and are useful in expounding the basic nature of marketing activity, not all activities defined by these axioms and characteristics are marketing. Accordingly, a narrower definition of marketing, instead of generic one, is required in the light of some conditions and the existence of some features, i.e., an organisation, economic resources, a professional approach, and finally a market. Consequently, social marketing would be of the following twofold potential contribution.

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* These four axioms were mentioned in detail in this chapter, p (36)

a) An improving use of scarce resources in pursuit of socially desirable objectives through non-profit organisations in both public and private sectors.

b) A deepening understanding of the nature of marketing as a field of study and management competence.

Conclusion

Throughout this chapter, an attempt was made to conceptualise marketing and to trace the stages of the development of marketing thought. The objective, in this case, has been to review the literature which outlines the issue of broadening the concept of marketing to include non-profit organisations.

First, the definitions of marketing have been discussed. Then, the stages in the development of marketing thought have been described in four major eras. The production-priented era was examined where the focus was concentrated upon problems related to manufacturing rather than those related to the identification and the development of marketing. The second era was the sales-oriented age during which the main task of the company was to get sufficient sales for its products. The third era was the epoch of the marketing concept during which the emphasis evolved from consumer-orientation, to a balanced, oriented emphasis between consumer satisfaction and firm's profits, and through an integrative trend to give a recognition of the role of marketing management and their managers within the internal organisational structure, in addition to the role of consumer satisfaction and simple profits

The fourth stage in the development of marketing thought, i.e. broadening the concept of marketing, has been the subject of extensive discussion. A review of the literature illustrated that there is an extensive controversy over this theme. On the one hand, it has received much acclaim and approval in a number of articles and studies that followed in the 1970s, reporting applications of marketing techniques to the area of non-business organisations. On the other hand, there is an objected extension perspective voicing its concern that such extenuation may lead marketers towards the dilution of their efforts and unnecessary complication of a field which is already confusing enough. The danger is that it might provide limitless boundaries to marketing definition which will lose its identity.

However, there is a considerable support for a balanced perspective between the two preceding extreme viewpoints. This perspective does not entirely ignore such extension, but it believes that there are some conditions and caveats which must be considered and appreciated to apply some marketing techniques and concepts to non-business organisations. This perspective argues that these organisations should carefully choose the approaches that are considered most appropriate to their nature.

One conclusion which emerges from our discussion is that marketing has had a wide variety of interpretations and no lack of divergent viewpoints. Such status of disagreement on the marketing definition may be due to : the multiplicity of marketers point of view ; the evolution in social change or in the scope of marketing itself ; the rapid growth and expanding influence of marketing ; the environmental conditions ; or the nature of marketing as a multi-dimensional process.

Another conclusion is that the marketing concept, despite apparent acceptance and adoption by a major portion of business companies, has been rejected and criticised by many business enterprises. Some reasons were presented - which could possibly be responsible for this rejection. Consequently, some attempts to establish an alternative philosophical position for marketing in society have been presented.

Finally, the theme of broadening the concept of marketing has stimulated a debate that is still ongoing. An overwhelming majority of marketing educators agree that marketing has ventured beyond mere economic goods and services and market transactions. However, the new area of such application should select those approaches which are considered most appropriate and applicable to the inherent nature of non-business organisations.

In the next chapter, an attempt will be made to discuss and conceptualise non-profit organisations.

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CHAPTER THREE

THE CONCEPT OF NON-PROFIT ORGANISATIONS

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Introduction

Any attempt at conceptualising non-profit organisations must, at some stage, involve a consideration of what is the definition of the non-profit organisation. What are its main characteristics? Are NPO's really different from profit-oriented firms? What is the importance of the NP Sector? What is the status of management in NPO's? Is there real need for effective management in NPO's? What is the status of the marketing function in these organisations? And how can an effective management, in general, and marketing systems, in particular, be introduced into this sector?

The answers to these fundamental questions, and many others, will be the subject of this chapter.

In the course of such inquiry, the following issues and points will be identified:

(1) Definition of NPO's.

(2) The main characteristics of the NP Sector.

(3) Are NPO's really different?

(4) The importance of NPO's; historically, economically, and socially.

(5) The classification of NPO's.

(6) The management of NPO's; its importance, status in NPO's, and the main requirements for effective management in this sector.

(7) Status of the marketing function in NPO's and the current requirements for introducing the marketing function into NPO's.

The Definition of Non-Profit Organisations

A search of the relevant literature reveals that there is no precise definition of a non-profit organisation. This phenomenon may be attributed to the view which says that "in many service institutions, such as higher education, public transportation, and utilities, the public/private and profit/non-profit distinctions are blurred anyway".[(1)]

However, some attempts have been made to give general definitions of non-profit organisations.

Thomas[(2)], for instance, points out that "there is no clear definition of what a non-profit organisation is, though, in general parlance, it is a term used to refer to organisations that are not considered business, ie. organisations that operate in the non-business sector or environment. Their products and services tend to be public goods and services, as opposed to private goods and services, a definition which encompasses cultural activities, public safety, health care services, education, and politics".

In the same spirit, Kotler[(3)] defines NPO's as "an important third sector of the nation's economy which constitutes a middle way for meeting social needs, without resorting to the profit motive on the one hand or government bureaucracy on the other. These organisations", he adds, "tend to be socially responsive and service-oriented, and specialise in the delivery of social services that are not adequately provided by either business or government".

Rizzo[(4)] suggests a similar general definition when he states that "NPO's are those organisations that are not tested in a market-place where dollars of income from sales provides a measure of effectiveness and where these dollars are determinants of survival. Thus, their major orientation is not toward profits".

Finally, Don Bates[(5)] defines the non-profit sector as "the gestalt in which national and local organisations operate as tax-exempt, voluntary associations of people who have banded together in common pursuits for the public good".

Considering the above expressed difficulty in formulating any precise definition, one might propose (emphasising the organisation's objective) the following definition:

A non-profit organisation "is an organisation established to achieve social goals by performing social activities not basically seeking to achieve profits".

However, the subsequent sections, which will discuss the main characteristics of NPO's, their major categories, and similarities or differences between profit and non-profit organisations, will, hopefully, shed more light on the nature of these organisations.

The Main Characteristics of Non-Profit Organisations

A review of the available literature indicates that there are common threads which run through the non-profit sector and distinguish this sector from the profit sector. These characteristics, and their impact on the marketing activities, or the way such organisations are managed, can be explored as follows.

1) Multiple Publics

Lovelock and Weinberg[(6)] mention that "while in profit-making organisations consumers pay money for the products received, in non-profit organisations there are unrelated groups; the users who receive services, and providers or taxpayers who provide funds. Accordingly, fund raising and service delivery may involve separate marketing activities to these two different publics".

Expressing a similar view, Weinberg[(7)], elsewhere, points out that the non-business marketing manager needs to develop the services which are appropriate from the viewpoint of users, the provider of funds, and the organisation.

Drucker[(8)] is of the same opinion when he states that it is indeed the case that non-business institutions have a great many 'constituents'. For example, he illustrates that the school is of vital concern not only to children and their parents, but also to teachers, to taxpayers, and to the community at large. Similarly, the hospital has to satisfy not only the patient, but also the doctors, the nurses, the technicians, the patient's family, as well as the taxpayer or - as in the US - employers and labour unions who through their insurance contributions provide the bulk of the support of most hospitals!

2) Non-Profit Objective

A fairly common distinction between business and non-business activity is based on whether or not profit is the purpose and result of the activity. Hicks and Gullett[9], for instance, argue that "if profit, in monetary terms (ie. the difference between an organisation's expenditures and the income returned) is expected and pursued, then, the organisation is usually called a business one, if not, it is called a non-business organisation".

Anthony and Herzlinger[10] express a similar view when they state that "the nature of the organisational purpose is the basic distinction between non-profit and profit organisations". They argue that the dominant objective, or at least one of the major objectives, of profit organisations is the achievement of a satisfactory profit level. Decisions made by their management are intended to increase, or at least maintain, profits, and success is measured, to a significant degree, by the amount of profits that these organisations earn. By contrast, the authors add, non-profit organisations "exist primarily to render a service. Decisions made by their managements are intended to result in the best possible service with the available resources. Their success is measured primarily by how much service they render and by how well they render it. More basically, their success should be measured by how much they contribute to the public welfare".

Similarly, Selby[11] points out that profit, as a main organisational objective, is considered as a significant differentiator between for profit and non-profit sectors. She claims that the absence of 'profit' reward and, consequently, feedback directly affects motivations, ie. benefit in a profit corporation is tangible, observable, and directly beneficial to management as well as to stockholders. By contrast, the benefits of services in non-profit organisations accrue to the receivers of these services, while altruistic and ideological satisfaction, in addition to salaries and perhaps perquisites such as travel, are all that accrues to those involved in management. Consequently, work incentives in business enterprises can incorporate tremendous financial self-interest, particularly for those near to the top; whereas such work incentives in non-profit organisations have to do with self-satisfaction.

Linowes[12] reaches a similar conclusion when he indicates that the chief purpose - the only purpose - for which social organisations are created is to meet human needs; while the chief reason for existence, no longer the only reason for existence, of a business organisation is to generate income for its stockholders. He claims that such a distinction has an effect on the effectiveness of the non-profit organisation's management, arguing that most NPO's fail to meet such human needs because of the absence of the financial measurement criteria, ie. profit. In this regard, he states "the reason these human needs so often remain unfulfilled is that such institutions have never been required to justify their existence by showing a profit". Moreover, he adds that a social organisation can increase in size, in unwieldiness, in insufficiency, and still remain in business.

Finally, Weinberg[13] indicates that the marketer's job is influenced by the main purpose of his organisation. He contends that because most social service organisations operate at a deficit, because the users do not pay the full costs, the organisation's objectives must satisfy the private and/or governmental benefactors who support them. Consequently, these organisations have often complained of not only having to satisfy client needs, but also of having to satisfy the funding agencies 'concept of clients' need'.

3) <u>Services Rather Than Goods</u>

It has been argued that non-profit organisations are almost always service operations rather than physical goods operations. Furthermore, in many instances, NPO's do not even market a service, but they are in the business of marketing ideas and behaviour patterns. Examples of this latter aspect are: marketing the practice of safer driving habits; metric weights and measures; and the adoption of agricultural methods, amongst others[14]. Therefore, such institutions are in a fundamentally different 'business' from 'business'[15], and their products are fundamentally services, while businesses, of course, produce goods and/or services[16].

It is perhaps advisable to note that, because of the above distinction, ie. service-orientation, some writers have argued that it is difficult for NPO's to benefit directly from studying the marketing of consumer services in the private sector[17]. The reason behind this notion is that consumer services have received relatively little attention from marketing scholars until recently. Consequently, the lack of private sector analogues has had two effects. Firstly, it has become more difficult to transfer the developed marketing tools, concepts, and strategies directly from the consumer goods field to non-business organisations, because two hurdles have to be surmounted; from the private to the public/non-profit sector; and from goods to services. Secondly, it has forced marketing theorists to radically rethink previous conceptions and definitions of marketing in order to make this twofold leap.

However, expressing an opposite view to this question, Professor Baker[18], in his article 'The Marketing of Services', argues that "at a fairly basic level, the same principles which seem to apply in the market for physical products also apply to exchange relationships involving services. At a superficial level", he adds "there would seem to be widespread acceptance of this view, and both the technical and popular press make reference to the marketing of services and ideas, both for profit, eg. bank and insurance marketing, and not for profit activities, eg. museums, art galleries, hospitals, etc".

4) <u>Public Scrutiny and Non-Market Pressures</u>

Hicks and Gullett[(19)] state that another key characteristic of non-business organisations is that they are typically accountable to the public for their actions. This is so because they usually operate with public funds and must, therefore, answer to every taxpayer. The authors argue that "although business organisations are also becoming more responsive to the demands of the public, they do not exist in the same sort of public eye as do non-business organisations".

Lovelock and Weinberg[(20)] express a similar view when they point out that non-profit organisations tend to be - at least in theory - more subject to public review, regulations, and criticism than most private firms. Expressed more fully, because of their role in the provision of public services, an identified desire for openness in government, and a need to prevent abuses of natural or legislated monopoly power must be considered. Accordingly, the above authors add, these organisations may be forced by political and other pressures to provide service or serve market segments that a profit-making organisation would find uneconomic. They conclude that "such political pressures may force retention of inefficient services and economically suboptimal strategies".

On a final note, Selby[(21)] shares the same vision when she suggests that "one must not forget the fact that almost all NPO's function in the glare of public scrutiny. This fact" she adds, "creates some checks and balances that help protect the public from misuse of funds. Furthermore, public scrutiny is also useful in providing emotional and honorific rewards for the organisation and its workers, another vital way to involve an organisation in its profit".

5) Benefits and Costs are Distributed Unequally Across the Population

It has been argued[22] that, although the services provided by public sector and some non-profit organisations tend to be regarded as essential or socially desired, their benefits and costs are usually distributed unequally across the population. As a result, some public sector services are of direct use or immediate interest to only a limited segment of the population. For example, although there are many arguments for assigning public funds to the arts, less than 5% of the US population attends a live performance of any of the professional performing arts (dance, symphony orchestra, drama or opera) in a year. Accordingly, a difficult question facing performing arts managers is whether to increase the number of performances targeted at current audience members, or to attempt to broaden public attendance at artistic performances.

6) The Way the Non-Business Organisation is Paid

Drucker[23] states that the one basic difference between a non-business institution and a business enterprise is the method of funding of the non-business service institution. He argues that businesses, other than monopolies, receive revenue by satisfying the customer. They are only paid when they produce what the customer wants and when the customer exercises his purchasing power. Satisfaction is, therefore, the basis for performance and results in a business. By contrast, he adds, the revenues of non-business service institutions are typically allocated from a general revenue stream that is not tied to their activities, but is obtained by tax, levy, or tribute. Furthermore, the typical service institution is endowed with monopoly powers; the intended beneficiary has little choice.

Having discussed the non-profit organisation's characteristics, it is possible now to turn to establishing whether or not such distinctions and characteristics make real 'differences' between non-profit and for profit organisations.

Are Non-Profit Organisations Really Different?

Perhaps an important question which this study raises is whether non-profit organisations are really different. Concerning the above mentioned characteristics and distinctions between NPO's and for profit organisations, one might argue that these distinctions do not really represent fundamental or obvious differences. Two major reasons support this contention. Firstly, it is postulated that these distinctions are very uncertain in many industries. For example, in higher education, public transportation, and utilities, the public/private and profit/non-profit distinctions are blurred anyway[24]. Secondly, most of these distinctions or characteristics are not confined to NPO's; but they are, to some degree, relevant to business enterprises.

Concerning 'multiple publics', for instance, the business sector also has a plurality of constituencies. Every business has at least two different customers, and often a good many more. Further, employers, investors, and the community at large - and even management itself - are also 'constituencies'[(25)]. Business firms also have suppliers with whom they engage in market transactions. Moreover, besides their relationships with consumers, many companies are involved in ongoing relationships with citizen groups, formalised consumer organisations, and stockholders. Accordingly, "orchestration of the exchange relationships with each of these publics is necessary if a firm is to succeed in its central purpose of selling the goods and services that it produces"[(26)].

With respect to 'the non-profit objective', which has been considered as a vital and fundamental difference, one might propose that this 'difference' should only be considered in the short-run. More specifically, in the long-run, the 'social objective' versus 'profit objective' has to be considered for any form of organisation. As Professor Baker[(27)] argues, "in the long-run, it is clear that the only justification for 'any' form of organisation is that it improves human welfare".

Furthermore, the so-called 'bottom line', (ie. the main purpose for which the organisation is created) has been considered, from some writers point of view, as a 'similarity' between non-profit and for profit organisations. Selby[28], for instance, argues that the purpose for which the product is developed is profit for the corporation. For the private non-profit agency, as well as for the government, profit composes such elements as health, education, welfare, environment, art and music, all of which can be generalised as parts of 'the quality of life'.

Finally, in relation to the question of public scrutiny as a key characteristic of non-business organisations, it should be noted that private firms may also be forced, as any non-business organisation, by political and other pressures "to keep plants open that they would rather close, or to withdraw from the marketplace such profitable but unsafe or socially undesirable products as noisy machines, dangerous children's toys, and 'gas guzzling' cars"[29]. More specifically, regulation is increasing in the private sector, and marketers in both private and public sectors must learn to work within the constraints that it imposes. In addition, information disclosure requirements, in the meantime, have eliminated some of the traditional secrecy of private firms.

It is clear, from the foregoing discussion, that the dividing line between those who operate for profit and those who do not is not clear-cut in many respects. Such a view is supported by Cyert[30] who shows the close similarity between for profit and NPO's. He demonstrates that an organisation is developed to achieve certain goals or objectives by group activity. These objectives are ones that individuals working alone cannot achieve, or objectives for which one could argue there are economies of scale. Therefore, it is more expedient to achieve these tasks by working within an organisation. More specifically, every organisation is designed to produce a solution to a problem of society. These concepts of an organisation, Cyert continues, are accurate whether the organisation's objective is non-profit or profit-making. The achievement of the organisation's objectives can generally be described as being dependent upon the production of services or material goods. The goods and services are produced to achieve the organisation's objectives and are not affected by the profit or non-profit character of the objective. Further, he adds, "all organisations wish to produce the goods or services in the most economical way. Thus, it is necessary to find the techniques for producing and distributing the goods and services that will use the least value that society places on the resources". Finally, the author concludes that "one can extend this type of reasoning to show the close similarity between for profit and NPO's".

Hicks and Gullett[(31)] reach a similar conclusion when they illustrate that there are many more similarities than differences between the business and non-business organisations. In this regard, they cite three major similarities. Firstly, efficiency is still considered vital to both sectors. Despite the fact that the main task of the non-business manager is to protect the public interest, and consider the social values involved, his job also, as a business manager, is to minimise costs and maximise results. Secondly, human relations in both sectors is important, ie. the same combination of efficient operation with concern for human relations that occurs in business concerns as well as in non-business organisations. In brief, attempting to work effectively with people is a major task of all managers. Finally, transferability of skills between business and non-business sectors is evident. Specifically, the movement of executives between such diverse career areas as civilian government, military services, and large business enterprises gives strong support to the idea of commonality of managerial skills among organisations of all kinds. Regardless of type of organisation, a manager must create, plan, organise, motivate, communicate and control.

In summary, from the above discussion one may argue that there are no obvious or fundamental differences between for profit and NPO's since most of the distinctions mentioned are not confined to NPO's, but are relevant to business firms as well. Even the main distinction, ie. profit, which is considered as a major 'difference', is not truly a 'difference' in the long-run, where all organisations, whatever their objectives, aim at improving human welfare and quality of life. Furthermore, there is a greater number of similarities than differences between the two sectors. For both kinds of organisation, efficiency is still vital, human relations is important, and transferability of skills among such sectors is evident.

At this stage, the study turns to explore the importance of the non-profit sector to society and to identify the classification of NPO's.

Importance of the Non-Profit Sector

Non-profit organisations represent an important sector of society, whether considered historically, economically or socially.

Firstly, historically, most non-profit organisations have had a longer existence or entity than the profit or business firms, with their major objective of achieving profits by selling goods or services, eg. churches, universities, hospitals, government departments, and so on[(32)].

Secondly, economically, compared with business organisations, the proportionate growth of the non-profit sector has been spectacular. To illustrate this matter, one need only refer to the economic importance of such organisations in Great Britain and the United States.

In Great Britain, as a whole, the National Health Service, for instance, employs about a million people, full-time or part-time. This workforce amounts to about four percent of the total working population. Its costs have grown to absorb nearly seven percent of the gross domestic product and over one-tenth of government expenditure[(33)]. Concerning the growth of this sector in Scotland, as a particular example, the NHS calls on a vast range of different skills and is one of the largest employers, with a workforce amounting to about one in eighteen of the working population, where the total of health service manpower (September 1976) reached 117,813 employees. The total gross cost of these services during the financial year ended 31 March 1977 was £679.4m, compared with £263.0m in the year 1971/72. Allowing for changes in the inflationary value of money, there has been a real increase in health service expenditure of about 14% during this five-year period[34].

In the United States, NPO's have an increased importance. McConkey[35] illustrates the magnitude of the non-profit sector in general, which becomes even more dramatic when one considers that 20% of the US national product is spent in this sector. He indicates that the growth of the entire 'services' sector of the US economy, of which non-profit organisations are a major part, shows continuous increase. For example, in 1870, services accounted for about 27% of total employment. This increased to 58% in 1970 and is projected to become more than 70% by the year 2000. The author argues that "in a world that is becoming more and more service-oriented, the growth of the non-profit sector is not likely to diminish". Specifically, the US Department of Health, Education and Welfare, with a 1975 fiscal year budget of approximately $120 billion, ranks number one above all organisations in both the non-profit and business sectors. It dwarfs even such giants as the Department of Defence in the public sector and the American Telephone and Telegraph Company and General Motors in the private sector. Its annual budget is equal to about 8% of the gross national product of the United States as a whole in today's dollars.

Don Bates[36], also, demonstrates the importance of the non-profit sector when he states that there may be as many as six million private organisations in America's voluntary sector. The core group, he identifies, includes 350,000 religious organisations; 37,000 human services organisations; 6,000 museums; 5,500 private libraries; 4,600 secondary schools; 3,500 hospitals; 1,500 colleges and universities; and 1,100 symphony orchestras. He indicates that one out of every ten service workers and one out of six professionals in the US is employed by a NPO.

Similarly, Anthony and Herzlinger[37] draw attention to the importance of this sector when they compared income of NPO's and their growth, with income and growth of industries. They note that NPO's, in 1971, generated over 20% of the national income. The most important categories are government; health care; and education. Concerning the growth of the non-profit sector compared with industry growth, from 1950-1973, the authors illustrate that all non-profit categories "have grown much more rapidly than the growth in national income, with most growing at about twice the rate of national income growth".

Hicks and Gullett[38], as another example, explore the non-profit sector importance in terms of its great scope and size. They contend that the range of activities that a State government performs - from imprisoning criminals to educating college students; from building highways to breeding improved types of fish; and from providing police protection to sponsoring and financing educational television - are vastly broader than the activities of most business firms. As far as size is concerned, they add, the federal government has had, over the last decade, an average of about 2,500,000 employees. The total number of State and local government employees is about four times that of federal government.

Taking account of the nation's voluntary organisations, Selby(39) notes that these organisations enjoy the support of roughly 37 million Americans involved in volunteer work. She indicates that these organisations spend about $29 billion annually and receive an almost equal amount in time and service from these volunteers. Clearly, she argues, "we as a society place a high value on the pluralism, the decentralisation, and the voluntarism represented by the non-profit sector".

Finally, Mittanthal and Mahoney(40) report that the private non-profit sector which, in the first half of the twentieth century, was supported, both financially and programmatically, by voluntary help, experienced dramatic growth in the 1960s. Government programmes provided substantial funding and most organisations took the opportunity to expand. They point out, for instance, that "a settlement house that existed for 50 years with a maximum budget of $60,000 suddenly found itself able to sign contracts for several hundred thousand dollars to expand its services.

Thirdly, the social importance of the non-profit sector. In this context, it is possible to mention that the rise of NPO's has paralleled the development of society. On this point, Professor Baker[41] points out that "as man's productive capability has grown so he has been able to devote more of his energies to social activities and that in order to do so, he has had to develop organisations other than business firms". He adds "when we can release human and physical resources from the treadmill of satisfying the basic needs of food and shelter, we can turn our attention to the satisfaction of higher needs such as education, the arts, health, and social welfare".

On the same point, Kotler and Levy[42] note that "our society moves beyond the stage where shortage of food, clothing, and shelter are the major problems, and then begins to meet other social needs".

Finally, Hicks and Gullett[43] identify some social values that NPO's provide to society. These social benefits are:

a) Broadening Mental and Spiritual Capabilities

Society benefits from education, for instance, in many ways - firstly, the individual benefits through increased income as well as wider variety of job opportunities, while society, in général, benefits from a more skilled and flexible workforce and a more competent voting population.

b) Coping with Indivisibility

Other non-business organisations provide a product that cannot be divided into portions purchasable by individuals. The building of highways is a good example where the taxes of large numbers of people can be used to finance a non-business organisation whose function is highway building.

c) Policing and Regulating

Another function of non-business organisations is policing or regulating the activities of both business and other non-business organisations. The Federal Communications Commission, for instance, serves as a watchdog over the activities of radio and television companies in the US.

d) Providing Special Aid

Some NPO's aid segments of society not otherwise served adequately. Examples of this aspect are charity hospitals, and such agencies as the American Red Cross, which aid victims of emergencies and natural disasters.

e) Protecting Resources

Still another group of non-business organisations protects the nation's resources, for example, the Sierra Club and Friends of the

Earth in the US, both devoted to ecological awareness and preserving natural resources.

The study now turns to discuss the main types and categories of non-profit organisations.

The Classification of Non-Profit Organisations

This section attempts to classify NPO's in order to describe their nature more fully, particularly in the absence of precise definitions, and to determine to which category particular organisations belong. In so doing, we must examine two writers' point of view.

Kotler[(44)], to begin with, classifies organisations in terms of their main beneficiaries and their main market relations. He identifies four major types of organisation - business concerns; service organisations; mutual benefit associations; and commonweal organisations. It is useful to mention that this study concerns only the last three categories, since they are potentially NPO's.

(1) Non-profit service organisations, which deal with two main markets. The first is a client market with which there is an exchange of services for fees. The second is a donor market with which there is an exchange for money and time for gratitude. The main beneficiaries of this category are the clients. Examples of this category are: social welfare agencies, hospitals, schools, legal aid society, mental health clinics, and museums.

(2) Mutual benefit associations, which are organised by a group of persons to create social, religious, or protective benefits, not for others so much as for themselves. These organisations offer services to their members and receive financial support and volunteer services in return. There is only one major exchange relation between the organisations and the members. Their main beneficiaries are members. Examples of this category are: political parties; unions; fraternal associations; clubs; veteran's organisations; professional associations; and religious sects.

(3) Commonweal organisations which are created by the public to serve the interests of the public at large. There is only one major exchange relation between the organisation and the general public by offering services and receiving taxes in return. Their main beneficiaries are the public at large. Examples within this category are: State Department; Bureau of Internal Revenue; military services; police; and fire departments.

Citing similar work to Kotler's, Anthony and Herzlinger(45) contribute another attempt to classify NPO's, but with more concentration on the base of the ease or difficulty of managing these organisations, particularly management control. They distinguish three types: client-oriented, public-oriented, and member-oriented organisations. To identify the relevance of these types of organisations to management control, they argue that the client-oriented approach is more capable of management control systems than are public-oriented. The main reason for this suggestion is that in the first category the management of output is facilitated by the fact that the number of clients can at least be counted, and, in many cases, the amount of service can be measured by the revenue that is collected from them. Concerning the third type, ie. member - oriented, the authors argue that it is in the middle between client-oriented and public-oriented organisations with respect to the ease of management control.

In summary, NPO's represent an important sector of society, historically, economically, and socially. The main types of these organisations, in any respect, are service or client-oriented, mutual-benefit or member-oriented, and commonweal or public-oriented organisations.

At this point, the study will continue by analysing the issue of the increasing importance of management in general, and the marketing function in particular, in NPO's.

The Management of Non-Profit Organisations

In this section, the study attempts to answer some important questions. For example, it raises such issues as: Are NPO's in real need of management? In other words, is management as important to NPO's as it is to profit organisations? What exactly is the status of management in NPO's? What are the requirements for effective management?

The Importance of, and the Need for Effective Management in Non-Profit Organisations

The importance of effective management to NPO's has been emphasised by a number of writers who draw attention to this matter.

Drucker[(46)], to begin with, explores the view that management is as important to public and non-profit service institutions as it is to business institutions. He states that "schools and universities; research laboratories; public utilities; hospitals and other health care institutions; professional, industry, and trade associations; and many others, all these are as much 'institutions' as is the business firm, and, therefore, equally in need of management. They all", as he continues to point out, "have people who are designated as responsible for the management function, and who are paid for doing the management job, even though they may not be called 'managers', but'administrators','directors', 'executives' or some other such title. In addition, the public and non-profit service institution faces similar, if not precisely the same, challenges in seeking to make work productive. Moreover, it does not differ significantly from a business in its social responsibility, .. nor in respect to organisational design and structure, .. nor even in respect to the job and structure of top management".

Throughout his book, <u>MBO for Non-Profit Organisations</u>, McConkey[(47)] states that management by objectives is important to NPO's like all other organisations. For him, "these organisations are not unique.

Like all organisations, they have an objective to achieve, that is, to provide the highest quality product or service consistent with the funds available. Assets, such as people, capital, and plant and equipment, have been entrusted to them. They serve in a stewardship capacity to those upon whom they depend for their continued existence". The author argues that managers of these organisations have no inherent right to waste any of the organisation's assets or to violate their stewardship, and that managers must be held accountable for results. Furthermore, he indicates that the next major breakthrough in management will not occur in the world of business, but it will, and must, take place in the so-called non-profit sector.

Similarly, Harrison[(48)] notes that effective management by any type of formal organisation, be it profit-seeking or non-profit, requires the same basic functions of the managers. He argues that if it is to utilise its resources efficiently in the effective accomplishment of its mission, the organisation should not underemphasise or disregard these managerial functions.

Cyert[(49)] proposes a similar view when he emphasises the commonality of managerial functions. He argues that, since all organisations wish to produce goods and services in the most economical way, then it is necessary to find the techniques for producing and distributing these goods and services that will use the minimum of society's resources, measured by the monetary value that society places on the resources. Obviously, one can extend this type of reasoning to show the close similarity between for profit and NPO's.

Along the same line of thought, Anthony and Herzlinger(50) note that management control, as a managerial function, is important and applicable to NPO's. They argue that the basic control concepts are the same in both profit-oriented and non-profit-oriented organisations. The authors conclude that, "although the application of these concepts differs in some important respects, some of the control techniques developed in profit-oriented organisations are applicable to NPO's".

Finally, Linowes(51) indicates that the principles of management and evaluation that have been effectively used by business organisations are of a similar importance and applicable to management of social institutions. The author contends that "the proven strategies of business management, along with their natural offshoots, work not only in the commercial sector, but have been applied successfully in scores of non-profit programmes".

From the above discussion, it is clear that the importance of, and the need for, effective management in NPO's is recognised as vital. The principal contention is that these organisations have no right to be ineffective or to ignore management effectiveness. Their management should not be immune from strict accountability to those they serve.

The study turns now to explore and evaluate the status of management in NPO's. Specifically, an attempt will be made to explore the extent to which NPO's are effectively practising the principles of management. If they are not, the questions to be asked are: what are the main reasons and features of the status of ineffective practice? and, what are the requirements of effective managerial functions for the non-profit sector?

Status of Management in Non-Profit Organisations

It is perhaps useful to mention that the main objective of this study is to examine and explore the contribution which the application of the marketing concept and techniques can make to the improvement of performance in NPO's. Therefore, the issue of the status of management in these organisations will be discussed briefly, and cannot receive the comprehensive treatment which it merits in its own right.

Having mentioned this latter point, the following is a review of the available literature which outlines the status of management in NPO's.

It is generally recognised that effective management exists in the business world and poor management in the non-profit sector. An examination of literature on the subject reveals that too little attention has been given to understanding problems of managing NPO's.

This view has been expressed many times by a number of writers. McConkey[(52)], for instance, notes that "historically, we have been sadly negligent and often outright reluctant in emphasising managerial effectiveness in the non-profit sector". He argues that poor management exists in the non-profit sector, indicating that the main reason lies in viewing the purpose of many non-profit organisations as so laudable and high as to be above any consideration of effectiveness. Consequently, he adds, these organisations rely heavily on persons with little or no management training to manage physical, capital, and human resources of a magnitude that would stagger even the better-trained and more competent managers in the private sector. To illustrate the ways in which management in NPO's is ineffective, he cites the following characteristic features.

(1) Lack of a straightforward process for determining customers' needs. In NPO's, too often, customers' needs and wants determination is based on assumptions of what they are. Equally often, there are no effective methods of feedback by which the customer can indicate his dissatisfaction or changing needs.

(2) The absence of well-formulated priorities, ie. while pay-back is used in the business sector as a chief determinant of priorities, it does not provide equal guidance in the non-profit sector.

(3) Lack of management training. While non-profit managers are often well-educated in their professions or specialities, a tremen-

dous lag frequently exists in their education in the practice of management.

(4) Lack of control over subordinates. The great majority of many NPO's employees are non-paid volunteers, who, by nature, cannot be driven, threatened, or coerced. Consequently, management by challenge and persuasion must be presented, and the promotion of maximum interest and participation in worthwhile projects must replace command authority.

(5) The absence of competition for resources, ie. in NPO's there is a tendency to allocate funds to various units without having first established and promoted good, healthy competition for limited resources. It is a management truism that an organisation is sick when it fails to establish competition for resources or has more resources than it knows how to utilise.

(6) Role-conflict. Sometimes a serious role-conflict exists and must be handled and resolved. The more dedicated professional workers and managers are to their professions, the more difficult it may be for them to adjust to managing with a system like MBO. This conflict can develop among several professionals, such as doctors and nurses, ministers, educators, social workers, and volunteers who are responsible for multi-million and billion dollar budgets. These conflicts need considerable time and effort to reorient these individuals to considering themselves as managers first and professionals second.

(7) Limited use of motivational recognition. In government organisations, for example, emphasising seniority rather than merit when recommending promotion has lessened the impact of motivational reward as a form of recognition.

(8) Mandated actions. In government agencies, in particular, many actions that must be carried out by lower-level managers are mandated from above. This decreases the manager's flexibility in the area of decision-making and in many cases the use of his own discretion.

(9) Confused performance evaluation. Because the non-profit and public sectors assess managers by methods emphasising efforts exerted rather than results actually achieved, and workload often takes priority over results, activities become confused with results, and inputs with outputs.

(10) Emphasis on short-term planning. Because the direction and guidance which long-term objectives and plans provide to business managers are not commensurately available to many non-profit managers, the latter undoubtedly suffer the disadvantage of not being able to realise long-term continuity and results from their efforts.

(11) Bureaucracy. Although bureaucracy is not the exclusive domain of the non-profit sector, it poses more of a problem here than in the average corporation.

In addition to the above features of an ineffective and inefficient management in NPO's, there are other points of view which require to be mentioned.

Drucker[53], for instance, argues that, although non-business institutions increasingly turn to business to learn management, they do not understand the problems of managing themselves. Rather, he adds, this, in fact, emphasises that they have only begun to realise that they are not, at present, being managed.

Cyert[54] expresses a similar view when he indicates that most non-profit organisations are not effectively managed. He attributes the state of ineffective management in the non-profit sector to the nature of their sources of revenue, which are unrelated to performance. He argues that, in the profit-making sector, where the revenue source is most directly related to the market system, the firms are concerned with ways of increasing revenue as well as ways of decreasing costs. By contrast, because the sources of revenue for NPO's are unrelated to performance, part of the pressure for improved management that exists in profit-making organisations is absent in NPO's.

Similarly, Gumbiner and Frye[55] point out that the lack of management conceptualisations and application in the British health care system is obvious. They argue that, in several areas, except in Northern Ireland, there seems to be something less than a complete understanding of management. The authors impute such status to four major reasons. Firstly, there is no integration between the planning and practice functions; basic principles of management. Secondly, there is very little attention paid to the cost-effective organisation of personnel, facilities, and equipment. Thirdly, the concept of systems management is absent. Finally, no apparent attempt has been made to apply modern marketing techniques to the system.

Finally, Selby[56] argues that the diffusion of accountability and the absence of systematic monetary rewards based on group performance are two features of NPO's, particularly volunteer groups, that distinguish them at the managerial level from corporate enterprises. These characteristics, she adds, often lead to frustration and poor results in pursuing objectives. She claims that "to strengthen NPO's and help them to adopt to the changes all organisations face, ie. the social, political, and economic changes, it is important to analyse their unique characteristics, eg. voluntary, eleemosynary, altruistic, and incorporate them into a functional plan".

On the basis of the foregoing arguments, some writers have recommended that NPO's should adopt such modern practices of business as management by objectives; socio-economic management; managing for performance; computer systems; and management science. In the following section, some of these practices will be discussed.

Management by Objectives System

In essence, management by objectives (MBO), is a systematic approach to achieving desired ends. This approach has been recommended by McConkey[57] who argues that it has considerable value when applied to NPO's which are not unique. They, like all organisations, have an objective, namely, to provide the highest quality product or service consistent with the fund available. Their managers, too, must be held accountable for results. He claims that over twenty years of MBO experience has demonstrated that this system can be applied to NPO's only if they insist upon and meet the same demands that it imposes upon other categories of endeavours. At a minimum level, these demands include:

(1) The selection of highly competent managers; administrators; and professionals for all key positions.

(2) In-depth training in the complete MBO system before any attempt is made to apply it.

(3) Allowing the three to four years required for successful implementation.

(4) Substitution of maximum participation from all personnel for the sometimes autocratic and despotic decisions of a few.

(5) Complete tailoring of the MBO system to the

individual problems or conditions existing in the individual organisation.

(6) The removal, or lessening, by legislative or executive action, of impediments to the ability of MBO to achieve its full potential; such as emphasising effort rather than results; provisions that protect ineffective personnel; practices that stifle individual initiative and lead to inflexible decision-making; and systems that fail to provide recognition and rewards.

(7) Constant re-examination of the system after installation to improve it and render it responsive to changing conditions.

Socio-Economic Management Approach

Another approach for promoting effective management in the non-profit sector is 'socio-economic management' (SEM) which has been suggested by Linowes[58]. He points out that "through this rational system, we can redesign the non-profit sector so that it will be responsive to human requirements and held accountable for results". Using SEM, he adds, "we can solve the problems of our cities and streets as successfully as we are solving the problems of our offices and plants. To do so, we must break away from the law of government administration which dictates that the less productive a programme administrator, the more money he gets to expand operations". The author presents ten principles of SEM for application to NPO's which can be summarised as follows:

(1) Linking standards and goals to proven human needs. The cost-effectiveness approach, which works so well for thousands of corporations, forces management to think through objectives and standards and to link them to proven needs.

(2) Applying funds by results. Such a principle will give answers to these questions: how effectively are funds applied? is a programme fulfilling its purpose? how close to projected results did actual performance come?

(3) Use of discretionary funding as incentives. That is, discretionary funding as a means of recognising outstanding performance would serve as a powerful stimulant to improved social profitability and, on the other hand, as a disincentive to penalise mediocrity.

(4) Use of multi-disciplinary planning. The non-profit manager should use all disciplines available, eg. economics, business management, accounting, sociology, and so on; to help him manage his organisation.

(5) Set-up of social profitability audits. When tremendous sums of money from public funds are invested in social programmes,

the public is entitled to a qualitative evaluation of how the funds are being expended. The SEM system, in this case, is very important to these social institutions, determining whether the resources put into programmes are directed toward the true objectives.

(6) Establishing public visibility. There should be full reporting to the public of the results achieved for the monies spent. Social progress, or a lack of it, should be made known to the public for whom these organisations have existed to serve.

(7) Prune and restructure for dynamic growth. The benefits of managers' divestiture, pruning, and restructuring are well understood in the business company. These same approaches should be applied to social institutions and government agencies.

(8) Vary the input mix. The businessman does not take profit - the major objective of business - for granted. He varies the input mix continually to improve earnings and performance. Social programmes must be treated as products with social values, and be experimented with with a variety of input, to produce the best results.

(9) Stir-up social competition. Competitive sources of supply should be established for services provided. Marketplace mechanisms and a greater number of competitive options are needed for social institutions. In addition, the competitive sources of supply should compete with each other to provide the better services.

(10) Fix responsibility for applying SEM, ie. the agency or institution responsible for applying the principles of socio-economic management should be clearly established.

Managing for Performance

The third approach, which has been suggested by Drucker[59], is managing non-business service institutions for performance. To identify the managerial problems which face these institutions, he emphasises the existing lack of effective performance. In this regard, the author notes that few non-business service institutions today suffer from having too few administrators; most of them are over-administered and suffer from a surplus of producers, organisation charts, and management techniques. He proposes that what should be learned now - and it is still largely lacking - is to manage these institutions for performance. This may well be the most extensive and important task during the remainder of this century. Drucker suggests the following requirements for effective performance of non-business institutions:

(1) They need to identify their business and what it should be. They need to think through their own specific functions, purposes, and missions.

(2) They need to derive clear objectives and goals from their definition of function and mission. They need to promote efficiency by controlling costs, and effectiveness by placing emphasis on the right results.

(3) Once this has been achieved, they must think through priorities of concentration which enable them to select targets, to set standards of accomplishment and performance, ie. to define the minimum acceptable results, to set deadlines, to go to work on results, and to make someone accountable for results.

(4) They need to define measurements of performance.

(5) They must, in addition, use these measurements to 'feedback' on their efforts, ie. they must build an element of self-control from results into their system.

(6) Finally, they need an organised audit of objectives and results so as to identify those objectives that no longer serve a useful purpose or have proven unattainable. They need to identify unsatisfactory performance and activities which are obsolete, unproductive, or both. Moreover, they require a mechanism for eliminating such activities rather than wasting their money and energies on unprofitable activities.

From the above discussion, it is clear that many writers have identified extensive inefficiency in NPO's and have recommended that they adopt the modern practices of business.

However, it is suggested that the generalisation that NPO's are ineffective may be, at least partly, an illusion. Moreover, there is a lack of empirical evidence that permits anyone to generalise and to conclude that profit organisations are more effective or better managed than non-profit organisations.

Tomaski[(60)], for instance, supports this view when he points out that there is tremendous diversity and a huge number of business and non-business organisations in the nation. If this fact is accepted, it is difficult to generalise confidently and say that profit organisations are more progressive than NPO's. It is more likely, he adds, that any category of organisations probably contains an array of entities - some of them will tend to be poorly managed and others will tend to be well managed. The author presents some examples which illustrate this point:

(1) Many of the modern management techniques have, in fact, originated from, or been developed by NPO's and not by profit organisations. The US Defense Department has promoted the use of techniques such as planning - programming - budgeting systems, operating research, and time-sharing computers. Computer technology was largely the outgrowth of a collaborative effort of the Federal government and the university community.

(2) In studies which try to identify the most effective organisations, one finds almost invariably the Roman Catholic Church cited as a leader.

(3) Some of the US' oldest organisations are universities, such

as Harvard and Columbia, which would suggest some innate vigour and longevity - factors not prevalent in the businesses that have disappeared in several decades.

(4) Private enterprise does not necessarily result in effectiveness. Lockheed must seek enormous inputs of government funds to continue to exist. Government subsidies, for example, are required by airlines, railroads and farmers. Furthermore, it would be interesting to determine what the total per student cost is in public institutions as compared with private institutions. The figures might indicate that it is cheaper for the State or City, and the taxpayer,to send students to private schools than to expand public facilities further. This hypothetical comparison is shown in Table 3-1.

Table 3-1 : Per Student Cost of Education

	Private School	Public School
Cost borne by student	\$3000	\$500
Cost borne by taxpayer	100	4000
Real Cost	\$3100	\$4500

Source: Richard M Cyert, ed., The Management of Non-Profit Organisations, D.C. Heath and Company, 1975, pp137-8.

(5) The US Postal Office, as a non-business agency, was made

a public corporation to improve services. Thus far, a case can be made that postal service has deteriorated while postal costs have risen.

Having discussed the status of management in NPO's, the study will now examine the status of marketing in NPO's, and identify the requirements for introducing an effective marketing function.

Status of Marketing in Non-Profit Organisations

It is generally recognised that little attention has been devoted to the role of marketing in NPO's. An examination of literature on this subject reveals, in one way or another, that marketing activity has tended to be neglected in this sector.

This view has been expressed many times by some marketing scholars and specialists. Kotler(61), for instance, states that "business firms have recognised the marketing function through the establishment of formal marketing departments headed by a marketing vice-president". He argues that NPO's have recognised the financial function, operations functions, and personnel function, but have been less ready to recognise the marketing function. Thus, a university may not have a marketing department as such, but has shadow marketing departments in the form of a development office for fund raising, a public relations office for publicity, and an admission office for student recruitment. Hospitals, museums, churches, public schools, and many other NPO's, similarly, carry on their marketing operations through public relations departments, development offices, and education departments. The author concludes that the major problem posed by the absence of a formal marketing department is that it accompanies an absence of a formal leadership responsible for planning marketing programmes and making people in the organisation enthusiastic about the marketing concept.

A similar view has been expressed by Cyert[(62)] when he points out that the marketing function in a business organisation is to relate products or services produced by the firm to the potential consumers. In such organisations, marketing has always been an important activity, and it is associated with increasing revenue and increasing size. In the non-profit sector, he indicates, this activity has tended to be ignored and, in fact, denigrated until relatively recently. Even now, no non-profit organisation would use the term 'marketing'.

Gumbiner and Frye[(63)] are of the same opinion. They argue that the British system of health care delivery is lacking in the formal marketing strategy which is necessary to make both the consumer and the provider aware of the best way to make the best use of this system. They suggest that the very basic business of finding out what the market wants in a product or service before designing or providing it has been ignored. Nothing is being done to sell the objectives and goals of the system to the consumer and to the provider. Moreover, the total concept of cost-effectiveness is poorly understood. Instead of design of the system as a whole for long-range cost-effectiveness, there are short-range, piecemeal efforts that can only lead in the end to a more costly system.

Finally, MacStravic[64] contends that the marketing concept has been ignored by most non-profit health care organisations, particularly hospitals. In this regard, he points out that health care organisations have tended to follow a non-marketing or anti-marketing approach in their planning and development efforts. Their basic philosophy has been that they should provide the best possible services as they see them, and, they hope, enough people will make use of these services to make their efforts worthwhile. In short, the organisation decides what it wants to do, and the public is supposed to be willing to have it done to them.

Now, the study steps forward to examine the main reasons responsible for marketing neglect in NPO's.

The Reasons for Marketing Neglect in NPO's

The phenomenon discussed above may be inferred, as some writers have suggested, from the following:

(1) The lack of competent marketing leadership and staff, ie. the NPO's are lacking in formal leadership which is responsible for planning marketing programmes and making people in the organisation enthusiastic about the marketing concept. In addition, these organisations suffer from a lack of competent marketing staff who are

directly responsible for specific marketing activities, such as advertising, public relations, client service, product design, marketing research, and so on. Such important activities should not be left to incompetent or unmotivated management[65].

(2) The absence of a market test removes from the service institution the discipline that forces a business eventually to abandon yesterday's products, or else go bankrupt. Yet, this requirement is the least understood[66].

(3) The strong tradition against marketing activities. That is, the traditional criticism against marketing activities is considered one of the major difficulties in developing an effective strategy in the non-profit sector. Critics may charge that marketing is a waste of money; that it is intrusive; and that it is manipulative[67]. Such criticisms bring about the non-profit administrators' feelings that they must proceed cautiously with marketing activity[68].

(4) The lack of comprehensive studies and publication on the subject. Yet, several areas of marketing, such as political contests, student recruitment by colleges, and fund raising among others, are typically ignored by the student of marketing[69]. Moreover, all the existing texts, which deal specifically with marketing institutions and practices,are related to the private, for profit sector. Such a dearth of information makes it difficult for non-profit administrators

to gain a direct and comprehensive idea of the relevance of marketing to their types of organisations[70].

(5) Another problem in moving toward marketing in the non-profit sector, as Cyert[71] points out, is the fact that the market is deliberately reduced in size by some policy decisions. Thus, in hospitals, patients are limited to the particular physicians allowed to practice at the hospital. In universities, there is a restriction in the form of an intellectual quality constraint. Most business organisations do not encounter such constraints directly. Anyone with the income to purchase the product is able to do so.

The Requirements for Introducing Effective Marketing in Non-Profit Organisations

It is useful to discuss, initially, whether or not the conditions or forces which have lead to the 'discovery' of the marketing concept in profit-oriented organisations, such as an excess supply, potential and strong competition between firms producing similar products for the same end, exist in the non-profit sector.

It is recognised that most NPO's, such as colleges, hospitals, churches, social agencies, performance groups, and museums, are increasingly facing an excess supply factor which results in rising costs and declining revenues. Pyke[72], for instance, states that more than 170 private colleges have closed their doors since 1965, unable to get either enough students or funds or both. The costs of college tuition, as a result, have been increased. For example, tuition at Stanford and Yale is now, as he pointed out, over $6,000; if these costs continue to climb at the current rate, the parents of a child born 'today' will have to put aside $82,830 to buy that child a bachelor's degree at one of the better private colleges.

Also, it has been argued that colleges, by the mid-1970s, were facing the following exigencies: (1) the prospect of the annual number of high school graduates declining from a peak of 3.2 million in 1977 to 2.8 million in 1982-83; (2) the proportion of high school students electing to go to college might decline; (3) a higher proportion of the college-bound students would elect to attend community colleges instead of four-year colleges; and (4) the absolute and relative future level of tuition would deter college-going in general and hurt private colleges in particular[(73)].

Kotler[(74)] confirms this view when he proposes that many hospitals are experiencing underutilisation, particularly in the maternity and pediatrics sections. Some experts, he adds, have predicted the closing of 1,400-1,500 hospitals in the next ten years. Also, the Catholic Church, in the past, drew as many as 55% of all adult Catholics under thirty years of age to church in a typical week in 1966. By 1975, the figure had fallen to 39% and further declines in weekly attendance are expected. Kotler argues that many performance groups cannot attract large enough audiences. Even those which have seasonal sellouts, such as the Lyric Opera Company of

Chicago, face huge operating deficits at the end of the year. Finally, many other third sector organisations that had flourished in earlier years, such as the YMCA, Salvation Army, Girl Scouts, and Women's Christian Temperance Union, are re-examining their mission in an effort to reverse membership declines.

Concerning the competition factor, one can argue that it exists among non-profit organisations in their endeavours to render their services or missions. Gordon[(75)] supports this view when he suggests that competition among NPO's, rather than being non-existent, takes place on at least three levels: (1) the more ordinary competition for talent, sales, and resources, including avoidance of clientele not central to the standards and funding of the enterprise; (2) competition in the form of limited co-operation in joint planning and reciprocation; and (3) competition with alternate kinds of human services in the public and private sectors.

Based upon the above conditions, two major requirements for introducing the marketing function in NPO's should be considered.

First, changing attitudes on the part of the non-profit managers and staff toward the vital role of marketing to their organisations. The crucial change that is required is the understanding that marketing is no less vital to, or important in, their organisations than in profit-oriented firms[(76)]. They should also recognise that marketing techniques, as it will be seen in the next chapter, are as transferable to their types of activities as they are to profit-oriented organisations. Expressed more fully, as Professor Baker(77) argues, "there is no fundamental difference, in principle, as compared with the marketing of consumer goods. This, I believe", he adds, "is equally true of the marketing of services whether they emanate from profit or non-profit organisations".

Additionally, NPO's managers should recognise that marketing is designed to offer at least two major benefits and classes of returns to its practitioners: (1) improved satisfaction of the target market by placing a great emphasis on measuring the needs and desires of the target market; (2) improved efficiency in marketing activities by emphasising the specific function and handling of activities involving product development, pricing, communication, and distribution. The health organisation, for instance, by emphasising marketing techniques, can select those steps that produce increased satisfaction at the least cost(78).

Secondly, establishing and introducing specific competences necessary to carry out marketing tasks. In this regard, some approaches have been previously recommended.

MacStravic(79), for instance, recommends that an NPO, as a community organisation, may be able to secure help from business organisations, public utilities, etc., that are likely to have marketing experts. He points out that "for many organisations, it will be worthwhile to train their administrators in marketing or hire full-time staff for marketing or planning and development functions".

Kotler[80], also, in his article Strategies for Introducing Marketing into Non-Profit Organisations cites his recommended consideration of the six steps which represent alternative approaches to the introduction of marketing into NPO's. These recommended six steps can be summarised as follows.

(1) Appoint a marketing committee to carry out these tasks and to identify the marketing problems and opportunities facing the institution; to identify the major needs of various administrative units for marketing services; and to explore the institution's possible need for a full-time director of marketing.

(2) Organise task forces to carry out an institutional audit. These are appointed to discover how the institution is seen by key publics; what its main constituencies want that institution to be; which programmes are strong and which are weak, and so on.

(3) Hire marketing specialist firms as required. It is believed that high quality marketing specialist firms bring more than their specific services to the client. They take a total marketing viewpoint and raise important questions for the institution to consider its mission, objectives, strategies, and opportunities.

(4) Hire a marketing consultant. It is usually preferable to engage a professional marketing consultant who has experience in that non-profit subsector of the economy. The marketing consultant's

recommendation will deal specifically with whether the institution is ready to utilise effectively a marketing director or vice-president of marketing.

(5) Hire a director of marketing. Eventually, the organisation might become convinced of the need to appoint a director of marketing.

(6) Hire a vice-president of marketing. The establishment of a vice-president of marketing position gives more scope, authority, and influence to marketing. He would be responsible for planning and managing relations with several publics. He not only co-ordinates and supplies analytical services, but also has a strong voice in the determination of the strategical direction of the institution in terms of its changing opportunities.

In summary, the above discussion indicates that the marketing function in the non-profit sector has tended to be ignored whether by writers and researchers on the subject, or by the non-profit organisations' managers themselves. Reasons which are responsible for marketing neglect have been presented. In addition, some conditions and forces which have led to the discovery of the marketing concept in the profit-oriented firms, such as an excess supply and competition between the typical firms, exist in the non-profit sector. Finally, two major requirements for introducing an effective marketing function in NPO's have been discussed. These are: a change in attitude on the part of the non-profit managers and employees toward the vital role of marketing to their organisations, and establishing specific competence which is necessary to carry out marketing tasks.

Conclusion

The present chapter has attempted to explore the nature of NPO's with reference to many specific aspects. It began by developing definitions of the NPO, exploring whether or not there are fundamental differences between this kind of organisations and profit-oriented firms.

Also, it referred to the increasing importance of NPO's, historically, economically, and socially. It became clear that the non-profit sector is of a vital importance to society. The classification of NPO's has also been investigated.

Considerable attention has been given to the question of management importance and status in NPO's. A review of the literature related to this topic revealed that most marketing scholars have argued that NPO's are ineffective and have recommended a number of modern business practices be adopted. However, this examination has suggested that such generalisation may be an illusion, and that there is a lack of empirical evidence that permits one to conclude that profit-oriented firms are more effective or better managed than NPO's.

Finally, the chapter concluded by commenting briefly on the status of marketing in NPO's, exploring whether the major conditions leading to the discovery of the marketing function in NPO's exist at present.

One significant conclusion which is emerging is that there are no obvious or fundamental differences, if not, in fact, close similarity, between non-profit and profit-oriented organisations, since most of the distinctions mentioned are not confined to NPO's, but are relevant for business firms as well. Even the main distinction, ie. the concept of profit, is not truly a differentiator in the long-run where all organisations, whatever their objectives, aim at improving human welfare and the quality of life.

Another conclusion is that much attention should be devoted to the role of management in the non-profit sector, so as to improve its performance. Although the claim that non-profit organisations are less effective than profit-oriented firms requires further empirical evidence to substantiate it, it would appear from the literature that most NPO's face management problems which require to be overcome.

A third conclusion is that, although the same conditions and forces that have led to the discovery of the marketing concept in the profit-oriented firms (such as an excess supply and strong competition) exist in the non-profit sector, it is quite clear that the marketing function in this sector has tended to be ignored whether by the writers and researchers on the subject, or by the non-profit organisations' managers themselves. The main current requirement is the adoption of the most appropriate approach to establish such marketing functions and introducing specific competence necessary to carry out this marketing function.

In the next chapter, an attempt will be made to discuss the application of marketing tools, that is, the marketing mix, to NPO's.

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CHAPTER FOUR

THE APPLICATION OF THE MARKETING MIX TO NON-PROFIT ORGANISATIONS

CHAPTER FOUR

The Application of the Marketing Mix To Non-Profit Organisations

Introduction

The main purpose of this chapter is to explore the contribution which the application of the marketing mix elements can make to improve performance in NPO's, and to determine the extent to which this is similar or different from this application in profit oriented organisations.

Investigation into the nature of this application and its contribution will be organised in this chapter as follows. Firstly, the concept of the marketing mix, in terms of its definition, combination, process and application, will be discussed. This will be followed by a discussion of each element of the marketing mix, i.e., product, price, distribution, and promotion in terms of their application and contribution to NPO's. As such, the sequence of presentation corresponds to the following format :

The first section is concerned with conceptualising the marketing mix ; its definition ; importance ; constitution ; and application.

The second section analyses product decisions. In this respect the review will investigate the issues of product definition, the extent to which product development, modification, and elimination approaches are transferable to NPO's ; and to what degree the application of this element is similar or different.

The third section outlines the issue of pricing the NPO's offering. In doing this, the need to conceptualise price in a broader sense will be discussed. The section also introduces several explanations of why most NPO's are offering their product or services for no financial reward. In those cases where NPO's do charge a price, the issue of whether marketing principles have, or have not, been used will be determined.

The fourth section encompasses the concept of distribution strategy, exploring its applicability and importance to NPO's and determining ways in which the application of this element is comparable to its application to PO's.

The fifth section is devoted to a discussion and review of the use of the promotion element by NPO's, evaluating the means by which it is applied, and the extent to which this application may contribute to achieving the NPO's objectives.

The remaining section presents a summary of similarities and/or differences between NPO's and PO's with respect to the application of the marketing mix elements.

SECTION ONE

Conceptualising the Marketing Mix

There are a significant number of marketing techniques which an organisation can use to facilitate the relationship it is seeking with its target markets. One of these techniques is the marketing mix - a term which is generally used to denote a particular combination of marketing variables which are controllable by a firm and which are used to appeal to a particular market segment. In this section, the definition of the marketing mix, its combination, process, and application will be discussed.

Origin of the Marketing Mix

The origination of the term 'marketing mix' is associated with James W. Culliton and Neil H. Borden. In a 1948 publication, Culliton(1) described the marketing administrator as a 'decider', an 'artist' ... , a 'mixer of ingredients', who sometimes follows a recipe to the ingredients immediately available, and sometimes experiments with or invents ingredients no one else has tried".

After reading Culliton's description, Neil Borden(2) coins the phrase 'marketing mix' when he states "I liked his idea of calling a marketing executive a 'mixer of ingredients', one who is constantly engaged in fashioning creatively a mix of marketing procedures and policies in his efforts to produce a profitable enterprise.

1) Product Planning - policies and procedures relating to product lines to be offered, (e.g. qualities, design, etc.,) markets to sell, (whom, where and in what quantity), and new product policy, (research and development programme).

2) Pricing - policies and procedures relating to : price level to adopt, specific prices to adopt (odd, even, etc), price policy (e.g. one price or varying price, price maintenance, use of list prices etc), and margins to adopt for a company ; for the trade.

3) Branding - policies and procedures relating to : selection of trade marks, brand policy - individualised or family brand, and sale under private label or unbranded.

4) Channels of Distribution - policies and procedures relating to : channels to be used between plant and consumer, degree of selectivity among wholesalers and retailers, and efforts to gain cooperation of the trade.

5) Personal Selling - policies and procedures relating to the responsibility to be placed on personal selling and the methods to be employed in manufacturer's organisation ; and wholesale and retail segments of the trade.

6) Advertising - policies and procedures relating to the

emphasis to be placed on advertising ; copy platform - to adopt both product and corporate images desired ; and mix of advertising to the trade, through the trade, and to consumers.

7) Promotion - policies and procedures relating to the stress to place on special selling plans or devices desired at, or through, the trade, and form of these devices for consumer and trade promotions.

8) Packaging - policies and procedures relating to formulation of package and label.

9) Display - policies and procedures relating to the extent of influence to be put on display to help effective sale, and methods to adopt to secure display.

10) Servicing - policies and procedures relating to providing service needed.

11) Physical Handling - policies and procedures relating to warehousing, transportation, and inventories.

12) Fact Finding and Analysis - policies and procedures relating to securing, analysis, and use of facts in marketing operations.

Borden further proposes an outline of forces which govern the mixing of marketing elements, arguing that both this list and that of the elements, taken together, provide a visual presentation of the concept of the marketing mix. These market forces arising from the behaviour of individuals or groups, may readily be listed under four heads, namely, the behaviour of consumers, the trade, competitors, and government.

Secondly, the four-way classification. McCarthy,[5] Lipson and Darling,[6] and, Shapiro[7] among others, use this classification. McCarthy,[8] for instance, has been the most explicit in stating the various variables from which to blend a marketing mix. He popularised the mix concept around 'the four Ps' : product, place, price and promotion. Perhaps a major contribution of this classification is the broadening of each component into a more explicit statement of the specific dimensions which make up the marketing mix. That is, a "product" may consist of features, accessories, installation, product lines, and so forth. Also, place may include such factors as channels, market exposure, kinds of middlemen and the like. Price, too, may consist of the dimensions of flexibility, level, introductory pricing, discounts, while the promotion element may include promotion blend, kinds of sales people, and kinds of advertising, and so forth.

Thirdly, the two or three way classifications, which has been used by some authors without stating exactly what variables are available to marketers under each of the classification categories. Robert Frey[9], for instance, uses two dimensions :

the offering (product, package, and so forth) and tools (advertising, personal selling, and so forth). While Eugene[10] Kelley and William Lazer use a threefold classification under the product services mix ; the communications mix ; and the promotion mix.

The Marketing Mix Process

The marketing mix process is an intermediary part of the strategic planning process. Once market analysis identifies target market segments and indicates or forecasts the potential for these segments, the marketing mix process provides a logical foundation for designing an offering for those segments selected. The creation of a marketing mix for a target market segment usually involves this four-step process :[11]

a) Separation of the marketing mix into the four component-mixes : the product mix ; pricing mix ; distribution mix, and communications mix.

b) Formulation of each of the component-mixes by assessing the various possible dimensions in order to determine the breadth and depth of each component mix.

c) Integration of the four component-mixes into the marketing mix.

d) Implementation in the market.

The Application of the Mix Concept

Perhaps the most important step in the marketing mix process is the integration of the sub-mixes into the marketing mix. Since it is performed to create a synergistic effect for an organisation's offering. This view is based upon an assessment of the following factors :

First, the assumption which says that the impact of an integrated ensemble is assumed to be greater than the summed impact of separately implemented component-mixes. This assumption is based on the notion that the customer views an offering as a handful of satisfactions rather than separate components.(12)

Second, the inherent interrelatedness existing among and between the various variables makes such integration more important, i.e. this interrelatedness requires that 'trade-offs' be made in order to create the best overall impact and effectiveness of a marketing offering.(13)

Third, interdependence of all four 'ps' and equality between them requires that, when a marketing mix is selected, all decisions about the 'ps' should be made at the same time.(14)

Finally, because no single of the mix components is more important than the others, they must all be coordinated through simultaneous adjustment to formulate an effective marketing plan.(15).

In fact, the implementation of an integrated whole of the component-mixes is fundamental to the systems approach to marketing which requires an examination of the impact of any single decision on the entire system under study, rather than an attempt to solve problems in isolation.(16) However, it might be useful to point out that not all enterprise systems have recognised the importance of integrating the components into the marketing mix under the systems approach. Seymour Banks (17) in his article, "A Non-Systematic Look at Systems ; A Triumph of Optimism Over Experience", has estimated that two-thirds of the major marketing and advertising enterprise systems make no use of the systems concept in marketing. Amongst those companies that use the systems concept - as Banks pointed out - four groups were identified :

(1) Companies that use the concept in its broadest basis ;

(2) Companies that use the concept as being synonymous with marketing information systems ;

(3) Those that regard it as being the development of models of specific segments of marketing activity ; and

(4) Those enterprise systems that make heterogeneous applications of the systems concept. The author speculates that only those companies that utilise the systems concept in its broadest sense are in reality formally integrating their

marketing mix variables.

Perhaps the major reason why so many firms have not formally utilised the systems approach to create the marketing mix is that the integration approach is currently seen as possessing a number of problems. As Lipson and Reynolds[18] have argued, two major obstacles to integration can be stated. First, since business firms typically have many goals more than just profit maximisation, and the ranking of these goals may be different from one firms to the next, marketers, in attempting to create a marketing mix, not only have to consider multiple objectives, but also which ones are considered most important.

A second obstacle to integration is found in the inability to measure accurately variables interaction and predict market response. The authors argue that marketing scholars have not been able to measure completely the effects an advertising company - for instance - will have upon the needs of the sales force. Thus, while it is generally recognised that the impact of one altered variable is subject to the total impact of all variables, the degree of the impact upon target markets cannot be determined accurately.

In short, the marketing mix variables constitute the marketing tools that an organisation can use in a meaningful manner to facilitate the relationship it is seeking with its target market. The key to success in applying the mix concept may lie in the concept of combined rightness : the right product, in the right place, at the right time, at the right price, with the right promotion.

The study proceeds now to discuss the application of each element of the marketing mix to NPOs, exploring the contribution which this application can make to improve performance in these organisations, determining the similarity and/or difference between POs and NPOs in this respect.

SECTION TWO

Product Policy

Introduction

It is generally accepted that most forms of human organisations have come into existence and evolved in order to provide a "product" or service to some defined group of customers. Moreover, the product (and/or service*) plays a central role in the activities of all organisations for it is the medium through which they seek to achieve their dual objectives of maximising both consumer and organisational satisfaction. This may explain, in general, the importance of the "product" as an element of the marketing mix, and its importance to all human organisations irrespective of their main objectives, i.e., whether for making profit or not.

Based on an acceptance of this importance of the product, together with the belief that many of the principles and policies related to the products manufactured by profit-oriented firms are of equal relevance to non-profit organisations,[19] this section analyses the extent to which the application of the principles and policies, as they are practised in profit organisations with regard to their products or services can contribute to the

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* Henceforth the terms "product" and "service" will be regarded as interchangeable q.v. the next section.

improvement of the performance of NPO's. To do so, the applicability of these principles and policies to NPOs, and the similarity / or difference between POs and NPOs, in terms of this application should be discussed. Prior to this, however, the definition of "product" will be investigated.

Product Definition

Currently, there is a growing tendency to classify the term "product" broadly to include not only goods and services manufactured by profit-oriented firms and NPOs, but also personalities, places, organisations, and ideas.

Consistent with this view, Kotler(20) defines a "product" broadly as "something that is viewed as being capable of satisfying a need or want." The author indicates that this "product" can be offered to a market for attention, acquisitions, or consumption and includes physical objects, services, personalities, organisations and ideas.

A similar definition of "product" is given by Pride and Ferrell(21) when they claim that the product is "everything that one receives in an exchange transaction." They argue that a complexity of tangible and intangible attributes, including functional, social and psychological utilities or benefits may be a part of the product.

Also, Crosier(22) considers that some ideas marketed by NPOs, such as population control via family planning, "Save it" or "Get fit for life" are simply a serial progression in the intangibility of the product offered.

Finally, Weinberg[23] too, views "product" as a generic term that includes both goods and services. He argues that the product should be considered from the audience's point of view, and is best conceptualised as a "collection of attributes which provide a set of tangible and intangible benefits."

However, for the purpose of this study, and based upon the above discussion, the author proposes the following definition of the NPO "product". The product of NPOs is the value which is given by the organisation in exchange for something that has value which is given by the organisation's clients.

The main reason for this reliance on this broadened concept of a "product" is based upon an acceptance of the widely used definition of marketing as a human activity directed at satisfying needs and wants through the exchange process. This process of exchange includes both the product in its tangible form, and services, places and ideas as intangible forms of a "product". In other words, this proposed definition of a product opens the way toward viewing it from a broader perspective. Accordingly, marketers can specialise in the marketing of ideas - e.g. family planning, medicare, anti-smoking, safe-driving, - ; persons ; e.g.

political candidates, celebrities - ; places - e.g. real estate developments, resort areas, states, cities - ; or organisations, - e.g. governments, corporations, hospitals, and universities.

Having defined the product broadly and proposed a definition of the NPOs' product, the study proceeds now to review the literature which outlines the usage of the marketing principles related to "product policy" by private and public NPOs.

The Application of the Product Principles and Policies to Private and Public NPOs.

Prior to an analysis of the literature which outlines the application of the marketing activities related to the product of NPOs, it is considered important to take note of the following points.

Firstly, the term "non-profit organisation" is a somewhat ambiguous and confused term. Let us be clear at the outset and recapitulate that this study defines it as "the organisation which is not seeking to make profit from its operation, whether it belongs to governments (a public non-profit organisation) or to individuals (a private non-profit organisation). So, the basic distinction between both types of organisations ; NPOs and POs is whether the main purpose is to make profit or not. If an organisation which renders a product or service is seeking to achieve or make a profit, it is, then considered a "profit-organisation" irrespective of whom it belongs to, i.e. government or individual(s) (public/private). On the contrary, the reverse is absolutely true. If its main objective in offering a product or service is not to make profit, the organisation then is considered a "non-profit one", whether it belongs to a government (public) or an individual (private).

Secondly, it is insufficient to argue that most marketing tools and activities are relevant and applicable to non-profit organisations, and that these organisations have been using some of these tools or activities. It is argued throughout this thesis that the most important factor is whether these organisations are using and applying these tools in a formal way, by following the familiar procedures which make these activities specifically "marketing functions". For example, it will be argued that NPO's should, in many cases, engage in that type of sophisticated attitude research typical of consumers' goods companies if the market is to be effectively segmented. Also, if it is intended to introduce a successful and applicable new product, NPOs should follow the well-known procedures and stages recommended in the marketing literature before this new product is launched on a wide scale. A detailed study of these procedures and stages is beyond the scope of this research, but it will be useful to mention briefly these stages and procedures, in support of our argument.

The development and launch of successful new "products" usually involves six steps.

1) Idea generation and screening to eliminate from further consideration those new product ideas that are incompatible with either organisation objectives or resources.

2) Concept development - where a great deal of work has to take place to turn a rough product idea into a finished product concept.

3) Concept testing to gauge customer reaction to the idea or concept of product.

4) Economic analysis to determine whether or not there is a significant market potential for the product concept to justify its further development and commercialisation.

5) Product testing refers to the situation where some specimens or prototypes of the product exist and are to be exposed to the experience of respondents.

6) Test marketing is the implementation of a general trial of the proposed marketing mix associated with the new product in a regionally limited area.

Looking at the whole process of new-product development, product introduction is one that must proceed in logical stages and be based on research, testing, and screening concepts.[24]

Similarly, the product elimination decision should be based on as formal an analysis as that used to select new products for development. In this respect, two major steps should be taken :

a) A simple screening test to establish whether or not a "product" is in good health ; and

b) A more exhaustive investigation of those "items" failing to pass the screening test.

Taking into account the adopted view which dictates that many of the product principles and policies which are practised in profit-oriented organisations are of equal relevance to NPOs, the study continues by analysing this relevancy, and to explore the ways in which these principles and policies are applied.

Kotler[25] and Levy, have argued that some NPOs, like profit-oriented organisations, should engage in product development if they are to survive and grow. They indicate that churches, over the years, have added a host of non-religious activities to their basic religious activities to satisfy their members seeking other bases of human fellowship. Universities, also, in order to make the educational experience relevant to their students, continually update their curricula and add new student services.

Similarly, Webster[26] regards product development as an important decision which should attract considerable attention. He bases his view on the notion that social marketing typically favours a "product" of maximum appeal and usefulness to the broadest public, especially for government marketing and quasi-public service marketing.

Moyer[27] is of the same opinion when he claims that non-business organisations have products too : Ideas - planned parenthood, birth control ; Alcoholics Anonymous - abstention from the consumption of alcohol ; health care Union benefits, political candidates etc. Then he adds that whenever a non-business organisation adjusts its activities to meet its consumer's needs, it is engaging in product improvement.

The application of the product principles to NPOs has been supported by several empirical studies and researchers as follows.

A study conducted by Buchanan[28] to determine what marketing techniques, tools, and concepts were used by 93 institutions : State Universities and Land Grant Colleges in the U.S. confirmed that the majority of the institutions checked at least three methods of altering their product lines to respond to the variety of wants of their publics. The three methods were : product improvement, development, and elimination.

With respect to product improvement, the study found that around 90% of the respondents periodically improve their service programmes to meet their customer's changing needs and requests. Nearly as many, 84.4%, accommodate change by adding new programmes to their existing offerings. Finally, the study found that 68% of the respondents eliminate services to comply with current needs.

Although this study points out that these institutions had adopted three product strategies i.e. product development, improvement, and elimination, it mentions nothing about the procedures which have been used by these institutions - whether for introducing new services or eliminating some of their existing offerings.

The application of product elimination as a method of altering the Universities' product lines can be recognised from the following example given by Kotler.[(29)] He points to some recent steps taken by New York University in the face of a $5 million annual deficit. This deficit forced the University administration to examine each of its major programmes to identify those which were too expensive to operate in relation to the University resources and other requirements. This study revealed that the school of social work had experienced several years of declining enrolment which had rendered it expensive to operate. As a result, the administration recommended discontinuing this school from its academic offerings to reduce its overall costs as well as shift its resources to its strong programmes.

Kotler's example may indicate that this University was engaging in the product elimination approach to alter its product line by eliminating those programmes whose performance is insufficient to cover or meet their costs (a criteria which is used by POs). However, it does not clearly indicate whether or not this decision is based on a periodic review of each "product" in the product line to determine its health and contribution to the organisation's objectives. Also, it does not point out when an unsuccessful programme should be terminated, i.e. it should be decided whether the unsuccessful programme could be dropped quickly or it may be discontinued gradually with a timetable to allow resources to transfer out in an orderly and less painful way and allow clients to make other arrangements. These alternative policies should be considered before eliminating a programme from the product line.

Michael J. Thomas,(30) to illustrate the current and potential role which marketing tools can play in the field of higher education, argues that the Universities should first identify their particular problems so that they may adopt the most relevant marketing tools. He points out that Universities in the U.S., for instance, depend on private doners very heavily for their continued existence, and therefore, they have a donor market to be concerned with as well as a fee-paying student market. Hence, the marketing functions, with respect to product decisions, for instance, should be developed in the light of these two major markets. On the contrary, Universities in the U.K. are government financed and, therefore, have only one market, i.e. the customer-market one, in which Universities face an intense competition. Hence, product-differentiation, as a product decision, should be emphasised. The author explores the notion that each University has a product line, some of these products are in the growth stage of the life cycle - e.g. psychology, social administration, accounting and finance - ; others are in the decline stage - e.g. East European Studies, Physics. Although these product lines have been assembled on the basis of some market research, which is usually government sponsored, the quality of that research, he argues, leaves something to be desired. Specifically, the effective use of market research would make it easier for Universities to have sufficient knowledge about the process by which customers select both the product and the consumption location.

Let us discuss, in some detail, museums as another example of NPOs. In an article entitled "Museums Merchandise More Shows and Wares To Broaden Patronage," Roger Richlefs (31) illustrates how non-profit museums are broadening their service offerings. He argues that the Metropolitan Museum in New York, the National Gallery of Art in Washington, and Oakland Museum in California, are leaders in the trend. They are seeking to reach a wider and a new audience by appealing to different market segments with differentiated shows and exhibits.

In this respect, the Oakland Museum has staged special "festivals" celebrating the cultural heritage of Chinese, Mexicans, Africans, Greeks and other ethnic groups in the area which commonly attract 30,000 to 50,000 visitors apiece - including large numbers who had never set foot in the museum before. Also, the Met. has held special weekend sessions of art work and gallery visits for children as young as 2½. In addition, it arranges tours for 120,000 school children a year. A similar comparison can be made with the National Gallery - it reports a sharp rise in visits from pre-schoolers. The author claims that many product decisions have been taken to alter the product lines of these museums, and that these decisions have helped to attract more museum admissions and additional philanthropic and governmental support. Ten years ago, he reports, endowment income and grants from New York City covered 88% of the Met's $5.5 million budget. Today, the budget is three times as large and these traditional sources of income pay only 61% of the bills.

The above example illustrates how non-profit museums, in the U.S., are engaging in product decisions. However, it fails to determine the basis on which they make these decisions. More specifically, there is no particular indication that these organisations are using market research by which they could define their target group clients, differentiate between the needs of these groups, and then, define their service offerings.

Perhaps Thomas's point of view[32] - in this field - explains why and by what means non-profit museums in the U.K. should use the marketing tools, including of course - those techniques which are related to product decisions. He argues that these tools would enable the non-profit museum director to define the service offerings which should be rendered to the audience market. In addition it would help him to compete in a very competitive donor market.

In the first market (audience market), non-profit museums - National and provincial - like for-profit stately homes, should consciously define their target group customers : primary school children, old age pensioners, the well-informed and the culturally deprived. Then, they must differentiate between the needs of each target group. The requirements of each group will be different. Hence, the service offering will be different.

In the donor market, the non-profit museum director faces intense compteition for works of art, and to facilitate this, he must have an acquisitions fund as well as funds to cover day-to-day operating expenses. In the UK, where government support of museums is on a larger scale than in the U.S. the non-profit museum's director is required to persuade national and local government agencies that certain funds are necessary, and his success may depend not only on his own personal selling efforts, but on his success in "marketing his museum" to the general public so that in pleading for funds, he can show that public demand for the services of his museum exists. In recent years, Thomas argues - it is the owners of some stately homes who have demonstrated how to market their "museum's services" to the first market, and how to market their "museums" to the second market. Therefore, national and provincial (non-profit museums) can benefit from the experience of stately homes (for profit museums) in this context, i.e., marketing the museum's services to the audience-market, and the museum to the donor-market.

This trend of applying marketing activities relevant to product decisions in private and public NPOs is continuing as evidenced by several other examples.

Black and Harry [(33)] have written an article reporting on a contraceptive social marketing experiment in rural Kenya performed by PSI (Population Services International) in 1972. They state that Kenya's family planning experience had applied some very familiar commercial marketing strategies, i.e. market segmentation and product differentiation in the unfamiliar context of social behaviour. The authors noticed that this experiment showed two aggregate target markets. First, the Kenya Government Minstry concerned had to accept the idea of population control as a potential national benefit. For this segment the product was "population control". Second, the people of Kenya had to accept the idea of family planning, and the product of this segment was "family planning".

From the above investigation, it is clear that this case study has failed to achieve a professional standard in the application of marketing technology. This agency has failed to engage in the type of sophisticated attitude research which is necessary if the market is to be properly segmented. Attitudes towards population control are very complex ; age, sex, social class, level of education, income and cultural background, and in some communities an overriding religious belief determines attitude. In addition, the products of family planning agencies are numerous, differing in durability, visibility, risk, cost and familiarity. All these product dimensions need to be understood and analysed in terms of consumer attitudes towards the product concept and the product offered.

John J. Ryan[(34)] is in the same trend in his article "With a Little Luck, You May Even Find Books In The Library," in which he shows how libraries in the U.S. are expanding their services to meet the needs of diverse market segments. The author argues that there is almost no limit to what libraries are doing to attract people. Several advisory councils of children as young as three years old help run the juvenile sections of some branch libraries ;

others have compiled information files that list such things as the best candy store and the best climbing tree in the neighbourhood. Also, numerous libraries have begun to lend out tools and playthings such as toy workbenches, hand puppets, an abacus, a magnet, drums, coloured chalk for children - to embellish nearby sidewalks and parking lots. The author noticed that some libraries are aggressively seeking out seemingly unlikely users by holding workshops on ways to improve, e.g. prison reading. More recently, telephones have begun to play an important role at some libraries where pre-schoolers can dial the library for a three minute recorded story.

In general, this article could be considered as providing evidence that libraries, as public NPOs, are increasingly applying some marketing concepts ; they are attempting to broaden their products and services to meet the different needs of various market segments. However, there is no absolute indication that these organisations are formally engaging in this approach. That is, this attempt does not explain the extent to which these activities have been performed in a formal marketing framework.

Finally, the following case study, may provide further evidence for the contention that NPO's, in launching a new product, rely basically on attitude research while the well-known procedures necessary, if a new product or service is to be successfully introduced, are all too often skimmed over - if they are not totally neglected. The Harvard School of Business conducted a study to identify the feasibility of a $2 note which was to be re-issued by the U.S. Treasury as a new version of an old product that never found wide acceptance in the marketplace and, therefore, was discontinued in 1966.(35) The study indicated that there is an apparent opportunity for the productive use in commerce of a currency denomination between the existing $1 and $5 notes. It also revealed that one of the major reasons behind the non-acceptance of the previous bill was that this currency was a U.S. note, not a Federal Reserve note. In response to the preponderance of recommendations that a new two-dollar bill should have a Bi-centennial theme, it was determined that the signing of the Declaration of Independence epitomised the birth of the Nation and was, therefore, the most appropriate vignette for the back design. Thomas Jefferson is universally recognised as the author of the Declaration of Independence, and accordingly, the use of his portrait on the face design was judged to be most suitable in conjunction with the back vignette.

The case study reports that more than 225,000,000 two-dollar bills were printed by April 13, 1976 to assure the availability of this new product. In addition, the opportunity for substantial savings - an estimated $34 million over the next five years - was identified through the reduction in the total number of currency notes required.

Conclusion

The foregoing investigation serves to illustrate that, although a wide variety of NPOs are increasingly engaged in marketing activities to assemble and alter their product lines, it would appear that, all too often, they have failed to borrow and apply the technology in a sufficiently professional and formal manner. Specifically, the major conclusion that may be drawn are :

1) Most non-profit organisations appear to fail to engage in the well known procedures and stages which are considered necessary for the successful commercialisation of a new product. As has been discussed, these major stages are, idea generation and screening ; concept development ; concept testing ; economic analysis ; product testing ; and test marketing. Considering the whole process of new product development, the product introduction function should proceed in logical stages and be based on research, testing, and screening concepts.

2) Despite the importance of the product elimination decision, which is required to be based on as formal an analysis as that used to select new products for development, there is no sufficient evidence to indicate that NPO's are conducting a review of their "products's performance" on a regular basis, using formal criteria.

3) It would appear that existing research into the actual

interest level of potential users and their preferences (with respect to product features, price, and other attributes) is insufficient and inadequate. Consequently, the new product may be confronted with risk of a high rate of failure. Consider, for example, the dimensions of "limitations of families" as a product of family planning agency. It is numerous, complex, risky, and the consumer attitudes towards these products are very complex. Accordingly, all these product dimensions need to be understood and analysed in terms of consumer attitudes towards the product concept and the product offered.

4) Although "product quality" is a very well known product-related dimension in any organisation and should be considered, there has been no mention, in the examples reviewed, of either its application or contribution to the achievement of NPO's objectives.

In short, a review of the literature reveals that many NPOs fail to adopt professionally and formally the well known procedures related to the product element as they are practised in profit oriented firms. One could hypothesise that this deficiency may be attributable to the following reasons.

a) A lack of sufficient financial resources, i.e. most of these organisations face substantial deficits and therefore, depend on government subsidies or private benefactions to balance operating revenues and expenses.

b) A lack of marketing skills necessary to carry out these marketing activities.

c) The nature of management attitudes toward the validity of the marketing approach to their non-profit operations.

In the light of the above investigation, and conclusions, it is the ultimate objective of this study to analyse and examine, practically, the contribution which the regular and formal application of the marketing approach related to product element can make to the improvement performance in NPOs.

The study proceeds now to discuss the relevance of pricing issues to non-profit organisations.

SECTION THREE

Pricing Policy for Non-Profit Organisation's Products

Introduction

Pricing policy is concerned with price-related decisions which are designed to encourage the kind of product acceptance desired by the organisation's target markets and to meet its economic, social, and environmental objectives. This view is built upon the notion that product acceptance is facilitated by the different marketing mix variables, i.e. making the product available at the right time, and the right place (distribution) ; communicating its need-satisfying properties (promotion); to provide additional benefits to market members, and, consequently, to facilitate product acceptance. More importantly, making the product available at the right price also encourages product acceptance.

The main objective of this section is to outline the issue of pricing the NPO's offering and introduce some explanations as to why some of these organisations offer their products free. Additionally, in those cases where the NPOs price their product, this section explains why a price should be charged for these products. It also examines whether or not marketing principles related to pricing have been used.

Certain factors, however, should be taken into account before discussing these issues. These factors are :

Firstly it should be remembered that pricing has social and environmental objectives in addition to its traditional economic ones. The traditional economic role of price - given the limited resources in the community - is to allocate these resources to those uses that individuals value most highly. Also, there is a growing interest in the concept that prices have additional social and environmental roles as may be seen later in this section. These roles are not less important than the traditional economic role. In addition, these social and environmental objectives of prices are compatible with the NPO's principal objectives.

Secondly, administrators of NPOs should take into account two major considerations if they are aiming to set an optimal pricing policy for their organisations' products. These considerations are :

a) Since NPOs essentially are not seeking profits, the critical question that should be posed is whether or not a "price" for their products should be charged rather than "how much" this price should be as is the case with profit-oriented firms.

b) In those situations where NPO's products are sold rather than given away*, the ability of the organisation to obtain money

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* The free given services are relieved of the necessity to make pricing decisions.

from other alternative sources - e.g. governmental subsidies, donations, and the like - should be investigated in determining what price they should charge to avoid operating at a loss.

Bearing the above considerations in mind, the study turns now to discuss the relevance of pricing issues to NPOs. To begin with, a definition of price should be presented.

Defining "Price"

As this study deals with the utilisation of marketing activities and techniques by NPOs, and as many of the products offered by those organisations are not exchanged for money, there is a need to conceptualise the "price" in a broad sense. In this regard, Kotler[36] states that a good or a service are exchanged for another good or service, or for money. Essentially "things-of-value" are being exchanged. He adds that, in order that the definition of marketing be made contemporaneously relevant, it should be free to cover various things for value that a person has - e.g. goods, services, money, his attention, devotion, energy, time and so on.

The above view may explain Baker's[37] assertion that marketing is essentially a process of exchange of values between individuals and/or organisations which is concluded to the mutual benefit and satisfaction of the parties.

Pride and Ferrell[38] add support to broadening the concept of prices. They argue that the broadest definition of price (valuation) must be used by NPOs in developing their marketing strategy. Accordingly, a financial price may or may not be charged for a non-business product. The above authors indicated that the traditional economic view of price as an opportunity cost is commonly applied in many cases to the non-business area. This means that if a non-business organisation can convince one to donate time to a cause or to change behaviour, then, other alternatives are foregone and this is a cost to - or price paid by - the individual.

Similarly, Delozier and Woodside[39] define a "price" in a broad way when they regarded it as "the amount of money or anything else of perceived value given in exchange for something valued by the purchaser."

Consistent with this view, MacStravic[40] defines a price as "the value which is given by the customer in exchange for the organisation's product". Its basic notion in a market transaction, he adds, is that which the customer exchanges in <u>return</u> for what he receives.

Finally, Zaltman and Kotler[41] view a "price" in almost a similar fashion. They define a "price" as a cost accepted by the buyer in a transaction. In their terms : "price represents the costs that the buyer must accept in order to obtain the product."

Price includes, as they illustrate, money costs, opportunity costs, energy costs, and physical costs.

The above views reveal that "price" should be used in its broadest definition, i.e. valuation. In the light of this broadened concept, a price can be seen either from a monetary or non-monetary point of view.

Based upon the above discussion, the following working definition of price has been adopted for the purposes of this study :

A price is anything of value asked in exchange for the supply of something valued by the client in the form of either a physical product, service, or an intangible satisfaction such as time, effort, love, power, pride, prestige, and friendship.

Having defined the broadened concept of price, an attempt is made in the following pages to provide an explanation as to why some NPOs provide their products and services free. This will be followed by an outline of the extent to which the well known marketing principles have been used in those situations where a financial price is charged.

Gratuitous Services :

Essentially, most NPO's services should be offered without charge to the client. The rationale for this situation is that to exchange non-profit products for money may be inconsistent with public policy and with these organisations' principal objectives. In this case, NPOs, to finance their operations, usually depend mainly on government subsidies, donations, solicitations, and the like. Some explanations as to why some NPOs offer their products free can be presented as follows :[42]

1) Services are considered public goods. The most important class of services that normally should be offered without charge to the client is the category which includes public goods. Public goods are those services which are produced for the benefit of the public at large rather than for an individual client. Examples of these goods are police protection, national defence, lighthouses, public health service and all those situations in which there is no way of with-holding the services, or creating a market which separates those who pay from those who do not.

2) NPOs also provide their products free when clients cannot afford to pay for these products and where the policy of the state is to provide them, such as welfare investigations and legal aid services.

3) It is public policy not to ration the services on the basis of ability to pay. Legislators, for example, do not charge "fees" for assisting constituents.

4) In those cases where the cost of collecting the revenue exceeds the benefits of charging prices.

5) The non-profit service should be offered free when a charge is politically untenable - e.g. public tours of the White House and U.S. Capital where the public clamour over such charges can be so harmful to the overall organisational objectives that the services should be provided without charge, even though a charge would be equitable and would promote management control.

In addition to the above, the non-price system is favourable when perceived consumption of specific services by clients has a greater value to the community as a whole than its costs. More specifically, the cost of adopting a non-price strategy will be compensated for by the social, economic, and environmental benefits of increased public services usage. Perhaps the most obvious example of a basic, widespread services which operates on a non-price basis is the NHS in the U.K.

Cairns and Snell[43] identify two major reasons in support of the universal zero pricing for the NHS. The first of these is that zero pricing would appear to be socially more just than positive pricing i.e. the valuations used to allocate health care under a price system are based upon an individuals' willingness-to-pay, and because this willingness will depend, to some extent, on the amount an individual is able-to-pay, greater weight - the authors argue - will be placed on the views expressed by those with more wealth. Secondly, based upon the notion that the lower the price, the smaller will be the number of people deterred from seeking needed treatment, it is expected that positive pricing will deter some individuals from demanding care, the receipt of which would have a value to society in excess of its costs.

Buchanan[(44)] adds empirical support to the non-price approach used by Universities in the U.S. with regard to their extension services. His study found that 85 out of 93 institutions did not charge any fees for their art museums ; dissemination of economic data ; technical assistance to farmers ; and library facilities. To justify the "free-services" of their institutions, the majority of respondents - 52.2% - said that their schools receive public monies in the form of prepaid state taxes, and the services so offered are those owed to the people of the state. In addition, 12.2% believed that the free offerings were appropriate for institutions of higher education, while 10.0% indicated that the services they provide at no charge are those requiring little additional expense because of the aspect of public use.

However, one may argue, that the non-price approach for some non-profit services can - at least at this stage of the study - be challenged.

Firslty, despite its social benefits, the immediate costs of a non-price approach might be expensive since it involves not only the loss of price revenue, but it also necessitates the creation of and use of additional services and facilities - inevitably increasing total costs.

Secondly the absence of the "price" as a "rationer" for services among clients may cause "frivolous" or "trivial" use of public services, often deterring the more serious participants from taking part.

Finally, the absence of a price may perhaps result in a lower level of quality of the service offerings. As the large part of these services is subsidised through prepaid state taxes, there may be some dissatisfaction amongst participants at the low level of quality.

Pricing Policy for Non-Profit Organisations

It is evident from the literature that some NPOs are engaged - like profit-oriented firms - in pricing issues in order that they may achieve their objectives.

Anthony and Herzlinger[45] claim that there are situations where NPOs can gain some advantages from selling their products rather than giving them away. These advantages can be summarised as follows.

1) Price can be used as an output measurement. If services

are sold at a price that approximates to full-cost, the revenue figure that is thereby generated is a measure of the quantity of services that the organisation supplies. In the absence of such an output measure - they argue - it is difficult to appraise either efficiency or effectiveness.

2) Price can be used to motivate clients. It can be argued that charging clients for services rendered makes them more aware of the value of these services and encourages them to consider the value they receive compared with costs.

3) Price can be used to motivate managers. If services are sold, the "responsibility centre" which manages them may become a "revenue centre", i.e. a Unit whose output and input are both measured in monetary terms. In this way, the manager of a revenue centre becomes responsible for operating the Unit in such a way that revenue equals or exceeds expenses. As a consequence, he will be motivated to think of ways of rendering additional services that will increase revenues. Also, this may lead him to consider ways of cutting costs to the point where the corresponding price is accepted by the clients. Additionally, management will become more aware of controlling overhead costs, and in general, behave as they would do in a corresponding profit-oriented firm.

Kotler(46) supports this view then he notes that administrators of NPOs usually have a strong interest in the price question. He nominates some kinds of these organisations such as Universities and hospitals which have an interest in whether they can raise tuition or charges respectively without a consumer backlash. Charity organisations, also, put prices on different types of membership to potential donors. All of these organisations, Kotler adds, must make the necessary pricing decisions that will substantially affect the amount of money they raise.

Similarly, Moyer[(47)] asserts that non-profit organisations must be actively engaged in pricing their products. In his terms : "Even though it shuns profits, the non-business organisation must price its product to cover its costs."

Buchanan[(48)] has tested this view empirically. In a sample of 93 State Universities and Land-Grant Colleges in the U.S., he found that the majority of respondents were engaging in pricing decisions and were charging for most offerings. Approximately 94% of the respondents established some price for non-credit classes ; and 92% placed a price on conferences and institutes.*

Ford[(49)] too, confirmed these findings through his study of Welsh Charity - Youth Organisations. He concluded that charitable organisations were involved in pricing issues. These prices, as he illustrated could take the obvious form of what monetary payment is to be asked, as a membership fee, or whether any other

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* 'Institutes' here is taken to mean some specialised educational programmes designed for a particular category of people engaged in a certain activity.

payment is to be required. The non-monetary payment could be in the form of a time commitment or could involve acceptance of certain ideals by a voluntary worker.

Webster[(50)] lends credence to this view. He asserts that many social products are priced in the specific sense of the word - determining the money price at which the product will be offered for sale. The author argues that tuition for education, fees for hospital services, admissions for concerts, entry fees for public parks amongst others are considered as a price for these services.

Delozier[(51)] and Woodside, also illustrate that price is an important marketing variable for non-business organisations. The authors indicate that the 'label' price for non-business organisations is referred to by a variety of names : for example, a county club charges dues ; a college charges tuition ; a bridge owner charges a toll ; a charity organisation charges a contribution ; a church asks for gifts ; and labour unions charge assessments. Delozier and Woodside claim that pricing is an inherent part of all these organisation's activities.

Finally, Lovelock[(52)] is of the same viewpoint in his article "Concepts and Strategies for Health Marketers", in which he shows how NPOs are involved in price-setting, and how purchasing decisions may be influenced. He argues that in those situations where the products of NPOs are sold rather than given away, and there is a dollar price attached, purchasing decisions may be influenced not only by the level of price charged, in dollars or cents, but also by how the price may be paid. For example : are all transactions strictly cash or are cheques and credit cards accepted? Are credit terms offered, and if so, what are they?

The above review of the literature presents some evidence that many NPOs are engaged in the activity of pricing their products in order that they may cover some percentage of their costs. However, the question remains as to how these organisations price their products? Do they use the well known marketing principles related to pricing? An attempt will be made in the following pages to deal with these issues.

Price Bases

Profit -oriented organisations take into account some major pricing factors in setting their pricing strategies for their products. These major factors include cost, market demand, and competition. Below is a brief summary of these factors.[53]

1) Cost

A cost-oriented pricing approach refers to the situation where price is set largely on the basis of cost. The most popular methods which have been based on this approach are : "mark-up" and "cost-plus" pricing. These methods are somewhat similar in that the price is determined by adding some fixed percentage to the Unit Cost without reference to prevailing demand conditions.

2) Market Demand

Demand-oriented pricing is concerned with the intensity of demand rather than the level of cost in setting prices. Specifically, where demand is intense, a high price is charged while a low price is charged when demand is weak, even though Unit Costs may be the same in both cases. A common example of demand-oriented pricing is "price discrimination" in which a particular product is sold at two or more prices.

3) Competition

Competition-oriented pricing policy is practised when an organisation sets its prices on the basis of what its competitors are charging. The main distinguishing characteristic is that the organisation does not seek to maintain a strong relationship between its price and its own costs or demand, but rather it changes its prices in accordance with its competitors' pricing. The most popular type of competition-based pricing is the "going-rate" method by which an organisation tries to keep its price at the average level charged by the industry. This type primarily characterises pricing practice in homogenous product or service markets.

The Common Pricing Methods Used By Non-Profit Organisations

In the following section, the study investigates the most common pricing methods suggested by writers and researchers which have been used by NPOs.

Cost-Based Pricing

The full-cost pricing method is favourable when an organisation wants to move towards self sufficiency, i.e. when the client fees are the sole source of financial support. This method may be suitable to many NPOs such as consumer corporations, county clubs, labour unions, universities, and hospitals.

Anthony and Herzlinger[54] identify the rationale for full-cost pricing determining those situations in which this method is applicable. They argue that, in a situation where an NPO has a monopoly position, it should not set prices that exceed its costs, as, to do so, would be taking unjustifiable advantages of its monopoly status. Furthermore, the organisation does not need to price above cost. If it does so, it generates a profit which is, by definition, contradictory to its policy as a non-profit organisation. Neither should an NPO - in a monopoly situation - price its products below the full-cost, because this means that services have been offered at a price which is less than they are actually worth. This may lead to a misallocation of resources in the economy. The authors, further, argue that, while a full-cost pricing policy should normally apply to services that are directly related to the organisation's principal activities, it does not necessarily apply to peripheral activities. Prices for the latter should ordinarily correspond to market prices for similar services. In a hospital, they illustrate , prices for hospital care, surgical procedures, laboratory procedures, X-rays and meals come within the general rule, that is, full-cost pricing policy. However, prices in the gift shop in the hospital should be market-based.

Shapiro(55) also argues in favour of the full-cost pricing policy in NPOs. He claims that, by adopting this policy, an NPO does not require to generate additional funds from non-client donors. The author justifies the adoption of this method for the following three reasons :

First, it simiplifies the marketing function since the organisation deals only with one constituency.

Second, if the organisation satisfies the clients through wise resource allocation, it can expect financial viability.

Third, is the apparent justice of a system in which the users are also the payers.

Buchanan(56) provides empirical support of the full-cost recovery policy. His study confirmed that the majority of the respondents of a sample of schools and colleges in the U.S. indicated that they endeavoured to recover all costs to establish a suitable price. He identified that the normal procedure which respondents use to determine a suitable price for non-credit classes, conferences, and conduct special studies was "try to recover direct and indirect costs" with percentage of responses 61.0, 63.4, and 51.4 respectively.

From the above investigation it is perhaps noticeable that in a monopoly situation, NPOs are different from POs in terms of pricing their principal services. Specifically, while POs can exploit their monopolistic situation to maximise their profits, the NPOs, because of their principal objectives, are relieved of the necessity to maximise profits. In other words, if an NPO which is in a monopoly situation charges above full-cost, it may abuse its non-profit status.

Market-Based Prices

In certain circumstances the price of NPOs' products should be market-based, that is, demand and competition-oriented policies. A market-based policy is one in which a price is set in accordance with the same factors that would be considered if the organisation were profit-oriented. These factors include competitive prices, the elasticity of demand, incremental costs, and so on. In these cases, the NPO is similar to the PO with reference to pricing its services.

Anthony and Herzlinger[(57)] for instance, argue that, in this situation where a non-profit organisation operates in a competitive environment, it should use competitive pricing practices. The importance of market-based pricing is related to the necessity of providing management of these NPOs with information regarding the relative efficiency and effectiveness of their operations. The authors claim that a market-based price may be higher or lower than the full-cost. However, if the organisation is the "price-leader" in a market, its prices should be set so as to recover full costs, even though its position would normally permit a higher price.

In addition to the foregoing situations, there are certain other instances in which an NPO may diverge from both the cost-oriented and the market-oriented concepts of pricing in order to facilitate the achievement of its social and environmental objectives. In such situations the NPO may price its product below the full cost in order to encourage the use of certain services by specific categories, or it may charge higher prices in order to discourage the use of other services. The following is a discussion of these two pricing strategies.

Subsidy or Markdown Prices

Kotler[(58)] claims that NPOs often set a low price to stimulate the consumption of their products. A family planning organisation, he argues, will make contraceptive supplies available at a very low price (sometimes zero) to encourage the use and the adoption of birth control methods by as many people as possible. Also, the governments of developing countries will subsidise the price of superior fertilisers to encourage their rapid adoption by farmers. Kotler points out that the University of Chicago recently offered a tuition discount of 50 percent to "returning scholars" - persons who were at least 35 years of age and wished to resume academic work without a commitment to a degree programme.

Similarly, Anthony and Herzlinger(59) argue that an NPO may use a subsidy price to encourage the use of its services by certain clients who are unable or unwilling to pay a price based on full cost, or when as a matter of policy the organisation wishes to allocate its service on a basis other than ability to pay, e.g., new drugs ; low-cost housing ; socialised medicine.

Shapiro(60) is of the same opinion. He confirms that NPOs may offer the lower price typically in the form of season subscriptions or cut prices for larger users of services. The author cites the example of health clinics in the U.S. who often charge a patient less for extensive care than for a minor service.

Finally, Rothmell(61) indicates that a lower price is used by federal governments when they offer their services to victims of natural disasters.

Mark-up Prices

An NPO may charge prices which are more than its full cost in order to discourage as many clients as possible from using a certain type of service or product. Situations where an organisation is inclined to do this[62] include those where it may want to discourage certain socially undesirable activities. Consider, for example, the high user fees which are proposed to be levied against polluters of rivers in order to stop this practice. Also, it may want to overcome the problem of frivolous or trivial use of public facilities. In this case, a high charge to passengers on the San Francisco Golden Gate has been permitted in order to protect the structure of this famous bridge from overtaxing it with traffic.

Summary

The main objective of this section is to outline the role of pricing policy in NPO's, and to establish whether or not these organisations are different from the profit-oriented firms in setting prices.

To achieve this objective, an attempt has been made to introduce some explanations why some NPOs provide their products free. This was followed by a discussion of how relevant are basic marketing principles regarding pricing to NPOs.

One conclusion which appears to be emerging is that most NPOs are engaged, like profit-oriented firms, in pricing issues. The common factors considered in pricing the offerings of POs - i.e. cost, demand, competition, etc., - can be applied to NPOs. However, the objectives of a price policy as applied to both types of organisations can be different. While the main objectives of pricing in PO's are to maximise profit, to attain a predetermined market share ; to meet competition, and the like, the pricing objectives in NPOs are quite different. Prices in the latter aim primarily at covering the costs of rendering these services. One may argue that this can be considered the economic objective of pricing in NPOs.

In addition, there are some other social and environmental objectives of pricing. As indicated earlier in this section, certain services which are essential to society or which are beyond the means of clients, may be provided at lower prices than their costs. On the other hand, when some services are to be considered harmful to the community as a whole, higher prices can be charged to discourage the use of these services.

A third conclusion is that the application of the marketing principles related to pricing in NPOs may lead, in our view, to more efficient management and the rationalisation of performance of these organisations.

However, whether these organisations have efficient cost and price systems remains a question, i.e. which kind of costs should be considered when setting prices? Do these organisations have adequate information about these costs? Do they have the competent personnel which are necessary to carry out this function? There has been no mention of these issues in the available literature which has been reviewed in this latter section.

In the next section, an attempt will be made to discuss the use of promotional activity by non-profit organisations.

SECTION FOUR

Promotion Strategy for Non-Profit-Organisations

Introduction

Promotion strategy concerns itself with the communication of potential satisfactions available to the target audience as a result of the organisation's product, price, and distribution strategies. It is considered a critical ingredient in virtually all marketing programmes. A well-designed product, intended to satisfy a demonstrable audience need, is unlikely to achieve much success unless target audiences are aware that it exists ; and understand what it is supposed to do for them, and, have at least some idea of where and how to obtain and use it.

It should be noted, however, that the promotion element constitutes only one element within the broader marketing mix. Each of the other elements (i.e. product, price, and place) plays a role in determining the success or failure of the overall marketing programme. The main reason for this note of caution is that non-business marketers usually tend to take product, price and place for granted. They view advertising, personal selling, and other promotional activities as the only ingredient in their marketing programmes. The failure of many NPO's campaigns might be attributed in the writer's opinion, to a neglect of other mix elements.

In this section, an attempt will be made to explore the role of promotion methods, i.e., public relations, advertising, personal selling, and sales promotion, in NPOs.

Public Relations in Non-Profit Organisations

Public relations is concerned with the relationship between an organisation and the public on which it depends for its existence. The public relations counsel, the practitioner in the field, advises his organisation on its attitudes. He ascertains the adjustments and maladjustments between the social objectives of the organisation and its public. He counsels his organisation on the conduct and attitudes which is necessary to achieve social objectives. He then, advises his organisation on how to supply the public with information and on how to persuade the public to accept its objectives. Public relations therefore, includes adjustment, information, and persuasion.[63] Without these activities, the non-profit organisation would cease to exist due to lack of public attention and support.

Don Bates[64] expresses a similar view when he argues that no organisation, profit or non-profit, operating with, and on behalf of, the populace can function without an abiding concern for its publics - government officials, and private citizens in particular. He illustrates that health, social welfare, government, and education would be the fastest areas of growth for public relations and public affairs activities. There are more than 300 national NPOs in this field - the majority of them have at least one public relations person on their staff; some have several; others have a dozen or more. Furthermore, there are the ranks of the estimated 36,000 local agencies corporating with the United Way, a sizable portion of which employ public relations professionals. Finally, the author has reached the conclusion that without providing information on, and interpretation of its purposes and activities, the non-profit organisation would perish from lack of public attention and support, a situation experienced by too many NPO's in the past.

Advertising

Perhaps the most effective and persuasive promotion tool used by NPOs is advertising. It is sufficient, to recognise this fact, to consider the amount of money that has been spent on advertising by these organisations.

Kotler[65] for example, points out that advertising, which is coming into increasing use by several kinds of NPOs, perhaps amounts to as much as $2 billion annually or 10 percent of total advertising expenditures.

Weiss[66] also, has explored the manner in which political advertising has skyrocketed in recent elections, identifying how much money has been spent on political campaigns in the U.S. He points out that, in the 1972 presidential year, the various candidates for all offices managed to spend over $400 million in less than two months on their campaigns. Most of this money was spent on media advertising.

Similarly, The U.S. Travel Data Centre[67] has reported that in the fiscal year 1974, the States spent $46 million for travel development and promotion to attract tourists ; in addition a further estimated $40 million will be spent annually on advertising to promote safe driving, attract support for the police, fight drug addiction, and keep the States clean.

Thomas [68] as another example, points to the published figures for expenditure on the 1975 Common Market referendum. He notes that the government gave £125,000 to each side ; the pro-marketers and the anti-marketers. At the end of the day, however, the pro-marketers spent about £1½ million on their campaign of which £612,000 was spent on advertising. The anti-marketers spent a total of £133,630 of which £65,000 went on advertising.

The Applicability of Advertising to Non-Profit Organisations

Evidence in support of advertising as a marketing tool applicable to different kinds of NPOs is to be found in the literature.

Webster [69] to begin with, argues that the earliest attempts to apply marketing concepts and techniques to the management of non-business organisations emphasised the promotional functions, especially advertising. He points out that World War II seemed to heighten the opportunities and reported uses of promotion including a drive to sell war bonds, attempts to persuade enemy troops to surrender, and recruitment of military personnel. Moreover, social cause advertising has been used in the U.S. in the form of many campaigns sponsored by the Advertising Council including those for Smokey the Bear, Keep America Beautiful, and the National Safety Council, among others.

Shapiro[(70)] also identified a number of different types of NPOs which depend heavily on advertising. Among these organisations are the fund raising agencies which utilise general mass media so that they may appeal to many different types of people. Others tend to use a more focused approach with the conviction that their appeals are most attractive to a particular segment of the donor population. In this respect, colleges and universities have traditionally emphasised the alumni in fund raising and have relied on direct mail and advertising in their campaigns.

Also, The Advertising Council, Inc.,[(71)] an NPO financed by American industry, has used advertising for many years, to promote social causes such as brotherhood, safe driving, aid to education, health careers, religious faith, forest fire prevention, the United Nations, and so forth. The media, including radio and television, newspapers, consumer magazines, the business and trade press, transit and outdoor advertising, have made available more than 7 billion dollars worth of free time and space for Advertising Council public service campaigns since the Council was established in 1942.

Perhaps the most obvious and the fastest growing market for advertising is the political area in both developed and developing nations. Periodically, the publics of these countries are subjected to numerous campaigns attempting to promote various candidates for all offices.

Kotler[(72)] indicates that political campaigns have increasingly been compared to marketing campaigns in which the candidate puts himself in the voter market and uses modern marketing techniques, particularly marketing research and commercial advertising to maximise voter "purchase". He argues that candidates seeking to win elections cannot avoid marketing themselves.

Also, McGinniss[(73)] in his book, "The Selling of The President 1968?", tried to show how television and its accomplished practitioners presented the American public with a new candidate on the political scene. The author was able to obtain factual data from the image-makers hired by Richard M. Nixon to alter his image and to sell him to the American voter. In addition, McGinniss's case study reveals, to a certain extent, how carefully Nixon's marketing team used market research to prepare their product offering.

This trend of using this marketing tool, i.e. advertising, in the political arenas is continuing as evidenced by several elections throughout the U.S. and the U.K.[(74)] The October 19, 1970, issue of News Week contains an article entitled "The Selling of the Candidates 1970"[(75)] This article describes and analyses a particular campaign commercial of one political candidate.

The above review of the literature has presented some evidence which indicates that advertising, as a marketing tool, has been utilised in the political area. However, one might argue that most political campaigns fail because political marketers emphasise advertising as if it were the only element by which the success or failure of the campaign can be achieved. In fact, there are other marketing activities which should be considered and employed if the political campaign is to succeed. These activities can be summarised as follows :

1) Utilising modern marketing research methods rather than that form of opinion Polling which is usually used to sound out opinions and attitudes prior to and during an election. Today, marketing researchers are increasingly using multi-dimensional scaling techniques to identify the major attributes which define a product perceptual space, the position of competing products in that space, and the characteristics of ideal products.[(76)] It is argued that extensive interviewing of various political campaigns managers and researchers indicates that the state of their research into the voter market does not come near to the sophistication found in commercial marketing. Perhaps this suggests future opportunities for the alert political researcher.

In short, the political marketer, like his commercial counterpart, must undertake adequate marketing research if the right message is to be formulated, and if the right media for reaching the intended target audiences is to be identified.

2) Product concept and strategy. The product concept is considered the basis for planning and organising the entire political campaign. It is defined as 'the theme around which the party offers itself to the country, the offering by which it hopes to persuade voters to cast their ballot in the party's favour or their political candidate's favour.(78) The product in this case has to be tested, i.e. to pretest the candidate's appeal to voters. Having tested this concept, a product strategy can be formulated.

3) The final marketing activity is then concerned with the communication and distribution strategies.

In addition to the above, marketers should give more attention to the nature and characteristics of political advertising. It has been suggested that this particular game of advertising could precipitate undesired societal response unless it is subject to some degree of public scrutiny and control. Rothschild has commented on this latter point, stressing that the situation could perhaps culminate in the following state of terms : (79)

a) that voters could be bought indirectly through large advertising expenditures, and,

b) that this "buying process" could be more dangerous when voters were encouraged to perform their civil duty to vote without being encouraged to evaluate information.

To protect society and voters against this danger, controls have been imposed in various Western European nations and in Japan. These controls take some or all of the following forms :

1) All broadcast advertising time is paid for by the government, so, there is no need for candidates to generate revenues to buy time.

2) All major parties candidates seeking high office receive equal amounts of broadcast time ; minor party candidates receive lesser amounts of time ; and candidates for lower level offices receive even less time.

3) Candidates can use their allocated time in any way they see appropriate. However, there is some control over the minimum length of a message, (usually a five minute minimum). Given a finite amount of broadcast time, this policy limits the frequency of advertising messages.

4) A candidate using the allocated time has simultaneous access to all broadcast media in the relevant geographic area whenever he chooses to use the media. This, theoretically, ensures maximum reach of the message.

In the light of the above controls one can conclude that :

Firstly, the impact of expenditures on the voter's behaviour can be minimised which, in turn, implies that a large number of candidates may be wasting inordinate amount of money on campaign expenditures.

Secondly, although some parties will exist in those countries where the use of political advertising is restricted, and where time on T.V. cannot be bought, they may buy the services of the best qualified agencies to prepare for using that precious time effectively and may also employ the talents of some of the best marketers available in their countries.

Another familiar market for advertising is the health care and behaviour area. In the following pages, an attempt will be made to examine some case studies in this area to explore why some NPOs' campaigns succeed while others fail.

Yarrow,(80) a former director of the Scottish Health Education Unit, has emphasised the role which mass media can play in the area of family planning. In a work on the family planning campaign initiated by the Scottish Health Education Unit, in 1970-1971, he concludes that full use of the mass media (national newspaper and T.V.) was followed by a sharp increase in the numbers of people attending clinics for contraceptive advice and a rise in the sales of condoms. In the 20 weeks after the campaign, he reports, sales rose by 11.1% in Scotland as a whole, and by 19.2% in the campaign area. In early

1972, birth rates in 18 large burghs and Scotland as a whole were down 12% and 8% respectively compared with the previous year.

Crosier [81] confirms this view. In his case study, he intended to analyse the extent to which Cheshire County Councils Health Department could enlist the communication skills - T.V. and press - of a large Manchester Advertising agency (Yeo Ward Taylor and Bonner) in a family planning campaign. He concludes that television made marketing sense as the communication channel and was available within the limits of the client's budget. Also, he found that linked local press semi-display advertisements provided the necessary addresses of clinics in the districts. Crosier,[82] elsewhere labels advertising used in family planning, anti-smoking and in other social causes as type - X advertisements and attempts to distinguish them from other kinds of advertising. Type - X advertising, he argues, has three special characteristics :

a) "The product" is an intangible idea or cause ;

b) The advertisers are not commercial enterprises :

c) Its apparent motivation is the possibility of providing social benefits to others rather than commercial benefits to the advertisers themselves. Despite the fact that Crosier disagrees with the view which labels this kind of "social advertising" as different from commercial advertising, he does not deny the applicability and transferability of "ordinary" advertising to a new setting in which a cause or idea becomes the product, that is the means are the same, the idea is the same - to motivate the audience to exchange a price, (perhaps behavioural rather than monetary) for a satisfaction. The context alone is different.

However, one may argue that most health care, and social campaigns in general, fail ; the critical and basic reason being that campaign managers ignore the basic marketing principles related to promotion, and advertising techniques in particular. In the following pages, an attempt is made to provide some evidence for this contention.

Thomas S. Robertson and Lawrence H. Wortzel[83] in their attempt to derive generalisations for the more effective use of mass media by health care professionals, analysed the reasons for the high failure rate of most health care campaigns. They argue that mass media have considerable potential for affecting health behaviour of broad segments of society. The role of mass media in affecting knowledge, attitudes, and behaviour toward health care may be thought of in terms of the following two dimensions :

First : mass media may impact health knowledge, attitudes, and behaviour both in a deliberate sense through "campaigns" that are specifically designed for such impact, and in an "incidental learning" sense through material that contains health-related information, but which is not specifically intended to impact health knowledge, attitudes, or behaviour.

Second, in both cases, mass media may act either as a "change agent" or as a "reinforcing agent", i.e. media may function in such a way as to change knowledge, attitudes, and behaviour, or to confirm existing behaviour patterns. The history of communication research regarding health care issues, they claim, indicates that the most persistent finding is that mass media act mainly <u>to reinforce</u> existing attitudes and behaviour rather than <u>to change</u> them. They explain that the probability of change tends to be a function of the extent of people's commitment to existing behaviour patterns. Under high commitment conditions, as is frequently the case in health care, effecting change may indeed be a difficult undertaking. This is likely to be the case because of the fact that health behaviour is frequently rooted both in long term reinforcement patterns and in support from the individual's social environment.

In addition, analysis of most health care campaigns - such as those concerned with obesity, anti-smoking, seat belts, community flouridation programmes, heart disease, and others indicates that the basic reasons why most of these campaigns fail are :

1) Most health care campaigns operate without explicit

objectives, probably because they are based on an inadequate understanding of the way in which mass communications work, and on an inadequate understanding of the market requirements of the "product" being promoted.

2) Most health care campaigns are non-programmatic ; they are short-run, one-time efforts, while changing behaviour for which they are designed necessitates the continuity of these campaigns in the long run.

3) The beneficial effects of the recommended behaviour change are not immediately apparent to the audience.

4) Most of these campaigns fail to identify market segments within the total audiences who require different communication approaches in line with their specific needs.

Drawing from the findings of numerous research projects regarding health and social campaigns, Schmeling and Wotring(84) show what factors are likely to impede the success of this type of campaigns. The major factors can be summarised as follows :

1) The existence of a sizeable block of apathetic people. It was found that 10 to 20 percent of the public were ignorant ; hence, the label "chronic-know-nothings". In such a situation, one could not expect high penetration or effects of campaigns.

2) Simple information gained from these campaigns may not lead to a change of attitudes, particularly when target beliefs are deep-rooted.

3) Bad message-placement. It is found, in most cases, that television spots were actually run between 5.00 and 6.30 am, complicated messages or different message themes within the same campaign ; bad time of year ; and presence of other salient issues and campaigns interfering with these efforts all contributed to the failure of many social and health campaigns.

4) In most drug-abuse advertising, celebrities with questionable qualifications have usually been used speaking on drug issues and are of poor technical quality.

5) The absence or incorrect use of persuasive appeals - in the same sense that one does not sell shoes, but "pretty feet". In social area, people need a reason to adopt or change an attitude or behaviour, and there is no lack of research within social psychology and communication concerning effective message appeals.

6) Length of run for these campaigns may be too short compared with the volume of other messages against which one is competing.

7) The use of single-channel campaigns which may not be sufficient to overcome the usual noisy environment in which they are

viewed.

From the above investigation, it is clear that the main reason why most health care and behaviour campaigns fail is that the basic marketing principles related to promotion have not been used effectively. In short, the target audience has been specified haphazardly. Also, the major channels for reaching this audience have not been determined properly. Moreover, the appropriate message to the audience and channels, and its appropriate broadcast time have not been designed thoroughly. In addition, the speakers on the subject - i.e. health care and behaviour have not been carefully selected or trained.

On the other hand, in those cases where the well-known marketing principles related to promotion have been used, success can be achieved. To recognise this fact, the Five-Year Programme - 1966-71, undertaken in Britain to replace shillings and pence with a new decimal currency will be investigated to explore the role of a mass media campaign - within an overall marketing programme - in helping to facilitate a major social change.(85)

The DCB (Decimal Currency Board), as an official "change agent", was responsible for managing and coordinating such a programme through distinctive use of marketing techniques. Its strategy was to spread the publicity effort over a three year period - 1968-71. DCB concentrated first on informing business management about decimalisation and encouraging early and systematic planning for the changeover.

Then it turned its attention to retail and other cash-handling organisations emphasising the need for full and detailed preparations. Finally, it explained the new system and coinage to the general public so that people could go shopping with confidence from February 15, 1971, onwards. An evaluation of the changeover reveals that several aspects of the DCB's task may be credited with the success of the campaign. These aspects can be summarised as follows :

1) The very well-organised planning of the logistics of the changeover. These logistics were based on three major developments :

a) A growing number of other Commonwealth Countries had successfully abandoned pounds, shillings, and pence (£sd) for new decimal currencies ;

b) Britain's growing trade and tourist links with already decimalised countries, particularly in Europe.

c) The rapid mechanisation of accounting and cash-handling procedures, which could not be used to their full advantage with a £sd system.

2) The carefully researched and sequenced nature of the Board's publicity strategy, concentrating first on business, then on retailing and trading organisations, which are considered as "opinion leaders" for the decimalisation, and finally on the general public.

3) The decision to concentrate the main public communication campaign in the weeks immediately preceding the changeover.

4) The use of regular consumer surveys conducted by the British Market Research Bureau to monitor progress, followed by appropriate corrective action where needed.

5) The use of each medium of communication such as newspapers, magazines, television, and billboards to its best advantage, complementing - rather than duplicating - messages in other media.

6) The formative effect which DCB publicity efforts obtained through close coordination with businesses and other organisations, so that much of the publicity and educational effort surrounding the change came to people in the course of their day-to-day dealing with retailers, banks, post offices, and transport undertakings.

7) Early selection of an advertising agency. By doing so, the DCB was able to coordinate its marketing communications activities more closely than might otherwise have been the case. The agency's wealth of expertise (it had included banks, retailers, and marketers of a wide range of consumer and industrial goods and services) provided skills which did not exist in governmental agencies.

8) The firm commitment of successive governments to the

decimalisation programme from 1966 onwards.

Another interesting example of a successful application of the marketing principles related to mass communication in the field of fund raising can be cited. In a case study concerning a March of Dimes fund raising drive held in Travis County, Texas in the U.S. January, 1970, Mindak and Bybee[86] show how the careful application of marketing techniques to a charitable fund campaign can help the organisation in achieving its objectives. Firstly, the market was analysed to identify the problems and the potential opportunities which could contribute to overcome these problems. The second step was to segment the market to isolate and to determine the "heavy user" to whom the campaign should be directed.

To determine which type of appeals would best differentiate the March of Dimes "new" birth defect's image from the other charitable causes, a thematic perception test was used. Three major appeals were seen to be involved, i.e. rational, emotional, or moral appeals. A rational theme attempts to present authentic information, such as "700 children are born each day with a birth defect". An emotional theme attempts to stimulate some emotion such as fear, guilt, status-seeking, ego, or greed ; consider "Your next baby could be born with a birth defect." The third type of theme is the moral, which suggests that a person should want to support the product out of a sense of rightness, or duty ; consider : "God made you whole, give to help those He didn't". Finally a marketing feedback approach was used continuously, whether before, during, or after the campaign. By such a marketing audit, the campaign's designers were able to evaluate the overall impact of the campaign which indicated that the advertising had been effective in achieving penetration.

With respect to "sales", total income realised for the 1970 campaign increased by 33% over the previous year, and it was the first time in twelve years that contributions from fund raising drive had increased.

These examples illustrate that, while advertising has actually been used by a wide variety of NPO's, it appears that most of these campaigns have failed. This is due to the fact that the basic principles related to promotion have not been applied effectively. Additionally, advertising, in most cases, is used separately and not within an overall marketing strategy.

Personal Selling

It is evident from the available literature that some NPOs have used personal selling to encourage demand for their services amongst their specific audiences. Family planning, for example, uses workers who attempt to sell the idea of carefully planning the number of children that families want. Also, political parties try to attract volunteers who will undertake telephone or door-to-door convassing to persuade citizens to vote for a candidate. Similarly, fund raising organisations run their campaigns on personal selling in the true sense of the word. Social workers, librarians, policemen have been used to consult, inform, and assist their organisation's clients. In general, the personal selling technique adds a persuasive human element to communications designed to influence a desired behaviour or action.

Supporting the above view, Kotler(87) argues that NPOs usually assign some of their personnel to deal specifically with clients. This is the role of social workers in social welfare agencies ; museums guards and admission people in museums ; police officers in police departments ; and volunteer workers in charity organisations. He illustrates how some of these personnel - such as volunteer workers - are primarily engaged in selling, while others - such as social workers ; and police guards ; are primarily engaged in providing client services. All of these field personnel, Kotler notes, create distinct impressions upon "clients".

Pride and Ferrell(88) express a similar view when they discuss the usage of promotion by non-business organisations. They state that "although personal selling may be called something else, it is used by many non-business organisations." The authors cite some examples of organisations which use this technique. Among them are churches and charities which use personal selling by sending volunteers to recruit new members or request donations. Also, the U.S. Army uses personal selling when its recruiting officers attempt to convince potential enlistees to join.

Addressing this same issue, Shapiro[89] points out that some fund raising drives rely on mass personal selling campaigns. He identifies two major factors which make the use of this approach favourable.

1) It ensures that the population is informed about the drive, and

2) It uses person-to-person contact to encourage the potential donor to give.

The author enumerates some NPOs which use this approach to attract clients. Drug and alcoholic rehabilitation centres often use ex-addicts and alcoholics to explain their experiences to potential clients. Religious organisations often use missionaries and evangelists to explain their point of view. Other religious organisations, such as the Mormons and the Jehovah Witnesses use volunteer "salesmen" who sometimes sell for only a limited time.

Zaltman and Vertinsky[90] lend credence to this issue when they argue that a personal selling approach, used by many social organisations, has achieved a considerable success. In their comments on a Costa Rica family planning campaign, they found that specialists - such as priests, teachers, and physicians - and relatives were perceived as the most reliable and believable sources of desired information. Rating all channels of communication used in this study, - personal and mass media - it was apparent that the five highest rated channels respectively were school teachers, relatives, medical doctors, priests, and radio. Tha authors also claim that the Central American Malaria Control Programme uses a "voluntary collector" approach with some success. This approach involves training a village resident to identify and take blood samples from persons suspected of having malaria.

Another case study conducted by Mindak and Bybee[(91)] attributed some success of the March of Dimes campaign to the usage of "mothers" as the key "salesmen". The authors argue that one of the keys to the success of this campaign was "the mothers' march" a day set aside for "personal solicitations" in the prospects' home. They planned to prepare their "salesmen" as effectively as possible. Many informational and motivational meetings were held for this purpose.

Finally, it is argued that a personal selling approach has opportunities to be applied in a greater number of NPOs. Berry and William George[(92)] outline a number of possibilities for Universities which are not already extensively engaged in personal selling activities. The authors urge the university to consider formal sales training for its admission staff and other pertinent personnel. It should be more aggressively engaged in the development of sales aids such as audiovisual presentations for specific schools or colleges within the institution for use in group presentations. Finally, the authors add that the university should establish formal programmes of Campus visitations for community college and high school counselors, student prospects, and the parents of student prospects.

It appears from the above review of the literature, that personal selling has been used by a wide variety of NPOs as a promotional tool. However, one may argue that the effective use of this approach is questionable. The main reason is that these personnel are unqualified to do this job, whether because they did not have an adequate training programme, or because most of them are voluntary workers. For example, what is the qualification which the ex-addict or alcoholic has to explain and persuade the other?

This observation may explain Kotler's[93] assertion that NPOs do not train their field employees carefully in the nuances of client relations. He indicates that governments, for example, are particularly lax in getting their staff to treat citizen-users sensitively and amiably. Even public administrators, Kotler argues, with good intentions often find it difficult to train their field employees in proper concepts of customer service because there are few incentives they can offer and recalcitrant employees are protected by Civil Services.

A similar view has been expressed by Shapiro[94]. His view is inferred from his words when he noticed that sales people, responsible for directly some NPO's personal campaigns, were usually volunteers with little or no training.

Perhaps one of the most interesting examples which gives support to our argument - i.e. the existence of lack of qualified salesmen in NPOs - is a case study conducted by the Public Health Service in Peru.[95] Analysis of this case study shows why a two-year water-boiling campaign conducted in Los Molinos failed. It indicates that the reasons for the failure of this campaign can be attributed , - in part - to the public health worker whose task was to persuade the housewives of this village to add water-boiling to their pattern of existing behaviour. Specifically, the village opinion - leaders, who could have been used to prime the pump of change, were ignored by the public health worker. She was much more "innovation-oriented" than "client-oriented". While she was able to secure more positive results from housewives whose socio economic level and cultural background were more similar to hers, she was unable to put herself in the role of the village housewives. Also, her attempts at persuasion failed to reach her clients "because the message was not suited to their needs." The public health worker did not take into account the background and the culture of the villagers ; instead, she talked to them about germ theory, which they could not, and did not need to, understand.

The study turns now to examine the use of sales promotion.

Sales Promotion

Sales promotion is defined as "something of financial value added to an offer to encourage some overt behavioural response." It is a comprehensive term for various promotional tools that are not formally classifiable as advertising, personal selling, or publicity. These tools may be sub-classified into items for consumer promotion (e.g. samples, coupons, money-refund offers, prices-off, premiums, contests, trading stamps, demonstrations), trade promotion (e.g. buying allowances, free goods, merchandise allowances, cooperative advertising, push money, dealer sales contests), and sales-force promotion (e.g. bonuses, contests, sales rallies).

As a starting point, it is to be noted that little attention has been given to sales promotion as an element of communication. As a consequence, few examples can be found in the field of social causes, with the exception of family planning campaigns, and to a limited degree, in fund raising drives. The following review of the literature illustrates the use of this tool in NPOs.

Kotler[96] for instance, argues that incentives can be offered by some social agencies in order to encourage some overt behavioural response, and that these incentives represent an important tool in the non-business area. He identifies various types of incentives offered by some NPOs. Cash, cookware, transistor radios, and other objects of value have been offered to India to persons who agreed to appear for vaccinations, birth control devices, and other social objects. The author notes that charitable organisations, also, sponsor contests and award prizes to those members who raise the largest amount of funds during the annual drive.

Similarly, Pride and Ferrell[97] point out that NPOs are using sales promotion when they undertake special events to obtain funds, communicate ideas, or provide services. The authors argue that contests, entertainment and prizes which offered to attract donations represent special events that are similar to sales promotion activities of business enterprises.

Perhaps the most significant example of the use of these incentives in the area of social causes is the following case study conducted in Taiwan in 1971. Oliver D. Finnigan, Ill, and T.H. Sun[98] stated that the Provincial Health Department in Taiwan felt the need to attack the problem of an increasing rate of population. Research clarified that the truth was that chinese families, inspite of being poor, placed the greatest emphasis on aspiration to higher education and professional commercial employment for their children. However, the problem of producing too many children made them unable to do so. Therefore, there was a very powerful incentive to respond to any means offered to save money. Then, a customer-oriented promotional strategy was planned. According to the department scheme, couples with two or less children would receive an annual cash deposit from the government in a saving account in their home. If they had a third child, the amount of the deposit was cut by half ; if they had a fourth child, they automatically disqualified themselves from the scheme.

The above example indicates, to some degree, that some NPOs are engaged in sales promotion as a communication tool in support of other media in order to encourage an overt behavioural response.

Summary and Conclusion

Throughout this section, an attempt has been made to examine the use of promotional activity by NPOs as an important element of the marketing mix. The aim in this case has been to explore whether or not the basic marketing principles related to promotion have been applied. This section is divided into four subsections. The first of these deals with public relations activity on the grounds that it is considered the first promotional method normally used by NPOs. The second section covers advertising and shows that this technique is the most widely used element of the marketing mix. Finally, personal selling and sales promotion are briefly reviewed.

One conclusion which is emerging is that promotion is widely used by most NPOs and that most NPOs view marketing as synonymous with promotion. In other words, it would appear that these organisations view promotional activity as the only ingredient in their marketing programmes. This is, of course, a narrow concept of the marketing function. The promotion element, although it is essential, constitutes only one part of the broader marketing mix. Each of the other elements (i.e. product, price and place) plays an important role in determining the success or failure of the overall marketing strategy.

Another conclusion which appears from our review of the literature related to promotion is that advertising is seen as the most effective and persuasive tool used widely by NPOs. However, our investigation into the various areas of advertising in this field (i.e. political advertising, health care, fund raising among others) would indicate that some of these advertising campaigns have been directed inefficiently. The reasons for this inefficiency can be attributed to the inherent neglect of marketing considerations. For example, marketing research and pre-test of the product are not used. Also, the identification of the target audience has been conducted in a haphazard manner. The major channels for reaching this audience have not been determined properly. Moreover, the advertising message has not been designed thoroughly, in terms of : the audience to whom this message is directed ; the channels used ; and the time at which this message is broadcast. In addition, there is insufficient use of advertising specialists who are qualified to communicate this message.

A third conclusion is that the promotional activity in most of these NPOs paves the way for considerable increase in efficiency. This is because our investigation of some successful cases in this area indicates that applying the well known marketing principles related to promotion, has led to considerable achievements.

Finally, regarding personal selling, and despite its importance, there is a lack of specialised salesmen in NPOs. Attention should be given to the establishment of methods of selecting qualified sales force and preparing formal training programmes for them.

The study proceeds now to review the literature which outlines the use of the distribution element and to explore the extent to which NPOs utilise the basic marketing principles in this matter, determining how the application of this element is similar to or different from its application to POs.

This will be followed by a summary of similarities and/or differences between NPOs and POs with reference to the application of the marketing mix elements, developing hypotheses to be tested by subsequent field research.

SECTION FIVE

Distribution Strategy for Non-Profit Organisations

Introduction

Distribution strategy concerns itself with the decisions necessary to make the product available at the time and the location desired by customers. It is a significant factor in determining the organisation's success or failure. Specifically, the right product for a market segment can provide reduced or non-existent satisfaction to the extent that it is unavailable when or where that target market wants it.

This section seeks to investigate the role of the distribution element and its importance to NPOs.

The Role and Importance of Distribution Strategy to Non-Profit Organisations

It is considered that the problem of effective distribution is of vital importance to all organisations irrespective of their prevailing object-orientation, namely, whether profit or non-profit oriented. Through distribution, the "product" of these organisations can be made available, and hence, the exchange process may take place.

The important role which distribution, as a marketing decision area, can play in non-profit organisations has been emphasised by many writers. Kotler and Levy[99] ; Moyer [100] ; Ford[101] ; and Pride and Ferrell[102] have argued that a city's public library and police department, for example, must think of the problem of distributing their products - books and protection - effectively through the community. Also, delivering health care to patients is considered to be important to the effective functioning of some NPOs as it is to firms seeking profits. Specifically, NPOs must determine where the needs for their services are located ; where their markets occur ; and decide what are the intermediaries through which their "products" will be distributed and what form the relationships with those intermediaries will take.

Buchanan[103] provides empirical evidence of the important role played by distribution in NPOs. In his study of marketing Universities in the U.S., he concludes that respondents seemed to offer their services at multiple locations in order to make them readily accessible to their clients or customers. About 91% of the schools offered a variety of their service programmes off campus as an effort to expand the coverage of their markets.

In the following pages, we shall be discussing distribution policy from the dimension of location as the most important factor in distributing NPOs services. This is because of the fact that most NPOs are increasingly concerned with the idea of taking their "products" to the customer instead of asking the customer to come to the institution as is traditional, which means that the most appropriate distribution system is the shortest one, mainly through direct distribution. We shall, however, refer, briefly, to some cases where 'middlemen' are used to provide some services offered by NPOs.

Distribution Policy in Non-Profit Organisations

An organisation's capacity for getting its product to consumers when and where they want it, is a critical variable in influencing the level of success to be obtained by this organisation.

In the case of NPOs convenience of location is of primary importance in ensuring efficient distribution of their services. Lovelock and Weinberg[(104)] indicate that proximity of clients to the sources which provide social and welfare services can affect both demand for these services and the consequent degree of consumer satisfaction. Consumer analysis, the authors argue, has often led to the relocation of services closer to the user's location, while unsuitable location of most non-profit services may result in the reduced use of these services (Lovelock)[(105)] He cites that hospitals, especially older ones which tend to be located in deteriorating central city locations with limited parking facilities are confronted by the problem of discouraging use by middle income people who have to move out to the suburbs where newer, more attractive, and more conveniently located competitors may be found.

In general, the degree of satisfaction that a client can receive, and utilisation of those services offered by NPOs will depend, to a great extent, on the availability and proximity of these services.[106]

Methods of Distribution Used

Direct Distribution

Direct distribution is the shortest marketing channel through which a "product" flows directly from a "producer" to a customer. A review of the available literature indicates that most NPOs use the direct distribution method on the grounds that taking the NPOs to the customer instead of asking him to come to the institution is an approach which holds much potential for success.

Berry and George,[107] for example, argue that universities should seek to reach their customers by establishing branch campuses ; extension centres ; or courses televised in the home. A major chemical company located 45 miles from the nearest university might well be interested in strongly supporting that university's MBA programme if portions of the curriculum could be handled by correspondence and televised lectures piped into the company's facility.

Shapiro[108] too, identifies three major reasons why convenient location is critical to success in fund raising by NPOs.

Firstly, convenient location makes donation easier. The Pervasive Salvation Army Collectors, for instance, who solicit funds between Thanksgiving and Christmas are a particularly clear example of location policy easing the donor's job.

Secondly, location can provide a base for local fund raising and operations. It is easier to get volunteers to work near their homes than far away.

Thirdly, the factor of location can provide credibility and show the organisation's interest in an area, both of which facilitate fund raising. For example, when the local businessman asks why he should give to the organisation, the fund raiser can respond "we have a convenient clinic or campus, or museum, right here where your family and employees can use it".

Webster,[109] also, states that political campaigns, family planning clinics, tourism offices ; and police services are all examples of social marketing areas where retail distribution is a key variable in their marketing strategy.

Albert and Gould[110] as another example, view the problem of distribution as one of locating a set of facilities to serve a given spatially distributed population optimally. They argued that hospitals, schools, fire stations and the like must be sited where they are most accessible and convenient for potential users. Additionally, the authors indicate that many over-populated countries must establish birth control clinics to reach the people with contraceptive and family planning information.

Finally, W.D. Clark[(111)] reports how the mergence of two administrative areas greatly reduced the provision of social services as the main office was not convenient for many users. To overcome this problem, a mobile office was established. It was found that, as a result of using this mobile unit, clients averaged 20 minutes less waiting time than at the main office in the civic centre. In two years, this mobile experiment assisted 3,581 persons who welcomed its added convenience. Additionally, placing the department personnel in the neighbourhood alerts their attention to problems earlier and makes many of these problems easier to solve. The author claims that the mobile unit proved an effective source of public relations for the social service bureau, and that publicity of the unit increased the public's general knowledge and opinion of the main welfare programmes.

Another innovative distribution method called "phone-tel-med" is reported by Althafer et al.[(112)] Through this method, members of the public can obtain certain kinds of health related information by telephone. The authors argue that this method of distribution demonstrates that, in San Diego, the public responds enthusiastically to a health information system that is convenient, reliable, and answers a specific need of the caller.

The Use of Middlemen

A review of the literature reveals that there are situations where some NPOs utilise the existing intermediaries used by profit-oriented firms. In this regard, Black and Harry(113) reported that PSI* researchers studied the existing structure of the retail distribution in Kenya in order to find the most effective way to make the products (information about and material for birth control) available to the clients. Based upon the results of this study, a strategy of localised - community - based distribution through the country's network of village retail stores was chosen. It was found that these stores were the most suitable for the following reasons :

a) There was one of these stores for every hundred or so fertile couples throughout rural Kenya.

b) These stores had the potential to become the normal distribution channel for these particular "products" in the future.

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* PSI = Population Services International

c) The local staff were known to the customers.

Conclusions

Throughout this section, an attempt has been made to outline the distribution strategy in NPOs and to explore whether or not these organisations are different from profit-oriented firms in selecting channels suitable to distribute their "products".

One conclusion which is emerging is that distribution activity is equally as important to NPOs as it is to profit-oriented firms. This is because of the fact that an organisation's capacity for getting its product to clients when and where they want it is a critical variable in influencing its success.

Another conclusion which appears from our review of the literature is that location is seen as the most important dimension in making the NPOs product available. Therefore, one might argue that adequate attention should be given by NPOs to determining the location of the needs for their services, where their markets occur, and to decide what are the intermediaries through which their services will be provided.

The Application of the Marketing Mix to Non-Profit Organisations : Main Conclusions

Throughout this chapter, the contribution which the application of the marketing mix elements can make to improve performance in NPOs, and the extent to which this is similar to or different from their application in profit-oriented firms have been examined.

To begin with, the concept of the marketing mix was explored in relation to its definition, importance, constitution, and application. Then, the literature which outlines the application and contribution of each element of the marketing mix; i.e. product, price, promotion, and place ; was reviewed. Specifically, the literature on the marketing mix elements was divided into four sections. The first of these was concerned with the analysis of product decisions related to product development, modification, and elimination. It explored whether the well-known procedures described in marketing literature and related to these decisions were used. The second section discussed the issue of pricing the NPO's offerings. Also, some explanation as to why some NPOs offer their "products" free was presented. In those cases where NPOs did charge a price for their products, the methods of pricing and the considerations that should be taken into account in setting a pricing policy have been presented. In the third section, we examined the role which promotion can play in helping NPOs to achieve their objectives. Finally, the distribution strategy used by NPOs has been illustrated.

Several conclusions may be drawn from this analysis :

1) Marketing has proved to be an effective contributor to the achievement of success in many NPOs through the application of well-known marketing principles. It has also been shown to make some contribution to achieving desired social changes in attitudes and behaviour. If one accepts that such a situation exists, one may fairly argue that NPOs should utilise the marketing concepts and practices developed by profit-oriented organisations.

2) Another conclusion is that although the marketing principles related to different marketing mix elements have been generally neglected, there have, nevertheless, been some cases in which recognition of marketing's role has led to better performance. This was clear from our review of the literature of some successful cases in this area, e.g. using the marketing principles related to promotion in some political campaigns, fund raising, and health care.

3) Although many NPOs are engaged in marketing activities related to the marketing mix elements, the marketing principles, in this regard, have generally been overlooked. It would seem reasonable to assume, therefore, that these NPOs could achieve better performance if they applied the well-known marketing principles and practices professionally and formally. Reasons responsible for this neglect may be attributed to :

a) Lack of competent marketing leadership responsible for planning marketing programmes and conveying enthusiasm about the marketing concept to organisational members.

b) Lack of sufficient financial resources. Most NPOs face substantial deficits and, therefore, depend on government subsidies or private benefactions to balance operating revenues and expenses.

4) A fourth conclusion is that NPOs should utilise the marketing mix elements as an integrated whole or entity rather than emphasising component-mix elements separately. As it appeared from our review of the literature, most NPOs view marketing as synonymous with promotion. In other words, they consider the promotional activities as the only ingredient in their marketing programmes.

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113) Timothy R.L. Black and P.D. Harry "A Report on a Contraceptive Social Marketing...." op. cit., pp. 101-108

CHAPTER FIVE

RESEARCH DESIGN

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The aim of this chapter is to describe and explain the methods undertaken to collect the data for this study. Specifically, this chapter aims at explaining the methodology conceived and the research setting rather than the analysis of the findings themselves which is kept for the next chapter.

Broadly, the design of our field study has passed through six successive, yet equally important, stages. These include :

1) Statement of research sequence and objectives.
2) Formulation of the hypotheses.
3) Paired comparison method ; an overview.
4) The sampling frame.
5) Development of the questionnaire.
6) Interviewing

In the following pages, the aspects pertaining to each of these stages, together with the methodological framework, will be discussed.

1) Statement of Research Sequence and Objectives

As a starting point, it may be useful to remind ourselves of the research sequence so far and the purpose of this study.

Briefly speaking, the main purpose of this study is to explore the relevance and contribution of marketing, as it is practised in profit-oriented firms, to the management of non-profit organisations. Specifically, the objective is to analyse the contribution which various marketing tools may make to improved performance in NPOs. What we are trying to establish is whether better marketing can lead to success and better performance. To achieve this end, the thesis runs, briefly, as follows.

Firstly: Based upon an analysis of the nature of the marketing concept and its practice, the theme of broadening the concept of marketing to include the non-profit sector has been discussed extensively. In this regard, a review of the literature illustrated that there is an overwhelming controversy over this theme. On the one hand, it has received much acclaim and approval in a number of articles and studies that appeared in the 1970's, reporting applications of marketing techniques to the area of non-business organisations. On the other hand, there is a contradictory perspective voicing its concern that such extenuation may lead marketers towards the dilution of their efforts and unnecessary complication of a field which is already confusing enough. The danger is that it might provide limitless boundaries to marketing definition which will lose its identity.

However, there is a considerable support for a balanced perspective between the two extreme viewpoints. This perspective does not entirely ignore such extension, but it believes that there are some conditions and caveats which must be considered and appreciated to apply some marketing techniques and concepts to non-business organisations. This perspective argues that these organisations should carefully choose the approaches that are considered most appropriate to their nature.

Secondly : Based on the above analysis, the nature of NPO's and those factors which tend to distinguish them from profit-oriented organisations have been analysed. It was concluded, in this respect, that there are no obvious or fundamental differences, if not close similarity, between non-profit-oriented and profit-oriented organisations. The only difference may appear in their basic objective, i.e., profit/non-profit. But even this difference can only be considered in the short-run, since in the long-run, the only justification for any formal organisation, whatever its objective, is that it improves human welfare and achieves a better quality of life. It was also concluded that the need for efficient management, in general, and for an effective marketing approach in the particular, is absolutely required if NPOs are to succeed.

Thirdly : The study proceeded to analyse the contribution which various marketing tools, the marketing mix elements in the particular, may make to improve performance in NPOs. Marketing, as our review of the literature has outlined, can play a critical role in improving performance in NPOs when it is practised as professionally and formally as its application in profit-oriented firms. It is our conclusion that marketing has a vital role and considerable significance in determining the success or failure of NPOs.

The study turns now to formulate the hypotheses to be tested by subsequent field research.

2) Formulation of Hypotheses

It should be stressed, at the outset, that it is a fact that success or failure of an organisation is associated with several factors. The major factors may be related to managerial, organisational, environmental, technical, governmental, or marketing factors. Also, adequate attention must be given to achieve competence in all of these factors if the organisation is to be successful. However, our study concerns itself with the marketing-related factors which are felt to be of vital importance to NPOs in helping management to improve performance.

Two major reasons for the study focussing on marketing rather than the other factors can be presented as follows.

Firstly. It is evident from several empirical studies and researches* that the failure of many industrial innovations is frequently attributed to the absence of (or ignorance of) the marketing factor.

Secondly. Since the issue of extending traditional marketing ideas to include the NPOs is still a controversial question, the

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* Some of these studies and researches will be discussed throughout this chapter when the paired comparison method is reviewed.

purpose of this study, is to attempt to shed some light on this issue, i.e., whether or not the traditional marketing principles and techniques can be successfully transfered and applied to NPOs, and lead to improvement in their performance.

Having mentioned the above observations, the following is an attempt to formulate a number of hypotheses to guide the collection, analysis, and interpretation of data. These hypotheses are as follows :

The Main Hypothesis

Other things being equal, transfer and application of marketing principles to non-profit organisations can improve their performance. Specifically: the abovementioned hypothesis can be specified as follows :

First : Management attitude towards the marketing concept

The more extensive the management' commitment to marketing, the better the organisation's performance will be.

More specifically :

Hypothesis 1

The greater emphasis that management places on using marketing planning, the more successful the organisations will be.

Hypothesis 2

Organisations which depend on formalised and structured marketing research will be better in their performance than those which depend on informal and unstructured research.

Hypothesis 3

The greater the effort management devotes to identifying user's needs, the more successful the organisation will be.

Second : Hypotheses related to the marketing mix elements

Other things being equal, efficient use of the marketing principles related to the marketing mix elements, i.e., product, price, promotion, place, will lead to better performance.

More specifically :

Hypothesis 4

The more closely the organisation follows the recommended procedures for launching a new 'product', the more successful this organisation will be.

Hypothesis 5

The more attention the organisation gives to differentiating its services, the more these services will appeal to the intended audience.

Hypothesis 6

In those cases where non-profit organisations do charge a 'price' for their offerings, setting the pricing strategy according to marketing principles will lead to more efficiency of the organisation's performance, and the rational use of the available resources.

Hypothesis 7

The application of marketing principles related to promotion (in terms of, for example, design and pre-testing advertising messages, advertising media research, and appraising advertising effectiveness) will lead to more effective communication between the organisation and its clients which will result in better performance.

Hypothesis 8

The more convenient the location of the organisation to the clients (customers), the more appeal the organisation's services will have.

It is hoped that examination of some of these hypotheses, as well as some other important issues, will provide evidence contributing to a refutation, or otherwise, of the criticism that broadening the concept of marketing to include NPOs has gone too far in that it might provide limitless boundaries to marketing definition which will lose its identity.

3) Paired Comparison Method

Introduction

With the formulation of the hypotheses completed, the next task is the design of a method to provide a basis for empirical testing. The overall purpose of this section is to describe and evaluate the methodology which will be used in this study, i.e., paired comparison method.

As a starting point, it may be useful to note that the paired comparison technique has been widely used in the area of industrial innovation. The basic approach in this field of study has been to compare a successful innovation with an unsuccessful one, noting any apparent differences between the pair. It may also be worthwhile to mention that the application of this method to the study of non-profit organisations necessitates the redefinition of a number of concepts dependent on the nature and characteristics of these organisations.

For example, while the criteria for success in the industrial area are commercial (as will be seen) and are thus measured by the achievement of a worthwhile market share and profitability, it could be argued that different criteria for the formation of a non-profit pair should be used which takes into account the main purpose of these organisations.

With these thoughts in mind, the following is an attempt to review the literature which outlines and explores the paired comparison technique, its application and its advantages and disadvantages.

Project SAPPHO and the employment of the paired comparison technique

In its original concept, project SAPPHO (Science Activity

Predictor from Patterns with Heuristic Origins) was designed as a systematic attempt to discover differences between the successful innovation of products and processes, and the unsuccessful innovation of products and processes. The main contention of the study was that an understanding of these differences would provide valuable information for the guidance of potential innovators or, at least, form a basis on which to construct prescriptive formulations for innovatory success (1).

The technique employed is one of paired comparison, where a successful innovation is compared with an unsuccessful one, noting any diversity between the two. In general, the criteria for the formation of a pair centre on commercial considerations, i.e., that the two innovations are competitors in the same market. The criteria for success are also commercial ; a success being defined as an innovation which obtains a worthwhile market share and/or profit, while the unsuccessful innovation fails to achieve this.

Comparison between the pair is made using some 'measures' or 'variables' which, between them, provide the essential information concerning the innovation, i.e., the innovating organisation - its structure, status and environment ; marketing and sales organisation ; R & D performance ; key personnel ; general interaction with external agencies and with potential customers in particular. Comparison between these variables is made solely on a greater than, equal to, or less than basis (2). For example, if the successful organisation has paid more attention to the user needs than has the unsuccessful company, this will be coded as 'success greater than failure' (S > F). If the successful firm has considered user needs to a lesser degree than the unsuccessful company, then the coding would be 'success less than failure' (S < F). If both organisations have paid equal attention, the coding would be 'success equals failure' (S = F).

At this stage, it may be useful to examine the results of the project SAPPHO phases I and II.

Phase I of Project SAPPHO

In phase I of project SAPPHO, twenty-nine pairs of innovations were investigated ; seventeen in the chemical process industry and twelve in the scientific instrument industry. The data were analysed in several ways using univariate analysis ; principal component analysis ; and factor analysis. Further, ten 'index variables' were constructed, which were formed from linear combinations of some of the individual measures. These variables and their definitions were as follows : (3)

1.	Risk :	A measure of the degree of risk taken by the innovating organisation.
2.	Technique :	A measure of the extent to which management explained the success/failure differences.
3.	Management	A measure of the strength of the management

	Strength :	of the innovating organisation.
4.	Organic :	An attempt to classify the structure of the innovating organisation as organic versus mechanistic.
5.	User Needs :	A measure of the efficiency with which market research or other procedures have established the precise requirements of customers.
6.	Familiarity :	A measure of the extent to which the innovating organisation was familiar with technical problems posed by the innovation, and with the potential market.
7.	R & D Strength :	A measure of the performance of the development work related to the innovation.
8.	Communication :	A measure of the effectiveness of the innovating organisation's communication network with the outside scientific and technical community.
9.	Pressure :	A measure of the competitive situation facing the innovating organisation.

10. Marketing : A measure of the marketing effort deployed by the innovating organisation.

The results of this project established that there were five main areas of difference between success and failure. These five underlying areas of differences can be summarised briefly as follows : (4)

1. Successful innovators paid more attention to marketing and publicity.

2. Successful innovators were seen to have a much better understanding of their users' needs.

3. Successful innovators performed their development work more efficiently than failures but not necessarily more quickly.

4. Successful innovators made more use of outside technology and scientific advice, not necessarily in general, but in the specific area concerned.

5. The responsible individuals in the successful attempts, i.e., the technical innovator, business innovator, chief executive or product champion were usually more senior and had greater authority than their counterparts who fail.

Phase II of Project SAPPHO

In phase II, the project was extended to include a new total of 43 pairs ; 22 in chemical processes and 21 in scientific instruments.[(5)] The results of phase I were confirmed. The same five underlying factors (those mentioned above) emerged as strong differentiators of success and failure. Furthermore, the second stage of the project suggested that additional, individual measures were related to success, with the incidence of inter-industry differences appearing significant. These differences related to the basic underlying environmental and structural differences wh ch existed between the two industries. For example, the analysis of these factors showed that the experience, commitment and responsibility of the 'business innovator' in the instrument industry favoured success, whereas differences in formal status or degree of power failed to correlate with success. In the chemical industry, on the other hand, hierarchical level within the organisation could be differentiated and all the measures of power, status, responsibility, experience, commitment, and length of service distinguished success from failure. Also, it was clear that the importance of the individual 'technical innovator' and the 'product champion' in the instrument industry could be explained in terms of its small firm environment. Conversely, the absence of these significant individuals in the chemical industry could be explained in terms of its large firm environment.

The trend towards the use of the paired comparison methodology in the area of industrial innovation is continuing, as evidenced by several applications of the technique. Roy Rothwell [6], in his article entitled 'Nucleonic Thickness Gauges - A SAPPHO Pair,' made comparison between two separate attempts at innovation B-ray nucleonic thickness gauges. The first attempt, which was made by Baldwin Instrument Company Ltd., resulted in commercial success. The second attempt, which was made by Isotope Developments Ltd., resulted in commercial failure. Rothwell concluded that the differences in the innovative performance of Baldwin and IDL corresponded to the five prime areas defined by the SAPPHO results. Consequently, successful innovators : (1) were seen to have a much better understanding of user needs ; (2) paid more attention to marketing, etc ; (3) performed their development work more efficiently than failures ; (4) made more effective use of outside technology and scientific advice ; and (5) the responsible individuals in the successful attempt were usually more senior and had greater authority, more diverse experience, etc.

In a study of post-war technical change in the textile machinery industry, fifteen innovations, five successes and ten failures, were examined [7]. The comparative analysis substantiated previous results which stressed the importance to success / failure of various key individuals, and the relationship between their effectiveness and the structure of the innovating organisation. A number of factors relating to the role of individuals in facilitating innovative success, or causing failure, were identified. The results of this study demonstrated that, in each of the fifteen cases, individuals played crucial roles.

Another interesting attempt at employing the paired comparison technique was made in the Hungarian electronic industry by Georges D. Szakasits.[8] . In the course of the investigation, twenty-four products were grouped into twelve pairs, half of them successful and half unsuccessful. Comparison between these pairs was made in order to explore which of the factors which influenced the results of research and development had a more important role in case of success or failure. Ranking was made on the basis that the factor have a part in all twelve successful projects and no part in the twelve unsuccessful ones was regarded as a 100% success factor, and vice versa. The above author argued that the results of his survey indicated that some significant factors giving rise to failure should be emphasised. These factors were as follows:

(a) the lack of cooperation both within the country and abroad with other institutions in solving research and development problems.

(b) the extremely low percentage of engineers with considerable experience in development work ; in the evaluation of production and economic factors in the strict sense of the term.

(c) the lack of contact between research and production.

(d) inadequate information about competitors.

(e) the neglect of guaranteeing technological conditions necessary for production, and finally,

(f) defective marketing activity.

Similarly, Gerstenfeld (9) utilised a comparative analysis in order to identify the main factors associated with success or failure in a study of eleven successful and eleven unsuccessful innovations in three industries in West Germany. He found that the degree of market analysis was a significant factor in differentiating success from failure. Specifically, the results of this study indicated that eight out of eleven of the successful innovations were stimulated in response to intensive market analysis. On the other hand, it was concluded that nine out of the eleven unsuccessful innovations were failures because the innovator made no sufficient investment in marketing research.

Finally, Utterback et al. (10) made comparison between sixty-six successful and fifty-one unsuccessful innovations in five industries in Europe and Japan to identify which factors are related to project success or failure. The comparative analysis showed that market-oriented and, to some degree, resource factors had an important influence on success, while technical and organisational factors appeared to have a minimal effect on differentiation between success or failure.

At this point, we direct our attention to an identification of advantages and disadvantages associated with the paired comparison methodology.

Advantages of paired comparison

The main advantage of the pair comparison technique is that it facilitates the identification of those factors, defined in the questionnaire study which are the most important contributors to successful innovation, as distinct from those which, in general, tend to lead to failure [11].

It is to be noted that this study will adopt the method of pair comparison for this specific advantage. The application of this method to the area of non-profit organisation requires, as we mentioned earlier, the redefinition of some of the concepts which will be used, according to the particular nature and characteristics of these organisations.

Disadvantages of the pair comparison method

The pair comparison technique has, however, several limitations. It has been argued [12] that the statistical analysis of the pairs data, in certain cases, provides a relatively 'objective' comparison of success and/or failure. The coding, accordingly, does not attempt to weight the relative importance of each characteristic within a particular pair, nor does it provide an interpretation of the underlying reasons for the poor performance of the failure. For example, while the statistical analysis states that successful organisations generally understand user needs better than do those who fail, it cannot explain the reasons for this lack of understanding of user needs. In addition, the statistical analysis does not permit the identification of variables which may be amenable to deliberate manipulation by a technically progressive management force. Accordingly, a retrospective, qualitative analysis of further unsuccessful cases should be undertaken in order that the researcher may decide which factors, in his own opinion, contributed maximally to each failure.

Summary

It appears from the above review of the literature that the paired comparison technique has been extensively used in project SAPPHO which was designed as a systematic attempt to discover differences between successful and unsuccessful innovations. This technique is essentially a comparative analysis of 'pairs', where a successful innovation is compared with an unsuccessful one. The criteria for the formation of a pair are basically commercial, requiring that the two innovations are competing for the same market. The criteria for success are also commercial - a success being defined as an innovation which obtains a worthwhile market share and level of profitability, and a failure being defined as an innovation which fails to meet these requirements. Comparison is made using some basic 'variables' which, between them, provide the essential information related to the innovation ;

the firm, its marketing, R & D management, production, etc. Comparison between these variables is made on a greater than, equal to, or less than basis.

It also appears from the discussion that the pair comparison method has its advantages and limitations. The main advantage of the method is that, through its application, management is able to identify those factors which have some effect on firm performance by promoting successful innovation and which, if absent from the organisation, generally lead to failure.

Concerning the disadvantages of this method, it is generally acknowledged that the results of statistical analysis cannot be used predictively or prescriptively. They merely describe a real situation and can provide a framework for a retrospective analysis of success and failure.

4) The Sampling Frame

The sampling frame used in selecting similar pairs of successful and unsuccessful arts organisations, as well as determining the criteria to be used in distinguishing success from failure were based on our structured question investigation* held in the Scottish Arts Council in Edinburgh, on 6 - 7 - 1981 with the manager who is involved in the development of the arts

* Schedule of questions used in the interview is reproduced in Appendix 1.

offering decisions.**

In this interview, the names and addresses of the organisations chosen and the appropriate persons in the Scottish Arts Organisations were noted. However, all information whether about the organisations' nanems or the organisation's managers interviewed is confidential.

Taking these cosiderations into account, the samples surveyed consisted of the following similar pairs :

1) Museums
2) Printmaker Workshops
3) Arts Centres
4) Theatres
5) Concert-Halls
6) Municipal Entertainments

In order to identify the similarity between the selected pairs, the interviewee was asked the following question :

"Why do you think that the institutions you have just mentioned are similar? I mean, on what grounds do you consider them to be similar?

Grounds mentioned for a similarity were as follows :

** The first meeting with the SAC's manager was held in Glasgow, on 23 / 6 / 81 in the presence of Professor M.J. Baker.

Pair One : Both are national museums presenting themselves to the same market.

Pair Two : Both printmaker workshops are constituted along similar lines aiming at providing opportunities for artists to produce limited edition prints for their work as well as offering a retail outlet for the sale of such prints. Both are professionally administrated.

Pair Three : Both arts centres provide a mixed programme of arts activity in provincial centres. Both are professionally administrated and receive financial subsidy from Arts Council and local authorities.

Pair Four : Both theatres have a monopoly as repertory theatres ; meaning that they have a resident theatre company in two large cities. Both are publicly subsidised by the Arts Council and local government, and they mount a varied range of productions throughout the year.

Pair Five : Both of these venues are used for the promotion of a wide range of concerts. One is run by an independent trust and the other as a local authority provided venue.

Pair Six : Both districts' Councils directly promote a range of arts and entertainment for their inhabitants.

Definition of Success and Failure

The interviewee was requested to identify the criteria which were used to distinguish between the successful and unsuccessful pairs. The following criteria were mentioned in no particular order of importance :

1) Number of visitors / attendance.
2) Audience allegiance.
3) Use by schools / young people.
4) Quality of products.
5) Imaginative programming.
6) Critical acclaim.
7) Financial stability.

5) Development of the Questionnaire

This section is concerned with the questionnaire constructed for data collection and describes four aspects ; sources of ideas for questions, type of questions, type of scales, and the rationale for the items of the questionnaire.

Sources of ideas for questions were based upon a detailed search of the literature for significant ideas relevant to marketing in non-profit organisations from the theoretical part of this study in addition to suggestions made by Professor M.J. Baker, the researcher's supervisor.

With respect to the type of questions, two alternatives are usually available ; open-ended, and closed or forced choice type of questions. Each of these types of questions has its own merits and demerits. While the first are easy to ask, may generate more information through allowing free expression of ideas, they are difficult to answer and still more difficult to analyse. Forced choice type of question need exploration before their construction, so as to take into account all possible answers. Without such exploration, they might be difficult to formulate. However, these questions are easy to answer, interpret, and encourage respondents by giving the impression of time saving.(13)

With the exception of the straightforward questions of Yes / No / Don't Know alternatives, the main type of questions used in constructing this questionnaire was the closed one. However, the advantage of obtaining further explanations was not lost because a space for additional views was provided where relevant to be completed by the interviewer herself who administered the interviews, and this allowed, in fact, more information both in amount and in depth than any other alternative strategy.

Concerning the issue of scaling, there are three points which are subject to argument ; numerical versus verbal scaling, odd versus even scores, and the number of points the scale should include.

Although it is beyond the direct concern of this study to present fully, and critically evaluate each of these issues, the following main aspects might help in clarifying the scale adopted here.

Firstly : the scale used in the questionnaire is of a numerical type. Moser and Kalton[14] indicated that the main features of measurement by scales is that a person, an object, or an attitude is placed at some point along a continuum ranging from extreme favourableness to extreme unfavourableness. When a numerical value is attached to this point, distinction of degree becomes possible.

Secondly : in view of odd versus even scores, previous studies[15] showed that odd scores (i.e. 1,3,5,7,9, or, as used in this study ; 1,2,3,4,5,) were rated more highly by the respondents than even scores (i.e., 2,4,6,8). In this sense, Moser and Kalton[16] said, "The choice between an odd or even number depends on whether or not respondents are to be forced to decide the direction of their attitudes ; with an odd number there is a middle category representing a neutral position, but with an even number there is no middle category, so that respondents are forced to decide to which side of neutral they belong".

Thirdly : with regard to the number of points the scale should include, Moser and Kalton [17] also showed that, "if the scale is divided too finely, the respondents will be unable to place themselves, and if too coarsely, the scale will not differentiate adequately between them. Often five to seven categories are employed, but sometimes the number is greater."

Based upon the above, the scales used in the questionnaire is of a numerical type, running on a five point rating scale, and involving as intervals the numbers, 1,2,3,4,5.

The questionnaire, which is reproduced in the Appendices, encompasses 30 items which can be classified under the following three major areas :

Firstly, The Management Attitude Towards the Marketing Concept

This part attempted to assess the attitudes of management in the organisations visited toward the marketing concept. In doing so, three principal dimensions are analysed.

I) Extent of emphasis that management places on using formalised and structured marketing planning (H.1)

Questions 1 and 2 were used to test hypotheses one.

Question 1, aimed at identifying whether or not the organisation was client-oriented by asking managers to give their opinions on the importance of marketing goals in influencing their decisions.

Question 2, examines the extent to which the organisation adopted the policy of full structured and formalised marketing planning by defining objectives, tasks required and measurements.

II) The extent to which an organisation depends on formalised and structured marketing research (H.2)

Questions 5, 6a, 6b, and 7 are intended to test hypothesis two.

Question 5 asked respondents to identify whether or not their organisations researched the client's needs and wants before they decided to offer a new "product".

Question 6a was designed to investigate the extent to which the organisation depends on its own staff in undertaking marketing research programmes to identify its clients wants and needs.

Question 6b was devoted to discovering the extent of attention given by the organisation to determine the appropriate product, location, and promotion strategy.

Question 7 attempted to assess the main reasons and obstacles which deterred the organisation from undertaking any market research. The idea was that analysis of these reasons would not only determine whether or not they are amenable to management control, but also indicate, to some degree, the attitudes of management toward the marketing concept.

III) The extent to which management devotes the required efforts to identify users' needs and wants (H.3)

Hypotheses three was tested by questions 3, 4, 8, and part e of question 20.

Question 3 was intended to explore whether a member of the organisation specifically responsible for marketing activities existed, and to identify his title. The aim was to identify, first, whether the title "marketing director" exists among the arts organisations, and secondly, to determine the extent to which marketing functions are integrated, according to the marketing concept, under the control of this member.

Question 4 aimed at determining the extent to which the member who was responsible for marketing activities was involved in goal setting and planning operations.

Question 8 was used to provide a further indication of whether the organisation is client-oriented by asking respondents to identify the extent to which the "productions" were initiated entirely by the organisation without taking into account its public needs.

Question 20 (part e) attempted to measure whether or not the organisation adopted the philosophy of "offering what the client wants rather than offering what the organisation can offer".

Secondly, Marketing Practices and Policies

This part of the questionnaire included questions which were intended to measure the extent to which the efficient use of the marketing principles related to the marketing mix elements, i.e., product, price, promotion, and place, will lead to better performance in the Scottish Arts Organisations visited. More specifically, the following four areas were covered.

I) Product Policy

The extent of attention that an organisation gives to follow the recommended procedures for launching a new 'product', (H.4), and to differentiate its services, (H.5)

Questions 6b (Parts 1,2,3,4,5), 20 (Part A), and 21, 22, 23, were used to cover Hypotheses 4 and 5, respectively. Question 6b (1,2,3,4,5) was devoted to explore the frequency with which the organisation tried to obtain the required information about its client's needs and wants ; to estimate its market size ; to forecast 'product' appeal to new clients, to assess the possibility of introducing a new 'product' ; and to eliminate its unattractive 'product'.

Question 20 (Part A) was intended to measure the extent to which the improvement of 'product' quality, as a marketing effort, would influence the organisation's performance.

Questions 21, 22, and 23 examined whether or not the organisation adopted its services to suit the different client's needs, determining the extent to which it adopted the adaptation policy, identifying the major reasons for not using such a policy.

II) Pricing

Questions 9, 10, 11, 12, and 20 (Part d) were devoted to measuring the extent to which setting the organisation's pricing strategy according to marketing principles will lead to more efficiency of the organisation's performance and the rational use of the available resources (H. 6).

Question 9 attempted to explore whether or not the organisation charged a 'price' for its services.

Question 10 was concerned with identifying the major objectives of charging admission fees for the organisation's offerings.

Question 11 asked respondents to identify the principal methods which they used in determining the suitable 'price', (in case of charging admission fees), for their organisation's offerings.

Question 12 aimed at identifying the most important reasons and explanations for not charging any admission fees for the organisation's offering. The objective was to examine whether or not the organisation, in this respect, is client-oriented.

Question 20 (Part d) was intended to examine the extent to which the organisation relies on the marketing factor in terms of the achievement of the lowest possible admission charge.

III) Promotion

Questions 13, 14, 20 (Part c), 15, 16, and 6b (Parts 7, and 8) were designed to examine the extent to which the application of marketing principles related to promotion will lead to more effective communication between the organisation and its client, and, consequently, will result in better performance. (H. 7)

Question 13 examined whether or not the organisation actively promoted its service's offering. The answer was used as a key to questions 14, 15, and 16.

Question 14 was designed to assess the promotional methods used by the organisations visited.

Question 20 (Part c) aimed at examining the extent to which attention paid by the organisation to promotional effort, as a marketing factor, can contribute to the organisation's performance.

Question 15 asked respondents to give their opinions on how important was advertising as a promotional tool, in making clients informed about their organisation's services, in terms of the availability of the 'products', their prices, quality, benefits to clients, etc. Then respondents were asked (in question 16) to identify the frequency with which they used the different advertising media for carrying the advertising messages to the target markets.

Question 6b (Parts 7 and 8), was intended to examine the extent to which undertaking marketing research in terms of pre-testing advertising messages, and advertising media research will possibly lead to improvement of performance in the organisations visited.

IV) Distribution

Questions 17, 20 (Part b), 18a, 18b, 19, and 6b (Part 6) aimed at examining how important was the physical location of the organisation in attracting customers (H.8)

Questions 17, and 20 (Part b) were devoted to indicate the respondents' opinions regarding the importance of the physical location of their organisation in attracting customers, and to determine the extent to which establishing a convenient location has contributed to the organisation's performance.

Question 18a was designed to examine whether or not the present location of the organisation was considered to be convenient. If the answer was "inconvenient", respondents, then, were asked (in question 18b) to identify those methods which have been used in trying to attract customers.

Question 6b (Part 6) was intended to examine the extent to which the Scottish Arts Organisations visited rely on marketing research to study the suitability of the organisation's location and to establish the location strategy.

Question 19 asked respondents to assess the main reasons for locating their organisation nearer to their clients, the aim being to examine whether or not the organisation, in this regard, was client-oriented.

Thirdly : General Information about the Organisation

The final part of the questionnaire aimed at covering some general information about the organisations visited, such as identifying the category of organisation for which the respondent works (question 24) ; how long the organisation has been actively engaged in offering cultural services, (question 25). Question 26 examined the approximate number of the organisation's clients during the last year, while question 27 aimed at assessing the approximate percentage of the organisation's clients lies in the categories of pensioners, adults, teenagers, and children (school children). Questions 28 and 29 covered information related to the number of the organisation's employees and the amount of its budget for the last financial year. Finally, question 30 asked respondents to write in any general comments which they would like to make about the subjects of the present survey.

It is to be mentioned that most of questions included in part three of this questionnaire have not been used for two major reasons. The first is that most responses received were unclear. The second reason is that these questions were initially designed to obtain data necessary for securing the similarity between the sample of pairs selected. However, since these information were obtained from one interview with the Scottish Arts Council manager, it is felt, therefore, that there was no need for using most of these questions.

The questionnaire was pre-tested informally on colleagues and friends then it was shown in pilot form to some arts executives similar to those in the main survey to find out whether it was possible to give meaningful answers to the questions. Thereupon, the questionnaire was again revised and placed at the disposal of the interviewer.

6) Interviewing

It was seen that the interviews should be held by a very skilled and experienced interviewer. The notion was that such approach would ensure a greater likelihood of the organisation's participation than could be expected from the researcher himself. Therefore, one of the research unit staff working for the department of marketing, Strathclyde University was chosen to administer these interviews. Prior to the commencement of the actual investigation, she got thoroughly acquainted with the survey and the nature of the activities of the organisations selected. Then, every manager listed to be interviewed was contacted and the appointments were arranged.

In the next chapter, we will analyse the results obtained through the use of this questionnaire.

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CHAPTER SIX

ANALYSIS OF THE FIELD STUDY FINDINGS

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ANALYSIS OF THE FIELD STUDY FINDINGS

Introduction

The data which was collected by the methodology of personal interviews will be analysed in this chapter in order to test the hypotheses put forward. The field study findings will be presented in two sections. Firstly, we shall document the findings related to hypotheses 1, 2 and 3, whose major objectives were to explore management attitudes towards the marketing concept. Secondly, we shall be presenting findings concerning the other hypotheses which were formulated in relation to the marketing mix elements, ie. product, pricing, promotion, and place.

From the outset, it would appear to be expedient to discuss the statistical techniques which were chosen for drawing inferences regarding the hypotheses put forward in the previous chapter. In this regard, it is to be noted that the initial task of undertaking any analysis is often a determination of the basic distributional characteristics of the variables. In our study, these characteristics were determined firstly through frequency and cross-tabulation, followed by paired comparison analysis(1) since these techniques represent the only meaningful form of analysis that can be carried out. The student 't' statistic(2) will be used for these questions using scales, to test the significance of the difference in the means for both groups, ie. successful and unsuccessful organisations.

The reason for avoiding other statistical techniques, namely, Chi-Square analysis to test, for example, the relationship between the dependent variable and the other independent variables, is basically the fact that the size of our sample (twelve organisations grouped into six pairs) is insufficient to test this relationship statistically. We turn now to analyse the field study findings.

Management Attitudes toward the Marketing Concept

Briefly, the marketing concept states that an organisation should try to satisfy customers' needs and wants through a co-ordinated set of activities that allow the organisation to achieve its goals. The customer-orientation of the marketing concept stresses the importance of customers and emphasises that marketing activities start and end with their needs and wants. In a more specific manner, the marketing concept implies emphasis on (1) customer-orientation, that is, a knowledge of customer needs and wants before the marketing process begins; (2) profitability of marketing operations; and (3) an organisational structure in which all marketing activities are performed by the marketing department, and where the chief marketing executive is accorded a place in the company's organisation which is of equal status as that which is given to top manufacturing and financial executives[3].

In the following pages, an attempt will be made to assess the attitudes of management in the organisations visited towards the marketing concept. In other words, the extent to which successful and unsuccessful organisations accept the philosophy of the marketing concept is assessed. In doing so, three major dimensions are analysed. These dimensions are:

(1) Marketing goals (factors) influencing decisions in NPO's. Analysis of such goals, in terms of determining the extent of emphasis placed by management on these goals, will determine whether or not an organisation is client-oriented.

(11) The extent to which an organisation depends on formalised and structured marketing research with a member specifically responsible for carrying out marketing functions.

(111) The extent to which management devote' the required efforts to identifying user's needs and wants.

(1) <u>Marketing Goals (Factors) Influencing Decisions in NPO's</u>

From the outset, it is important to mention that, although the main purpose of analysing this dimension, ie. marketing goals influencing decisions in NPO's, is to explore whether or not an organisation is client-oriented, it is expected that such analysis will indicate, implicitly, whether or not this organisation has good marketing planning. This shall be achieved by determining the overall marketing goals and the means by which these goals can be achieved. Accordingly, the findings of the study regarding marketing planning will be presented in two parts. Firstly, we shall present findings related to marketing goals which influence decisions in an NPO. Secondly, we shall present findings which relate to structure and formalised marketing planning.

a) The Study Findings Related to Marketing Goals

Respondents were asked to give their opinions on marketing goals which influenced their decisions; the aim being to identify whether or not the organisation was client-oriented. Question one was used for data collection on the importance of these goals and it included five statements on a scale ranging from 'very important' to 'not important at all'.

Comparing responses for both successful and unsuccessful organisations, as Table 6-1 shows, it would appear that, while both categories tend to pay attention to most marketing goals included in question one, there is a tendency for unsuccessful organisations to be slightly more client-oriented than successful organisations. The large majority of unsuccessful organisations, with an average of five organisations out of six, consider all goals as important or very important, as compared to an average of three successful organisations out of six consider only three goals out of five, ie. b, d, and e, as important or very important.

The paired comparison analysis supports this observation. From Table 6-2, it can be seen that, for three goals out of five, ie.

Table 6-1 : Marketing Goals (Factors) Influencing Decisions in NPO's (General Comparison)

GOALS	S										F									
	Very Important		Important		Neither Important Nor Un-important		Unim-portant		Not Important at all		Very Important		Important		Neither Important Nor Un-important		Unim portant		Not Important at all	
	No of orgs	%	No of orgs	%	No of orgs	%	No of orgs	%	No of orgs	%	No of orgs	%	No of orgs	%	No of orgs	%	No of orgs	%	No of orgs	%
a) To attract a predetermined audience size	* 1	16.2	1	16.7	4	66.6	-	-	-	-	2	33.3	1	16.7	2	33.3	-	-	1	16.7
b) To introduce a new product every year	2	33.3	3	50.0	-	-	1	16.7	-	-	3	50.0	2	33.3	1	16.7	-	-	-	-
c) To offer higher quality than the competitors	2	33.3	2	33.3	-	-	1	16.7	1	16.7	2	33.3	-	-	2	33.3	1	16.7	-	-
d) To cut operation cost	3	50.0	2	33.3	1	16.7	-	-	-	-	4	66.6	1	16.7	1	16.7	-	-	-	-
e) To offer a balance of product over a season/year	3	50.0	-	-	2	33.3	1	16.7	-	-	2	33.3	4	66.7	-	-	-	-	-	-
f) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

* Note: To be read; one organisation of those classified as successful stated that attracting a predetermined audience size is very important.

Table 6-2 : The Extent of the Emphasis Placed on Goals Related to Clients (Paired Comparison)

Factors \ Organisation Pair	Museums		Print-maker Workshops		Arts Centres		Theatres		Concert Halls		Entertain-ments		The Results*				All Pairs	Test of Significant
	S	F	S	F	S	F	S	F	S	F	S	F	S>F	S=F	S<F	Uncertain		
a) To attract a predetermined audience size	0	0	✓	X	✓	0	0	✓	0	✓	0	✓	2 (33.3)	-	3 (50)	1 (16.7)	6	N.S
b) To introduce a new product every year	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	X	0	-	5 (83.3)	-	1 (16.7)	6	N.S
c) To offer higher quality of services than the competitors	X	0	✓	X	X	X	✓	✓	✓	0	✓	✓	1 (16.7)	3 (50)	1 (16.7)	1 (16.7)	6	N.S
d) To cut operation costs	✓	0	0	✓	✓	✓	✓	✓	✓	✓	✓	✓	1 (16.7)	4 (66.6)	1 (16.7)	-	6	N.S
e) To offer a balance over a season/year	0	✓	X	✓	✓	✓	✓	✓	0	✓	✓	✓	-	3 (50)	3 (50)	-	6	N.S

✓ = Important or Very Important. X = Unimportant or not important at all. 0 = Uncertain.

* Note: To be read; the use of the factor 'to attract a predetermined audience size as a criterion' succeeded in differentiating success from failure, and emerged in favour of success for two pairs and in favour of failure for three pairs out of five.

'to introduce a new product every year' (b); 'to offer higher quality of services than the competitors' (c); and 'to cut operation costs' (d), there are five pairs (Museums, Printmaker Workshops, Arts Centres, Theatres and Concert-Halls), three pairs (Arts Centres, Theatres and Entertainments), and four pairs (Arts Centres, Theatres, Concert-Halls and Entertainments), respectively, out of six for which success equals failure, ie. S=F. This means that there are three goals emphasised equally by both successful and unsuccessful organisations, and that these goals, as measures, failed to differentiate success from failure. For the remainder of the goals, ie. 'a' (to attract a predetermined audience size) and 'e' (to offer a balance of product over a season/year), it would appear that while these goals succeeded, as measures, in differentiating success from failure, they emerged in favour of failure. Specifically, for goal 'a', there are three pairs (Theatres, Concert-Halls and Entertainments) out of five for which success was less than failure, ie. S<F, as compared to two pairs (Printmaker Workshops and Arts Centres), out of five for which success was greater than failure, ie. S>F. For goal 'e' there are three pairs (ie. Museums, Printmaker Workshops and Concert-Halls) out of six for which success was less than failure, ie. S<F. It should also be mentioned that, although there are three pairs (ie. Arts Centres, Theatres and Entertainments) out of six for which success equals failure, ie. S=F, the result, however, should be considered in favour of failure, since all unsuccessful organisations, as can be observed from Table 6-2, place great emphasis on goal 'e'.

However, the difference in means for both successful and unsuccessful organisations regarding these variables is statistically insignificant.

In general, the above analysis indicates that unsuccessful organisations tend to be more client-oriented than successful organisations in terms of the criteria used, i.e., the extent of the emphasis placed on goals related to clients. The most likely explanation for such finding is that the original selection of successful and unsuccessful pairs was misleading, or that unsuccessful organisations, because they know their lack of success, are trying to become marketing orientated.* It should be noticed, in this regard, that for goals a, b, d and e, the hypothesis is that the more emphasis the organisation places on goals, the more client-oriented the organisation will be, while the hypothesis for goal c is that the lower the emphasis the organisation places on the goals, the more client-oriented the organisation will be.

Further paired comparison, depending on information included in Table 6-2, can be made to add support to the above finding. From Tables 6-3 and 6-4, it can be recognised that there are five unsuccessful organisations, (Printmaker Workshops, Arts Centres, Theatres, Concert-Halls, and Entertainments), out of six which tend to be client-oriented, while only one organisation of this group, i.e., museum, is not client-oriented. For successful organisations, on the other hand, one half of these organisations are client-oriented. These organisations include museums, Arts Centres and Theatres. While the remainder of successful organisations, i.e., Printmaker Workshop, Concert-Halls, and Entertainments, tend not to be client-oriented.

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* Reasons for the inconclusive findings will be explained in great detail in chapter seven.

Finally, general comparison between each category, (successful and unsuccessful) and the other categories can be made to determine which category tends to be more client-oriented in terms of the extent of the emphasis that each category places on marketing goals related to clients. As Table 6-5 shows, it seems that print-maker workshops and Arts Centres are leaders in this regard, i.e., they are 100% client-oriented, followed by museums, Theatres, and Concert-Halls (80% client-oriented), and finally, Entertainments, 60% client-oriented.

Table 6-3 Client and Not Client-Oriented Organisations

S			F		
Category	No. of Goals related to Clients	Client or Not Client-Oriented	Category	No. of Goals related to Clients	Client or Not Client-Oriented
1) Museums	3 out of 5	Client-Oriented	1) Museums	2 out of 5	Not Client-Oriented
2) Print-maker work-shops	2 out of 5	Not Client-Oriented	2) Print-maker work-shops	4 out of 5	Client-Oriented
3) Arts Centres	5 out of 5	Client-Oriented	3) Arts Centres	4 out of 5	Client-Oriented
4) Theatres	4 out of 5	Client-Oriented	4) Theatres	4 out of 5	Client-Oriented
5) Concert Halls	2 out of 5	Not Client-Oriented	5) Concert Halls	4 out of 5	Client-Oriented
6) Enter-tain-ments	2 out of 5	Not Client-Oriented	6) Enter-tain-ments	3 out of 5	Client-Oriented

Table 6-4 Client and Not Client-Oriented Organisations "Summary"

	S	F	All Organisations
Client-Oriented	3	5	8
Not Client-Oriented	3	1	4
Total	6	6	12

Table 6-5 Classification of the Arts Categories According to the Extent of the Emphasis Placed on Marketing Goals Related to Clients

100% Client-Oriented "No. of emphasised goals related to clients is 5 out of 5	80% Client-Oriented "No. of emphasised goals related to clients is 4 out of 5	60% Client-Oriented "No. of emphasised goals related to clients is 3 out of 5
Printmaker workshop Arts Centres	Museums Theatres Concert-Halls	Entertainments

B. Structure and Formalisation of Planning

The extent to which the organisation adopts the policy of fully structured and formalised marketing planning, by defining objectives, tasks required, and measurements of performance, indicates, to a great degree, the attitudes of management towards marketing, (H. 1). Respondents were asked to identify whether the marketing goals which were identified earlier were committed to paper. As can be seen from Table 6-6, one half of both groups, i.e. successful and unsuccessful organisations, tended to adopt the policy of full structured and formalised planning, while the rest of both groups partly prepared their plans in writing. This would indicate that equal attention is given by both successful and unsuccessful organisations to the full structured policy, and leads, at the same time, to a relative neglect of such policy among the Arts Organisations visited.

The same conclusion can be reached from the paired comparison analysis. From Table 6-7, it can be seen that success equals failure for the majority of pairs, i.e. there are four pairs out of six, (museums, Arts Centres, Concert-Halls, and Entertainments), for which success equals failure, (S=F), as compared to only one pair out of six, (printmaker workshops), for which success is greater than failure, (S> F), and only one pair out of six, (theatres), for which success is less than failure, (S< F). The main conclusion, therefore, is that "the extent of structuring and formalising marketing planning" as a measure, failed to differentiate

Table 6-6 Structure and Formalisation of Planning. (Number of Organisations)

Category / Formalisation of Planning	S		F		All Organisations	
	No. of Orgs.	%	No. of Orgs.	%	No. of Orgs.	%
a) Fully Written Down	3	50.0	3	50.0	6	50.0
b) Partly Written Down	3	50.0	3	50.0	6	50.0
c) Not Written Down	-	-	-	-	-	-
	6	100	6	100	12	100

Table 6-7 Structure and Formalisation of Planning (Paired Comparison)

Organisation Pair	S		F		The Results				All Pairs
	Fully Written Down	Partly Written Down	Fully Written Down	Partly Written Down	S > F	S ≃ F	S < F	un-cer-tain	
1) Musuems	✓		✓			*			
2) Printmaker Workshops	✓			✓	*				
3) Arts Centres		✓		✓		*			
4) Theatres		✓	✓				*		
5) Concert Halls		✓		✓		*			
6) Enter-tain-ments	✓		✓			*			
					1(16.7)	4(66.7)	1(16.7)	-	6(100)

success from failure since the majority of pairs appeared to pay equal attention to this factor.

The above finding is because most organisation managerial decisions are made, to considerable extent, by central planners. As some managers interviewed mentioned, "most of the day-to-day decisions related to marketing planning are made by Board of Directors, Board of Management Committees, Board of Trustees, etc., in the light of the National goals given by the Scottish Arts Council. The explanation for such central decision making, as one manager said, is the absence of profit motivation. He noted "Since the organisation is not profit-motivated, most of these decisions are given by the Arts Council."

II) Structure and Formalisation of Marketing Research

In the following pages, attention is turned to a crucial factor in determining the attitudes of management toward the marketing concept, i.e. marketing research on which an organisation depends in order to determine its clients needs and wants so that it can develop the appropriate "product" which meets such needs. Some aspects pertaining to the marketing research factor are examined below. The aspects discussed are :

1) Researching the client-market as a policy of the organisation.

2) Methods of carrying out client-market research which

reflect the extent to which the organisation relies on its own market research staff.

3) Performance of marketing research activities.

4) Determining the most common reasons for not doing market research.

1) Researching Client-Markets

The starting point in determining client's needs and wants is the establishment of marketing research as an organisation's policy. In other words, some specific unit of the organisation must be assigned the task of determining the nature of the customer's needs and wants. In our study, respondents were asked to identify the extent to which their organisations researched the client-market before they decided to offer a new "product".

As Table 6-8 shows, for the successful group, three organisations out of six use marketing research before developing and launching a new "product" to the market, while the remainder of these organisations (3 out of 6), do not use any marketing research. In unsuccessful organisations, on the other hand, it would appear that there is a similarity between this group and the successful group in that one-half of unsuccessful organisations do marketing research and the rest of them, i.e. one-half, do not. These findings indicate that client-orientation is not highly recognised by both categories.

Table 6-8 The Use of Client-Market Research (Number of Organisations)

Use of Marketing Research / Categories	Marketing Research Used		Marketing Research Not Used		Do Not Know		Total	
	No of Orgs.	%	No of Orgs.	%	No of Orgs.	%	No of Orgs.	%
S	3	50.0	3	50.0	-	-	6	100
F	3	50.0	3	50.0	-	-	6	100
All Organisations	6	100	6	100	-	-	12	100

Table 6-9 The Use of Client-Market Research (Paired Comparison)

Organisation Pair	S		F		The Results				All Pairs
	Marketing Research Used	Marketing Research Not Used	Marketing Research Used	Marketing Research Not Used	S>F	S=F	S<F	un-cer-tain	
1) Museums	✓			x	*				
2) Printmaker Workshop		x		x		*			
3) Arts Centres		x	✓				*		
4) Theatres	✓		✓			*			
5) Concert-Halls		x	✓				*		
6) Enter-tain-ment	✓			x	*				
					2(33.3)	2(33.3)	2(33.3)	-	6(100)

However, paired comparison analysis, as it appears in Table 6-9, indicates, to some degree, different results. From this table, it can be seen that there are two pairs, (museums and entertainments), out of six for which success is greater than failure, (S > F). This would indicate that these two pairs take the lead in formalising and using market research as compared to the rest of the other pairs. Also, it can be observed from the same table that there are two pairs, (Arts Centres and Concert-Halls), out of six for which success is less than failure, (S < F), while there are two pairs, (printmaker workshops and theatres), out of six for which success equals failure, (S = F).

2) <u>Methods Used for Carrying Out Client-Market Research</u>

As an indication of whether marketing research programmes are attempting to discover client needs and wants prior to offering a new "product", respondents were asked to identify whether this research is carried out totally by their own marketing research staff or by using specialised outsiders in addition to their own staff. As Table 6-10 illustrates, all successful organisations, i.e. three out of three, and all unsuccessful organisations, i.e. three out of three, reported using two methods in carrying out client-market research. These methods are "by the organisation's own staff", and "by specialised outside organisations".

However, the extent of reliance on the organisation's market research staff is higher for successful organisations than for un-

Table 6-10 Methods Used to Carry Out Client Market Research (Number of Organisations)

Methods	S		F		All Organisations	
	No. of Orgs.	%	No. of Orgs.	%	No. of Orgs.	%
a) by "its" own staff.	3	100	3	100	6	100
b) by specialised outside organisations.			*			
c) by government agencies (for example, SAC marketing officer)	(a) *		(b) *			
d) others - students of University of Edinburgh						
Total	3	50	3	50	6	100

*a) The government agency used is the National Gallery of Scotland.

*b) The government agency used is the Scottish Civic Entertainment.

Table 6-11 Extent of Relying on the Organisation's Market Research Staff (Number of Organisations)

Method	S		F		All Organisation	
	No. of Orgs.	%	No. of Orgs.	%	No. of Orgs.	%
a) by its own staff only	2	66.7	-	-	2	33.3
b) by its own staff and outsiders	1	33.3	3	100	4	66.7
Total	3	100	3	100	6	100

successful organisations. As can be concluded from Table 6-11, two successful organisations out of three reported that they depend heavily on their own staff in determining the needs and wants of their clients, while only one organisation out of three indicated that it used an outside research organisation, (National Gallery of Scotland), in addition to its own staff. For unsuccessful organisations, on the other hand, it was found that all organisations which adopt marketing research policy, i.e., three organisations, relied heavily on both their own staff as well as outside research organisations, such as the Scottish Civic Entertainment officers and students of University of Edinburgh.

The above findings indicate, to some degree, that the extent of relying on the organisations market research staff, as a measure, succeeded in differentiating success from failure, and that it emerged in favour of success, i.e., success greater than failure, ($S > F$). In other words, the greater the organisation's reliance on its own staff for the determination of the needs and wants of its clients, the greater the success will be.

3) Performance of Marketing Research Activities

In the following section, an attempt will be made to explore the extent to which an organisation uses marketing research to determine the nature of its target markets, the appropriate product, location, and promotion strategy. The hypothesis is that "the more attention the organisation gives to determining such strategy,

Table 6-12 Frequency of Performance of Marketing Research Activities (Three Organisations for each Group)

Activities	Frequency of Use								Test of significance
	S				F				
	Frequently	Occasionally	Rarely	Never	Frequently	Occasionally	Rarely	Never	
1) Providing the required information about target markets	-	1(33.3)	-	*2(66.7)	1(33.3)	1(33.3)	1(33.3)	-	N.S
2) Market segmentation studies	1(33.3)	2(66.7)	-	-	1(33.3)	-	2(66.7)	-	N.S
3) Forecast "product" appeal to new clients	1(33.3)	1(33.3)	1(33.3)	-	1(33.3)	1(33.3)	1(33.3)	-	N.S
4) Eliminating unattractive "products"	2(66.7)	1(33.3)	-	-	1(33.3)	-	-	2(66.7)	N.S
5) Seeking the possibility of introducing a new "product"	3(100)	-	-	-	1(33.3)	-	-	2(66.7)	N.S
6) Studying the suitability of the location of the organisation	-	-	-	3(100)	1(33.3)	1(33.3)	-	1(33.3)	N.S
7) Pre-testing advertising	-	-	-	3(100)	-	-	1(33.3)	2(66.7)	N.S
8) Advertising media research	1(33.3)	1(33.3)	1(33.3)	-	-	1(33.3)	1(33.3)	1(33.3)	N.S.
9) Others	-	-	-	-	-	-	-	-	

* Note To be read : two organisations of those classified as successful stated that providing the required information about target markets, as a marketing research activity, has never been performed.

the better its performance will be.

As it appears from Table 6-12, the great majority of successful organisations tend to pay more attention to most activities related to : market segmentation, (all organisations, i.e., three organisations), eliminating unattractive "products", (all organisations), seeking the possibility of introducing a new "product", (all organisations), and advertising media research, (all organisations). Comparing these findings with the second group, i.e., unsuccessful organisations, it can be seen from the same Table that little attention is given by these organisations to these activities. Only one-third of unsuccessful organisations study their market segmentation, eliminating unattractive "products", seeking the possibility of introducing a new "product", and performing advertising media research.

Regarding activities performed for providing the required information about target markets, and studying the suitability of the location of the organisation, the analysis indicates that successful organisations pay little (or no) attention to these activities. Table 6-12, too, demonstrates that two-thirds of successful organisations had never studied their target markets in order to provide information about these markets. Also, all successful organisations, i.e., three, had never studied the suitability of the organisation's location. Comparing these findings with those of unsuccessful organisations, it can be noticed that two organisations out of three perform these two activities frequently or occasionally.

With reference to the activity of forecasting product appeal to new clients, the analysis of frequency, as Table 6-12 illustrates, reveals that equal attention was given by both groups, i.e., successful and unsuccessful organisations. For both groups, two organisations out of three perform, market research, frequently or occasionally, in this area.

Finally, concerning pre-test advertising, it appears that this marketing activity has been totally neglected by both successful and unsuccessful organisations.

In general, it is noticeable from Table 6-12 that successful organisations are engaging, to a great extent, in most market research activities, (5 areas out of 3), than unsuccessful organisations.

However, the difference in means for both successful and unsuccessful organisations regarding the factor performance of marketing research activities is statistically insignificant.

4) Stated Reasons for not Doing Market Research

Analysis of reasons for not doing market research while it may determine whether or not such "obstacles" are amenable to management control, also indicates, to some degree, the attitudes of management towards the marketing concept.

Table 6-13 Frequency Stated Reasons for not Doing Market Research (Five Organisations for each Group)*

Reasons	S		F		All Organisations	
	No. of Orgs.	%	No. of Orgs.	%	No. of Orgs.	%
a) Expensive	2	40	1	20	3	30
b) Sometimes impossible	2	40	1	20	3	30
c) Competition does not exist	-	-	1	20	1	10
d) Lack of necessary research facilities	-	-	-	-	-	-
e) The organisation is small and management talent is limited	-	-	-	-	-	-
f) Others						
- Marketing and selling is not a big part of the organisation	1	20	-	-	1	10
- Market-research is not a relevant activity	-	-	1	20	1	10
- No time for doing market research	-	-	1	20	1	10
Total	5	100	5	100	10	100

* Two organisations from both successful and unsuccessful groups answered this question though they have mentioned that they do market research.

As can be seen from Table 6-13, most of the stated 'reasons' by the majority of both successful and unsuccessful organisations, are controllable by good management. In successful organisations, four organisations out of five stated "expensive" and "sometimes impossible" as the most important reasons for not doing market research. On the other hand, only one successful organisation out of five mentioned that marketing and selling is not a significant aspect of the organisation's activities. As one manager interviewed said "We are a production unit, not a selling unit". This reflects that management of this organisation is not client-oriented, but, rather, production-oriented. Comparing with unsuccessful organisations, it was established that four organisations out of five mentioned that "expensive", "sometimes impossible", and "no time" as the most important reasons for not doing marketing research. Only one organisation out of five stated that "market research is not relevant activity to the organisation."

As it can be recognised, most of the reasons stated by the majority of both successful and unsuccessful organisations are amenable to management control, while the reasons "we are a production unit, not a selling unit", and "marketing research is not relevant activity to the organisation" indicate, clearly, that management of such organisations is not client-oriented.

III) Identifying and Meeting User's Needs

The extent to which management devotes considerable efforts to identifying customer needs and wants is a crucial indication in determining management attitudes towards marketing. In this study, the hypothesis is that "the greater the effort management devotes to identifying user's needs, the more successful the organisation will be." (H.3).

In the following pages, an attempt will be made to examine some factors thought to give an indication of management attitudes toward the marketing concept. These factors are :

1) a - Existence of a member specifically responsible for marketing activities.

b - The nature of the title of the member responsible for marketing activities.

c - The extent of integration of marketing functions under the control of the marketing executive.

d - The extent of involvement of the marketing executive.

2) The proportion of "productions" initiated entirely by the organisation.

3) The adoption of the philosophy of "offering what the client wants rather than offering what the organisation can offer."

1) a - Existence of an Executive Responsible for Marketing Activities

Respondents were asked if there was a member of their organisation who was specifically responsible for marketing activities. As Table 6-14 illustrates, the figure is slightly higher in successful organisations than in unsuccessful organisations. For successful organisations, there are five organisations out of six which have a member responsible for marketing activities, as compared to four out of six for unsuccessful organisations. This finding, while indicating that successful organisations tend to be more marketing-oriented than unsuccessful organisations, implies, on the whole, that a slight majority of both categories, i.e. successful and unsuccessful organisations, (9 out of 12), are marketing-oriented.

Table 6-14 Member Responsible for Marketing Activities. (Number of Organisations)

Category	Has a member responsible		Has not any member responsible		Total	
	No. of Orgs	%	No. of Orgs.	%	No. of Orgs.	%
S	5	83.3	1	16.7	6	100
F	4	66.7	2	33.3	6	100
All Organisations	9	75.0	3	25.0	12	100

Paired comparison analysis confirmed this finding. As Table 6-15 demonstrates, there is an indication that the factor "existence of a member responsible for marketing activities" succeeded to differentiate success from failure for three pairs. It tends to be in favour of success for two pairs (i.e., printmaker workshops and concert-halls), out of three, while it emerged in favour of failure for only one pair, (i.e. museums), out of three.

In general, comparison between the different pairs, as Table 6-15 also demonstrates, indicates that three pairs out of six are leaders in assigning a responsibility to a member for marketing activities. These pairs are : Arts Centres, Theatres, and Entertainments.

b - The Nature of the Title of the Member Responsible for Marketing Activities

Respondents, for those organisations which mentioned that they had a member responsible for marketing activities, were asked to identify the title of this member in order to identify, first, whether the "marketing director" title exists among the Arts organisations, as a type of NPO's, and secondly, to determine the extent to which marketing functions are integrated under the control of this member. Firstly, the study finding regarding the title of the marketing executive will be presented.

As Table 6-16 shows, the title "marketing director" exists in

Table 6-15 Member Responsible for Marketing Activities (Paired Comparison)

Organisation Pair	S		F		The Results				All Pairs
	Member Responsible	No Member Responsible	Member Responsible	No Member Responsible	S > F	S = F	S < F	uncertain	
1) Museums		x	✓				*		
2) Printmaker workshops	✓			x	*				
3) Arts Centres	✓		✓			*			
4) Theatres	✓		✓			*			
5) Concert-Halls	✓			x	*				
6) Entertainments	✓		✓			*			
					2(33.3)	3(50.0)	1(16.7)	-	6(100)

Table 6-16 The Title of the Member Responsible For Marketing Activities (Number of Organisations)

Titles	S		F	
	No. of Orgs.	%	No. of Orgs.	%
a) General Administrator	1	20	-	-
b) Marketing Director			1	25
c) Public Relations Officer	1	20	-	-
d) Programme Designer	-	-	-	-
e) Advertising Officer	-	-	-	-
f) Others				
- Publicity Officer	1	20	-	-
- Sharing between General Administrator and Programme Designer	1	20	-	-
- Sharing between General Administrator and Artist Director / Party Organiser	-	-	1	25
- Sharing between Publicity Officer and Publics Committee	-	-	1	25
- Sharing between Publicity Officer and Entertainment Officer	1	20	-	-
- Sharing between Recreation Officer and Entertainment Officer	-	-	1	25
All Organisations	5	100	4	100

only one unsuccessful organisation, and one successful organisation under the title "publicity officer". There is a variety of titles for the responsible marketing member. These titles, for example, are : general administrator, public relations officer, artistic director, party organiser, entertainment officer, and recreation officer.

c - The Extent of Integration of Marketing Functions Under the Control of Marketing Executive

From Table 6-17, it would appear that there are three successful organisations out of five in which the member responsible for marketing functions has full responsibility for carrying out these functions, while he/she shares this responsibility with other executives in the rest of the successful organisations.

Table 6-17 Extent of Integration of Marketing Functions Under the Control of the Marketing Member

Extent of Integration	S		F	
	No. of Orgs.	%	No. of Orgs.	%
- Has full responsibility for most marketing functions	3	60.0	1	25.0
- Shares responsibility for marketing functions	2	40.0	3	75.0
All Organisations	5	100	4	100

For unsuccessful organisations, on the other hand, it would appear that the member responsible for marketing activities in the majority of these organisations, (3 out of 4), shares this responsibility with others, while he/she has the full responsibility in only one organisation out of four. This finding would indicate that successful organisations tend to place more emphasis upon responsibility for the marketing function than do unsuccessful organisations.

d - The Extent of Involvement of the Member Responsible for Marketing Activities

Of course the existence of a member responsible for marketing activities is insufficient to indicate that the organisation is marketing-oriented. Rather, and more importantly, perhaps, is the extent of involvement of this member in goal setting and planning operations. Accordingly, respondents were asked to indicate the extent to which the member responsible for marketing activities is involved in these operations.

From Table 6-18 it can be observed that the majority of unsuccessful organisations, (3 out of 4), tended to give the member responsible for marketing activities greater opportunity to be involved in goal setting and planning operations than successful organisations, (2 out of 5).

The above finding is confirmed by paired comparison analysis. As Table 6-19 shows, there are two pairs, (Theatres and Entertainments), out of three for which success is less than failure, ($S < F$), which

Table 6-18 Extent of Involvement of the Marketing Executive (Number of Organisations)

The Scales	S		F		All Organisations	
	No. of Orgs.	%	No. of Orgs.	%	No. of Orgs.	%
1) To a great extent	2	40	2	50	4	44.4
2)	-	-	1	25	1	11.1
3)	-	-	-	-	-	-
4)	2	40	1	25	3	33.4
5) Not at all	1	20	-	-	1	11.1
	5	100	4	100	9	100

would seem to imply that unsuccessful organisations tend to be more marketing-oriented than successful organisations. Thus, the factor "extent of involvement of marketing executive sueceeded in differentiating success from failure and emerged in favour of failure."*

However, the difference in means for both successful and unsuccessful organisations, as it appears from Table 6-20, is insignificant, and it is therefore possible that these results occured by chance.

Table 6-19 Extent of Involvement of the Marketing Executive (Paired Comparison)

Organisation Pair	S		F		The Results				All Pairs	Test of Significance
	To a great extent	Not at all	To a great extent	Not at all	S > F	S = F	S < F	uncertain		
1) Museums	-	-	-	-	-	-	-	-		
2) Printmaker workshops	-	-	-	-	-	-	-	-		
3) Arts Centres		x		x		*				
4) Theatres		x	✓				*			
5) Concert-Halls	-	-	-	-	-	-	-	-		
6) Entertainments		x	✓				*			
						1(33.3)	2(66.7)	-	3(100)	N.S.

Table 6-20 The results of the test of significance regarding the extent of Involvement of the Marketing Executive in goal setting and planning operations

Variable		S	F	Conclusion
Extent of involvement of the marketing executive in goal setting and planning operations	Means	3.00	1.75	"t" a > "t" cal
	St. Dev.	1.871	1.444	
	No. of Orgs.	5	4	The difference in means is not significant
	Deg. of Freedom	7		
	Significance level	0.05		
	Calculated value of "t"	0.576		i.e.
	Tabulated value of "t"	1.895*		(N.S)

* To be read : a difference in means could have been observed as a chance effect with a probability of greater than 5%

2) - The Proportion of Productions Initiated Entirely by the Organisation Without Taking Into Account the Public Needs

As a further indication of whether the organisation is client-oriented, respondents were asked to identify the extent to which the "productions" were initiated entirely by the organisation without taking into account its public needs. As Table 6-21 illustrates, successful organisations tend to be more client-oriented in terms of this criterion than unsuccessful organisations. From the Table mentioned above, four successful organisations out of six reported that their "productions" are almost always initiated according to their public needs and wants. Only two organisations out of six mentioned that some / or many "productions" were initiated entirely by the organisation without considering the public needs. Comparing these findings with unsuccessful organisations, it can be seen from the same Table that the productions of the majority of these organisations, (4 out of 6) were initiated entirely by the organisation without taking into account their public needs. Only two organisations out of six reported that they take into account their public needs in their productions.

Table 6-21 The Proportion of Productions which were Initiated Entirely by the Organisation (Number of Organisations)

Proportion	S		F		All Organisations	
	No. of Orgs.	%	No. of Orgs.	%	No. of Orgs.	%
None	4	66.6	2	33.3	6	50.0
Some	1	16.7	2	33.3	3	25.0
Many	1	16.7	2	33.4	3	25.0
	6	100	6	100	12	100

The above results are confirmed by the paired comparison analysis. As can be observed from Table 6-22, there are three pairs (print-maker workshops, Concert-Halls, and Entertainments) out of four for which success is greater than failure, (S>F), as compared to one pair, (Theatres), out of four for which success is less than failure, (S<F). This means that the factor "proportion of productions initiated according to the public needs" succeeded in differentiating

Table 6-22 The Proportion of Productions which were Initiated Entirely by the Organisation (Paired Comparison)

Organisation Pair	S		F		The Results			un-cer-tain	All Pairs
	None	Some	None	Some	S > F	S = F	S < F		
1) Museums		x		x		*			
2) Printmaker Workshop	✓			x	*				
3) Arts Centres	✓		✓			*			
4) Theatres		x	✓				*		
5) Concert-Halls	✓			x	*				
6) Entertainments	✓			x	*				
					3(50)	2(33.3)	1(16.7)	-	6(100)

success from failure and emerged in favour of success. It can also be seen from the same table that pair 1, i.e., museums, is not client-oriented in this respect, and that pair 3, i.e., Arts Centres, is the leader in offering productions which are required and wanted by its publics.

3) - The Adoption of the Philosophy of "Offering what the Client Wants rather than Offering what the Organisation can Offer"

In question 20 e, respondents were asked to identify the extent to which the organisation adopted the philosophy of "offering what the client wants rather than offering what the organisation can offer."

Table 6-23 illustrates that the majority of both successful and unsuccessful organisations, (9 out of 12), tend to be client-oriented. However, comparison analysis indicates that five unsuccessful organisations out of six were slightly more client-oriented as compared to four successful organisations out of six.

From paired comparison analysis, it would appear that the factor "offering what the client wants rather than offering what the organisation can offer" failed to differentiate success from failure. As can be seen from Table 6-24, there are five pairs out of six for which success equals failure, (S = F). It also appears that pair 1, (i.e. museums), is not client-oriented in terms of meeting the client's needs.

Table 6-23 Offering what the Client wants rather than Offering what the Organisation can offer (Number of Organisations)

Scale / Categories	S		F		All Organisations	
	No. of Orgs.	%	No. of Orgs.	%	No. of Orgs.	%
1) Essential	-	-	2	33.3	2	16.7
2) Very Important	2	33.3	1	16.7	3	25.0
3) Important	2	33.3	2	33.3	4	33.3
4) Fairly Important	-	-	-	-	-	-
5) Not Important	2	33.4	1	16.7	3	25.0
	6	100	6	100	12	100

However, the difference of means for successful and unsuccessful organisations, as Table 6-25 illustrates, is not significant, and it is therefore possible that these results occurred by chance.

It is to be noted, however, that there is a contradiction between the result appearing from Table 6-23, i.e., the majority of unsuccessful organisations are more client-oriented, in terms of offering what the client wants rather than offering what the organisation can offer ; and the result appearing from Table 6-21, i.e., the low ratio of unsuccessful organisations, (2 out of 6), which tend to be less client-oriented, where the productions were initiated entirely by the organisation without taking into account what the public needs.

Table 6-24 Offering what the Client wants rather than offering what the Organisation can offer (Paired Comparison)

Organisation Pair	S		F		The Results				All Pairs	Test of Significance
	Essential/ Important	Not Important	Essential/ Important	Not Important	S > F	S = F	S < F	uncertain		
1) Museums		x		x		*				
2) Printmaker Workshop	✓		✓			*				
3) Arts Centres	✓		✓			*				
4) Theatres		x	✓				*			
5) Concert-Halls	✓		✓			*				
6) Entertainments	✓		✓			*				
						5(83.3)	1(16.7)	-	6(100)	N.S.

Table 6-25 The results of the test of significance regarding the adoption of the policy of offering what the client wants rather than offering what the organisation can offer

Variables		S	F	Conclusion
Offering what the Client wants rather than offering what the organisation can offer	Mean	3.33	2.50	"t" a > "t" cal. The difference in means is not significant i.e. (N.S.)
	St. Dev.	1.366	1.715	
	No. of Orgs.	6	6	
	Deg. of Freedom	10		
	Significance level	0.05.		
	Calculated value of "t"	0.687		
	Tabulated value of "t"	1.812		

The possible explanation of such contradiction is that managers may merely be paying lip-service to the concept of marketing as a philosophy without actually implementing it. As Felton[(4)] indicated "there is too great a tendency to get on the marketing concept band-wagon per se, and too little concern for making it work at a profit".

In the next section, the study findings regarding the application of the marketing mix elements to the Scottish Arts Organisations, and the contribution which this application can make to improve performance in these organisations will be presented.

SECTION TWO

The Study Findings Related to Marketing Policies and Practices

The aim of this section is to explore the extent to which the efficient use of the marketing principles related to the marketing mix elements, i.e., product, price, promotion, and place, will lead to better performance in the Scottish Arts Organisations. In the following pages, attention will be given to a crucial element in an organisation's marketing effort, that is, the "product" it offers to meet its client's wants and needs.

1) Product Policy

This sub-section examines some aspects of product policy in the arts organisations which were visited during the field research. These aspects included the recommended procedures for launching a new product and some related-product decisions. Specifically, the following aspects are examined :

a) Generating the required information and clients' needs.

b) Estimating market size.

c) Forecasting product appeal to new clients.

d) Assessing the possibility of introducing a new product.

e) Eliminating unattractive "products".

f) The policy of differentiating the organisation's services to meet the different client's needs and wants.

g) Improving product quality.

At the outset, it is worth mentioning that although the principal aim of this investigation was to generate data directly from the field regarding current marketing practices in the organisations visited, it was intended to keep the length of the questionnaire as short as possible to increase the likelihood of co-operation by respondents. Consequently, responses to question 6-B ; which explored the extent to which the organisations visited undertake marketing research in some stated areas, such as advertising, location, marketing planning ; were partly re-used to determine the extent to which the use of recommended procedures for launching a new product would improve the organisation's performance.

Taking account of the above, the study's findings regarding product policy are presented below.

a) Obtaining the Required Information about Client's Needs

Respondents were asked to indicate the frequency with which they tried to obtain the required information about their client's needs and wants before launching a new "product". The results are reported in Table 6-26.

As can be seen from Table 6-26, the majority of the Scottish Arts Organisations visited tend to pay little attention to the activity of identifying the client's needs and wants. Specifically, for successful organisations, it appears that five organisations out of six have never studied their target markets to obtain the

Table 6-26 Frequency of obtaining the required information about clients needs and wants. (Number of Organisations)

Frequency		S	F	All Organisations
1) Frequently	%	-	16.7	8.3
	No.	-	1	1
2) Occasionally	%	16.7	16.7	16.7
	No.	1	1	1
3) Rarely	%	-	16.7	8.3
	No.	-	1	1
4) Never	%	85.3	50.0	66.7
	No.	5	3	8
Total	%	100	100	100
	No.	6	6	12

required information about their needs, while only one organisation, i.e. that involved in entertainment, mentioned that it occasionally studied its client's needs. For unsuccessful organisations, on the other hand, two-thirds of them reported that they never, or rarely, studied their target markets to identify their wants and needs, while only one-third of these organisations, i.e. Theatres, and Concert-Halls, performed this activity frequently or occasionally.

Paired comparison analysis, as Table 6-27 shows, supports the above findings and indicates that the factor "obtaining the required information about the target markets" failed, as a measure, to

Table 6-27 Frequency of obtaining the required information about client's needs (Paired Comparison)

Organisation Pair	S		F		The Results				All Pairs	Test of Signi-cance
	Frequently	Never	Frequently	Never	S > F	S = F	S < F	uncertain		
1) Museums		x		x		*				No differences
2) Printmaker workshop		x		x		*				
3) Arts Centres		x		x		*				
4) Threatres		x	✓				*			
5) Concert-Halls		x	✓				*			
6) Enter-tain-ments	✓			x	*					
					1(16.7)	3(50.0)	2(33.3)	-	6(100)	N.S

differentiate success from failure for three pairs out of six, i.e., museums, printmaker workshops, and Arts Centres, where success equals failure (S = F). This factor, however, succeeded in differentiating success from failure and emerged in favour of success for only one pair, i.e., that of entertainments, and emerged in favour of failure for two pairs out of six, i.e., Threatres and Concert-Halls.

However, the differences between successful and unsuccessful organisations regarding the factor "obtaining the required information about the target markets" is statistically insignificant.

b) Estimating Market Size

Regarding the procedure related to market segmentation in order to estimate the market size, it would appear that successful organisations tend to pay slightly more attention to this factor as compared to unsuccessful organisations. As can be observed from Table 6-28, one-half of successful organisations tried to estimate their market size before launching their services while the other half had never undertaken this activity. In comparison with unsuccessful organisations, it is found that only one organisation out of six, i.e., Threatres, studied its market size in order to estimate the potential users for its services, while the large majority of these organisations, (five out of six) mentioned they never, or rarely, carried out studies in this area.

The same findings were obtained from the paired comparison analysis as can be discovered from Table 6-29. The Table illustrates that the

Table 6-28 Extent of Studying and Segmenting Markets to Estimate Market Size (Number of Organisations)

Frequency		S	F	All Organisations
1) Frequently	% No.	16.7 1	16.7 1	16.7 2
2) Occasionally	% No.	33.3 2	- -	16.7 2
3) Rarely	% No.	- -	33.3 2	16.7 2
4) Never	% No.	50.0 3	50.0 3	50.0 6
Total	% No.	100 6	100 6	100 12

factor "studying and segmenting markets to estimate market size," succeeded in differentiating success from failure for two pairs out of six, i.e., Museums and Entertainments, and emerged in favour of success where success was greater than failure (S > F). For the other four pairs, i.e., printmaker workshops, Arts-Centres, Threatre, and Concert-Halls, the factor "market segmentation", however, failed to distinguish success from failure, i.e., success equals failure (S = F).

However, the differences between successful and unsuccessful organisations, in terms of market segmentation is statisctically insignificant.

Table 6-29 Extent of studying and segmenting markets. (Paired Comparison)

Organisation Pair	S		F		The Results				All Pairs	Test of Significance
	Frequently	Never	Frequently	Never	S > F	S = F	S < F	uncertain		
1) Museums	✓			x	*					
2) Printmaker workshops		x		x		*				
3) Arts-Centres		x		x		*				
4) Theatres	✓		✓			*				
5) Concert-Halls		x		x		*				
6) Entertainments	✓			x	*					
					2(33.3)	4(66.7)	-	-	6(100)	N.S.

Taking all categories together, however, it would appear that the Theatres pair is the leader, followed by museums and that of Entertainments, in undertaking studies related to market segmentation in order to estimate the market size before launching new "services" to the target markets.

c) <u>Forecasting Product Appeal to New Clients</u>

Concerning the procedure related to forecasting product appeal to new clients, the analysis of frequency, as Table 6-30 shows, reveals that little attention was given to this factor by both groups, i.e., successful and unsuccessful organisations. From Table 6-30, it can be seen that only one-third of both successful and unsuccessful organisations visited reported they were forecasting their product appeal to new clients frequently or occasionally, while the remaining organisations of both groups (two-thirds of the organisations visited), said that they never / or rarely, performed this activity.

The paired comparison analysis, as Table 6-31 illustrates, indicates that the factor "forecasting product appeal to new clients," as a measure , was able to differentiate success from failure for only two pairs out of six and emerged in favour of success for the Entertainments pair where success is greater than failure (S>F). This factor also emerged in favour of failure for the Concert-Halls pair where success was less than failure (S<F). However, this factor, i.e., forecasting product appeal to new clients, failed, as a measure, to distinguish success from failure for four pairs out

Table 6-30 Frequency of forecasting product appeal to new clients (Number of Organisations)

Frequency		S	F	All Organisations
1) Frequently	% No	16.7 1	16.7 1	16.7 2
2) Occasionally	% No	16.7 1	16.7 1	16.7 2
3) Rarely	% No	16.7 1	16.7 1	16.7 2
4) Never	% No	50.0 3	50.0 3	50.0 6
Total	% No	100 6	100 6	100 12

of six, i.e., museums, printmaker workshops, Arts Centres, and Theatres where success equals failure (S=F).

Taking all categories together, however, it would appear that the Theatres pair, again, is the leader in terms of forecasting product appeal to new clients (100%), followed by Entertainments and Concert-Halls pairs (50% each).

d) Assessing the Possibility of Introducing A New "Product"

With reference to the activity related to assessing the possibility of introducing a new product to the market, it appears, as Table 6-32 shows, that the majority of all organisations visited (8 out of 12),

Table 6-31 Frequency of forecasting product appeal to new clients (Paired Comparison)

Organisation Pair	S		F		The Results				All Pairs	Test of Significance
	Frequently	Never	Frequently	Never	S > F	S = F	S < F	uncertain		
1) Museums		x		x		*				
2) Printmaker workshops		x		x		*				
3) Arts-Centres		x		x		*				
4) Theatres	✓		✓			*				
5) Concert-Halls		x	✓				*			
6) Entertainments	✓			x	*					
					1(16.7)	4(66.6)	1(16.7)	-	6(100)	N.S.

tend to pay no attention to this procedure, while only one-third of all organisations performed this procedure frequently.

General analysis, however, indicates that successful organisations tend to pay more attention to assessing the possibility of introducing a new product than unsuccessful organisations. From Table 6-32, too, it appears that three successful organisations out of six performed this procedure as compared to only one unsuccessful organisation which tried to assess the possibility of introducing a new "product".

The paired comparison analysis shows that the factor "assessing the possibility of introducing a new product" succeeded, as a measure, in differentiating success from failure in general. As can be recognised from Table 6-33, there are three pairs out of six i.e., museums, Theatres, and Entertainments, for which success is greater than failure ($S > F$). It also appears that this factor succeeded in distinguishing success from failure for the Concert-Halls pair and emerged in favour of failure, i.e., success is less than failure ($S < F$). However "Assessing the possibility of introducing a new product" failed as a measure in differentiating success from failure for two pairs out of six, i.e., printmaker workshops, and Arts-Centres, where success equals failure ($S \simeq F$).

However, the differences in the means are not statistically significant, and it is therefore possible that these results occurred by chance.

Table 6-32 Assessing the possibility of introducing a new product (Number of Organisations)

Frequency		S	F	All Organisations
1) Frequently	%	50.0	16.7	33.3
	No	3	1	4
2) Occasionally	%	-	-	- -
	No	-	-	-
3) Rarely	%	-	-	-
	No	-	-	-
4) Never	%	50.0	83.3	66.7
	No	3	5	8
Total	%	100	100	100
	No	6	6	12

e) Eliminating Unattractive "Products"

The study findings regarding the activity of eliminating unattractive "products" are presented in Table 6-34.

As can be seen from this Table, the elimination of unattractive products as a marketing factor was ignored by the majority of Scottish Arts Organisations visited (eight out of twelve). General analysis, however, would indicate that successful organisations tend to pay more attention to the marketing factor related to eliminating unattractive products than unsuccessful organisations. From the same Table, it can be seen that three successful organisations out of

Table 6-33 Assessing the possibility of introducing a new product (Paired Comparison)

Organisation Pair	S		F		The Results				All Pairs	Test of Significance
	Frequently	Never	Frequently	Never	S > F	S = F	S < F	uncertain		
1) Museums	✓			x	*					
2) Printmaker workshops		x		x		*				
3) Arts Centres		x		x		*				
4) Theatres	✓			x	*					
5) Concert-Halls		x	✓				*			
6) Entertainments	✓			x	*					
					3(50.0)	2(33.3)	1(16.7)	-	6(100)	N.S.

six mentioned they eliminate unattractive products, while the other three organisations never undertake this activity. For unsuccessful organisations, on the other hand, the Table shows that the majority of these organisations, i.e., five out of six, have never undertaken the activity of seeking to eliminate unattractive products, while only one organisation out of six reported it performed this activity frequently.

The paired comparison analysis supports the above findings and indicates that the factor "eliminating unattractive products" was able, as a measure, to differentiate success from failure.

Table 6-34 Eliminating unattractive "products" (Number of Organisations)

Frequency		S	F	All Organisations
1) Frequently	% No	33.3 2	16.7 1	25.0 3
2) Occasionally	% No	16.7 1	- -	8.3 1
3) Rarely	% No	- -	- -	- -
4) Never	% No	50.0 3	83.3 5	66.7 8
Total	% No	100 6	100 6	100 12

As can be observed from Table 6-35, there are three pairs out of six, i.e., Museums, Threatres, and Entertainments, for which success is greater than failure (S>F). This factor succeeded also in distinguishing success from failure for the Concert-Halls pair but emerged in favour of failure (S<F). However, the factor "eliminating unattractive products" failed in differentiating success from failure for two pairs out of six, i.e., printmaker workshops and Arts Centres where success equals failure (S=F).

Considering all categories together, however, it would appear that the pairs Museums, Threatres, and Entertainments, were, relatively speaking, leaders in eliminating their unattractive products.

The differences between the means for both successful and unsuccessful organisations regarding the marketing factor "eliminating unattractive products" are statistically insignificant.

f) Differentiating The Organisation's Services

It was hypothesised that "the more attention the organisation gives to differentiating its services the more these services will appeal to the intended audience" (H.5) In the following pages, an attempt will be made to examine the extent to which differentiating the organisation's services to meet the different client's needs and wants would lead to improved performance in the Scottish Arts Organisations, and would differentiate success from failure. In doing so, the following points were examined :

i) Determining whether the organisation adopts an adaptation

Table 6-35 Eliminating unattractive products (Paired Comparison)

Organisation Pair	S		F		The Results				All Pairs	Test of Significance
	Frequently	Never	Frequently	Never	S > F	S = F	S < F	uncertain		
1) Museums	✓			x	*					
2) Printmaker workshops		x		x		*				
3) Arts Centres		x		x		*				
4) Theatres	✓			x	*					
5) Concert-Halls		x	✓				*			
6) Entertainments	✓			x	*					
					3(50.0)	2(33.3)	1(16.7)	-	6(100)	N.S.

policy.

ii) The extent of implementing the adaptation policy.

iii) The major reasons for not adopting the adaptation policy.

i) Adopting An Adaptation Policy

Respondents were asked to indicate whether they adopted their organisation's services to suit the different client's needs and wants. The answers received are shown in Table 6-36 below.

Table 6-36 Adopting An Adaptation Policy (Number of Organisations)

	S		F		All Organisations	
	No. of Orgs.	%	No. of Orgs.	%	No. of Orgs.	%
Adaptation used	6	100	6	100	12	100
Adaptation not used	-	-	-	-	-	-

As can be seen from the above Table, there was a high tendency among the Scottish Arts Organisations visited (successful and unsuccessful), to adopt their services to suit their client's needs and wants.

The above findings were supported by the paired comparison analysis. From Table 6-37, it appears that all pairs from both categories, i.e., successful and unsuccessful organisations,

Table 6-37 The Use of an Adaptation Policy (Paired Comparison)

Organisation Pair	S		F		The Results				All Pairs	Test of Significance
	Adaptation used	Adaptation not used	Adaptation used	Adaptation not used	S > F	S = F	S < F	uncertain		
1) Museums	✓		✓			*				
2) Printmaker workshops	✓		✓			*				
3) Arts Centres	✓		✓			*				
4) Theatres	✓		✓			*				
5) Concert-Halls	✓		✓			*				
6) Entertainments	✓		✓			*				
						6(100)	-	-	6(100)	N.S.

implemented the adaptation policy. This finding, however, indicates that the factor "adopting the organisation's services to suit the different client's needs" failed, as a measure, in differentiating success from failure which means that success equals failure (S=F).

ii) The Extent of Implementing the Policy of Adaptation

Table 6-38 obtains the respondents' answers to the following question : "To what extent does your organisation adopt such an adaptation policy?"

To a great extent Very little

1	2	3	4	5

and, (please circle the most appropriate number on the scale).

As can be observed from Table 6-38, the majority of the Scottish Arts Organisations visited, both successful and unsuccessful (nine out of twelve) tend to adopt their services in order to suit the different client's needs and wants. For successful organisations, it was found that four of the organisations reported they had adopted the adaptation policy to a great extent, as compared to five unsuccessful organisations which mentioned they adopted this policy to a great extent.

The paired comparison analysis, however, shows, to some extent, different findings. From Table 6-39, it would appear that, while

Table 6-38 Extent of Adopting the Policy of Adaptation (Number of Organisations)

	S		F		All Organisations	
	No. of Orgs.	%	No. of Orgs.	%	No. of Orgs.	%
1) To a great extent	4	66.8	4	66.8	8	66.7
2)	-	-	1	16.6	1	8.3
3)	2	33.2	1	16.6	3	25.0
4)	-	-	-	-	-	-
5) Very little	-	-	-	-	-	-
	6	100	6	100	6	100

the factor "the extent of adopting the organisation's service to suit the different client's needs" succeeded, as a measure, in distinguishing success from failure for three pairs out of six, it failed to do so for the remaining three pairs. Specifically, this factor succeeded, on one hand, in differentiating success from failure for the print-maker workshops pair and emerged in favour of success, i.e., success is greater than failure (S$>$F). The factor succeeded also in differentiating success from failure for the Museums and Arts Centres pairs and emerged in favour of failure, i.e., success less than failure (S$<$F). On the other hand, the factor "adopting an adaptation policy" failed to differentiate success from failure for three pairs out of six, i.e., Theatres, Concert-Halls and that of

Table 6-39 Extent of Adopting the Policy of Adaptation (Paired Comparison)

	S		F		The Results				All Pairs	Test of Significance
	To a great extent	Very little	To a great extent	Very little	S > F	S = F	S < F	uncertain		
1) Museums		x	✓				*			
2) Printmaker workshops	✓			x	*					
3) Arts Centres		x	✓				*			
4) Theatres	✓		✓			*				
5) Concert-Halls	✓		✓			*				
6) Entertainments	✓		✓			*				
					1(16.7)	3(50.0)	2(33.3)	-	6(100)	N.S.

Entertainments where success equals failure (S≃F).

Taking all categories together, however, it would appear that the pairs Theatres, Concert-Halls and Entertainments are leaders in adopting their services according to their client's needs and wants (100%), followed by printmaker workshops, museums, and Arts Centres pairs (50% each).

However, the differences between the means for both successful and unsuccessful organisations with reference to the factor "adopting an adaptation policy" are not significant.

iii) <u>The Major Reasons for not using an Adaptation Policy</u>

Respondents were requested to identify the main reasons for not using an adaptation policy. Three major reasons were suggested by the questionnaire to the respondents who were also asked to rank these reasons in order of importance. These reasons were :

a) We have insufficient financial resources to make such adaptation. ☐

b) Lack of competent professionals to make adaptation. ☐

c) Our markets are limited and so we offer services of a standard nature to meet the different needs of many of these markets. ☐

d) Others (please specify)

It is to be mentioned that, since all successful and unsuccessful organisations visited (twelve organisations) reported they adopted the adaptation policy, as mentioned earlier, it was expected not to receive responses to this question. However, one unsuccessful organisation (i.e. museums) reported that the lack of both sufficient financial resources and competent professionals to make such adaptation are the most important reasons for not using the adaptation policy.

g) Improving "Product" Quality

Improving "product" quality is another crucial factor in an organisation's marketing effort influencing its performance. Accordingly, respondents were asked, in question 20-a, to indicate the extent to which the factor "improving product quality" has contributed to their organisation's performance. The responses received are presented in Table 6-40.

Table 6-40 illustrates that the majority of all organisations visited (ten out of twelve) tend to pay considerable attention to the improvement of their product's quality. However, general comparison would indicate that successful organisations pay more attention to this effort (all successful organisations), than unsuccessful organisations (only two-thirds).

From the paired comparison analysis, as Table 6-41 shows, it would appear that the factor "improving product quality" succeeded,

Table 6-40 The Extent to which Improvement of Product Quality has contributed to the Organisation's Performance (Number of Organisations)

Categories / Scales	S		F		All Organisations	
	No. of Orgs.	%	No. of Orgs.	%	No. of Orgs.	%
1) Essential	3	50	3	50	6	50.0
2) Very Important	3	50	1	16.7	4	33.3
3) Important	-	-	1	16.7	1	8.3
4) Fairly Important	-	-	-	-	-	-
5) Not Important	-	-	1	16.7	1	8.3
	6	100	6	100.1*	12	99.9*

* Percentage is more, or less, than 100 because of rounding

as a measure, in distinguishing success from failure for only two pairs out of six, i.e, Arts Centres and Entertainments, and emerged in favour of success, i.e., success is greater than failure (S>F). On the other hand, this factor failed to differentiate success from failure for four pairs out of six, i.e., museums, printmaker workshops, Theatres, and Concert-Halls, where success equals failure (S=F).

The differences in the means, however, are not statistically significant.

In short, the foregoing discussion, regarding product policy, would indicate that the Arts Organisations found it difficult to follow the normal marketing procedures, i.e., target market and forecasting product appeal and needs. However, the successful organisations tend to pay more attention to the importance of differentiating their services and improving their product quality. In a general sense, this is what their customers require and they are, consequently, successful.

2) Pricing

As indicated during the theoretical sections of this study, pricing policy is concerned with price-related decisions designed to encourage the kind of product acceptance desired by the organisation's customers, and to meet its economic, social, and environmental objectives. Marketing orientation of pricing decisions is, of course, a prerequisite in the application of the marketing concept.

Table 6-41 The Extent to which the Improvement of Product Quality has contributed to the Organisation's Performance. (Paired Comparison)

Organisation Pair	S		F		The Results				All Pairs	Test of Significance
	Essential	Not Important	Essential	Not Important	S > F	S = F	S < F	uncertain		
1) Museums	✓		✓			*				
2) Printmaker workshops	✓		✓			*				
3) Arts Centres	✓			x	*					
4) Theatres	✓		✓			*				
5) Concert-Halls	✓		✓			*				
6) Entertainments	✓			x	*					
					2(33.3)	4(66.7)	-	-	6(100)	N.S.

The aim of this sub-section is to examine the extent to which the application of the marketing principles in setting the pricing strategy in the non-profit arts organisations, in those cases where these organisations do charge a "price" for their offerings, will lead to greater efficiency of the organisation's performance, and the rational use of the available resources. (H.6).

In the following pages, an attempt will be made to examine some aspects related to pricing strategy which are thought to be of relevance in differentiating success from failure with reference to the Scottish Arts Organisations as a type of non-profit organisation. These aspects included :

i) Determining whether the organisation charges admission fees for its services.

ii) The major methods used in setting an organisation's pricing stragegy.

iii) The major objectives of price policy.

iv) Explanations for offering the organisation's services free.

v) Achieving the lowest possible admission charge.

i) Charging (or not) Admission Fees

In an attempt to establish whether a "price" is being charged for the organisation's service, respondents were asked the following question :

'Does your organisation charge admission fees for its offerings?

Yes ☐ No ☐ Sometimes ☐

The question had a second part which reads :

'If sometimes, please specify under what circumstances'.

As it appears from Table 6-42, the majority of the organisations visited, both successful and unsuccessful (seven out of twelve), almost always charge admission fees for their services, while three organisations out of twelve indicated that they occasionally charged admission fees. Specifically, it can be seen from the same table that three successful organisations out of six, i.e., Arts Centres, Theatres, and Concert-Halls, do charge admission fees for their services as a continuing policy, while two organisations out of six, i.e., printmaker workshops and that of Entertainments, reported that they charged admission fees only in some specific leisure events. Only one successful organisation, (museums), indicated that it did not charge admission fees at all.

In unsuccessful organisations, on the other hand, it would appear that the majority of these organisations tended to be more reliant on charging admission fees for their services as compared to the successful group. As Table 6-42, too, illustrates, two-thirds of unsuccessful organisations do charge admission fees regularly. These organisations included Arts-Centres, Theatres,

Table 6-42 Number of Organisations which charge Admission Fees for their Offerings.

Charging Admission Fees	S		F		All Organisations	
	No of Orgs.	%	No of Orgs.	%	No of Orgs.	%
Admission fees charged	3	50	4	66.6	7	58.3
Admission fees not charged	1	16.7	1	16.7	2	16.7
Admission fees occasionally charged	2	33.3	1	16.7	3	25.0
	6	100	6	100	12	100

Concert-Halls and Entertainments. Only one unsuccessful organisation, i.e. museum, charges admission fees for its services occasionally, while printmaker workshop was stated as not charging any admission fees.

ii) Major Methods used in Setting an Organisation's Pricing Strategy

Basically, analysis of methods which are used by the organisation in setting its pricing strategy would indicate whether or not this organisation is marketing-oriented. Accordingly, the respondents were asked to indicate the principal methods which they used in determining the suitable price, (in case of charging admission fees) for their services. Five major methods were suggested by the questionnaire to the respondents who were also requested to specify all the appropriate methods. The methods used, and the responses received are shown in Table 6-43.

As may be seen from Table 6-43, the base "price that clients will bear" is the most commonly used method by all organisations which responded, (i.e. eleven organisations), in determining the suitable price for their offerings. This general finding means that the large majority of the Scottish Arts Organisations visited tend to be marketing-oriented in terms of this criterion. It was found also that the method "pricing according to competitive level" was reported by three successful organisations out of six as an influencing factor in pricing, as compared to three unsuccessful organisations out of five which mentioned this method. Regarding price methods which were based on "cost considerations", i.e., full cost and cost-plus, it would appear from the same table that they were mentioned by three successful organisations out of six as compared to two unsuccessful organisations out of five. This finding indicates that unsuccessful organisations, in this regard, are slightly less cost conscious than successful organisations. With reference to the "subsidy price" approach, it is clear that only one successful organisation out of six tends to move toward a "self-sufficient" approach in terms of attracting its resources, as compared to two unsuccessful organisations out of five which tend to be more reliant on the government subsidies in terms of this criterion, i.e, the methods that the organisation use in setting their pricing policies.

Table 6-43 Principal Methods used in setting the Organisation's Pricing Strategy (Number of Organisations)

Methods Used	S*		F**		All Organisations ***	
	No of Orgs.	%	No of Orgs.	%	No of Orgs.	%
a) Full cost Policy	2	33.3	1	20.0	3	27.3
b) Cost-plus	1	16.7	1	20.0	2	18.2
c) Pricing according to competitive level	3	50.0	3	60.0	6	54.5
d) Price that clients bear	6	100.0	5	100.0	11	100.0
e) Subsidy Price	1	16.7	2	40.0	3	27.3

It is to be mentioned that the above findings would indicate that the factor "methods used in setting prices for the non-profit organisation's offerings" failed, as a measure, in differentiating success from failure. The researcher concludes that the most likely explanation for this finding is that the original selection of successful and unsuccessful pairs was wrong. More specifically, the

* All successful organisations, (six) stated some methods although one of them has mentioned not charging admission fees.

** Number of unsuccessful organisations which charged admission is five.

*** Numbers do not add to 12 because of multiple answers.

interviewed manager in this regard might have had a different concept of success and failure from the researcher's concept of success and failure. This failing only became apparent when the researcher undertook the analysis.

iii) The Objectives of Price Policy

As a further indication of whether the organisation is marketing-oriented, respondents were requested to identify the major objectives of charging admission fees for their organisation's offerings. These objectives are presented in Table 6-44. As can be seen from the table, endeavour "to recover some of expenses" is the most common objective mentioned by the majority of both successful and unsuccessful organisations responded (seven out of ten).

Comparison analysis, however, indicates that four successful organisations out of five, i.e., printmaker workshops, Arts Centres, Concert-Halls, and Entertainments reported this objective, i.e., "to recover some of the expenses", as compared to three unsuccessful organisations out of five, i.e. museums, Theatres, and Concert-Halls, which mentioned this objective. Two successful organisations out of five, i.e., printmaker workshops and Arts Centres, said that the objective of charging price is "to enable the organisation to render the current services at a higher level of quality" as compared to only one unsuccessful organisation, i.e., Theatre, which endeavours to achieve this objective.

On the other hand, it was found that three unsuccessful

Table 6-44 Frequency of stated objectives of charging admission fees (Number of Organisations)

Objectives	S		F		All Organisations *	
	No of Orgs.	%	No of Orgs.	%	No of Orgs.	%
a) To recover all expenses	1	20	2	40	3	30
b) To recover some of the expenses	4	80	3	60	7	70
c) To rationalise the use of the organisation's service	-	-	1	20	1	10
d) To enable the organisation to render the current services at higher level of quality	2	40	1	20	3	30
e) To enable the organisation to add a new service	1	20	-	-	1	10
f) To make the administration of the organisation more aware of controlling overhead expenses	1	20	3	60	4	40

* Numbers do not add to 10 because of multiple answers.

organisations out of five, i.e., Theatres, museums, and Entertainments, give more consideration to the objective "to make the administration of the organisation more aware of controlling overhead expenses, as compared to only one successful organisation, (Entertainment), which considered this objective. Also, it appears that two unsuccessful organisations out of five, (Arts Centres, and Entertainment), reported that they endeavour to recover all expenses as compared to only one successful organisation, that is, printmaker workshop, which mentioned this objective.

With regard to the remaining objectives, i.e., "to rationalise the use of the organisation's services", and "to enable the organisation to add a new service", it is found that the first objective was mentioned by only one unsuccessful organisation, i.e., that of Entertainments, while the other objective was reported by only one successful organisation, that is, Entertainments.

iv) <u>Explanations for offering the Organisation's Services Free</u>

Respondents were asked to indicate the most important reasons for not charging any admission fees for their organisation's services. The aim is to examine whether or not the organisation is client-oriented. Five major reasons were suggested by the questionnaire and respondents were requested to specify all that apply. These reasons are shown in Table 6-45.

As can be seen from the Table, the most important reasons for not charging admission fees for the organisation's services mentioned by the great majority of all organisations, (ten organisations), are : "our organisation receives public monies in the form of prepaid State taxes" (seven organisations out of ten) ; "the expected consumption of the cultural services by clients is of a greater value to the community as a whole than its costs", (seven organisations out of ten) ; and the reason "it is a policy not to ration the services on the basis of ability to pay, (six organisations out of ten).

Comparison analysis, however, shows, to some degree, a different situation. From the same Table, it can be observed that successful organisations tend to be more client-oriented than unsuccessful organisations in terms of considering the organisation as a "public body" should render its services free irrespective of the expenses. More specifically, all successful organisations responded, (five organisations), i.e., museums, printmaker workshops, Arts Centres, Theatres, and that of Entertainments, explained that "their organisations receive public monies in the form of prepaid State taxes, as compared to only two unsuccessful organisations out of five, (i.e. museums, and printmaker workshops), which mentioned this reason. Also, the reason "the expected consumption of the cultural services by clients is of a greater value to the community as a whole than its costs" was mentioned by four successful organisations out of five, (i.e., museums, printmaker workshops, Arts Centres, and Theatres), as compared to three unsuccessful organisations out of five, (i.e., museums, printmaker workshops, and that of Entertainments), which reported this explanation.

Table 6-45 Explanations for offering the Organisation's Services Free

Reasons	S		F		All Organisations*	
	No of Orgs.	%	No of Orgs.	%	No of Orgs.	%
a) Clients cannot afford to pay for the services	1	20	2	40	3	30
b) It is a policy not to ration the services on the basis of ability to pay	3	60	3	60	6	60
c) The cost of collecting the revenue exceeds the benefits of charging "prices"	1	20	-	-	1	10
d) Our organisation received public monies in the form of pre-paid State taxes	5	100	2	40	7	70
e) The expected consumption of the cultural services by clients is of a greater value to the community as a whole than its costs.	4	80	3	60	7	70
f) Others						
- Free festival is a part of attraction (loss leader)	-	-	1	20	1	10
- Concessions for students, un-employed people etc	-	-	1	20	1	10

* Numbers do not add to 10 organisations because of multiple answers

Concerning the reason "the policy is not to ration the services on the basis of ability to pay", the study finding revealed that a similar consideration was given to this explanation by both successful and unsuccessful organisations. Three successful organisations out of five, (i.e. printmaker workshops, Theatres, and that of Entertainments), and three unsuccessful organisations out of five, i.e., Theatres, Arts Centres, and Entertainments, reported this reason as an explanation for not charging admission fees for their offerings.

Regarding the reason "clients ability to pay for the services", two unsuccessful organisations out of five, that is, Theatres, and Entertainments, mentioned this reason, as compared to only one successful organisation, i.e., Theatres.

With reference to the reason "the cost of collecting the revenue exceeds the benefits of charging "prices", it appears that only one successful organisation, i.e., Theatres, mentioned it, while no response was received from any unsuccessful organisation.

Additional reasons were given by two unsuccessful organisations. A Concert-Hall mentioned that the festival is a part of attraction (loss leader), while Theatres reported that "offering the service free is a type of concession given to a specific category of clients, such as students, unemployed people, etc.

From the foregoing discussion, it seems, again, that some respondents contradicted themselves in terms of their responses to this question, i.e., explanations for offering the organisation's services free (as Table 6-45 illustrates), and to the previous question which indicates whether or not the organisation charges a price, (as Table 6-42 shows). That is, while three successful organisations and four unsuccessful organisations reported they do charge fees, it was found that two and three of these organisations, respectively, mentioned reasons for not charging fees for their organisation's offerings. The most likely explanation for such a contradiction is that those respondents often charged admission fees for some events and not for others. It may also, indicate that some respondents really wanted to offer services free but were constrained by the SAC and local authorities. Still another explanation is that the respondents are not consistent in terms of their responses, which means that the researcher, unfortunately, cannot really place great reliability on the data.

v) Achieving the Lowest Possible Admission Charge.

It is hypothesised that the more the organisation relies on the achievement of the lowest possible admission charge, the more marketing-oriented and, consequently, the more successful this organisation will be.*

In question 20-d, respondents were asked to indicate the extent

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* Assessing the lowest possible charge is not always a positive marketing factor, i.e., if the product/service is differentiated prices can be too according to what the specific target market will bear.

to which the marketing factor "achieving the lowest possible admission charge", has contributed to their organisation's performance. As Table 6-46 illustrates, a slight majority of successful organisations tend to pay more attention to the marketing factor of achieving the lowest possible admission charge in that this factor has contributed to the organisation's performance, as compared to only one-third of unsuccessful organisations which reported that this factor is essential or very important. On the other hand, it was found that one-half of successful organisations mentioned that this factor is fairly important or not important at all, while two-thirds of unsuccessful organisations indicated that this factor, i.e., "achieving the lowest admission charge", was so.

However, taking all categories together, i.e., successful and unsuccessful organisations, it can be seen that the majority of the Scottish Arts Organisations, (seven out of twelve), tend to place less emphasis on the activity of achieving the lowest admission charge as a marketing factor which can contribute to the organisation's performance. The most likely explanation for this finding, from the researcher's point of view, is that the original selection of the successful and unsuccessful pairs is based upon a different perspective as between the researcher and the interviewees.

The paired comparison analysis, as Table 6-47 shows, indicates, however, that the marketing factor "achieving the lowest possible admission charge", succeeded, as a measure, in differentiating

Table 6-46 Extent to which the Activity of Achieving the lowest possible Admission Charge has contributed to the Organisation's Performance (Number of Organisations)

Scale \ Category	S		F*		All Organisations	
	No of Orgs.	%	No of Orgs.	%	No of Orgs.	%
a) Essential	2	33.3	1	16.7	3	25.0
b) Very Important	1	16.7	1	16.7	2	16.7
c) Important	-	-	-	-	-	-
d) Fairly Important	2	33.3	1	16.7	3	25.0
e) Not Important at all	1	16.7	3	50.0	4	33.3
	6	100	6	100.1	12	100

success from failure and emerged in favour of success for two pairs out of six, i.e., printmaker workshops, and Concert-Halls, where success was greater than failure ($S > F$). This factor, also, succeeded in distinguishing success from failure and emerged in favour of failure for one pair out of six, that is, Entertainments, where success is less than failure, i.e., ($S < F$). However, the achievement of the lowest admission charge, as a marketing factor, failed to differentiate success from failure for three pairs out of

* Percentage adds to more than 100 because of rounding.

Table 6-47 Extent to which the Activity of Achieving the lowest Admission Charge has contributed to the Organisation's Performance (Paired Comparison

Organisation Pair	S		F		The Results				All Pairs	Test of Significance
	Essential	Not Important	Essential	Not Important	S > F	S = F	S < F	uncertain		
1) Museums		x		x		*				
2) Printmaker Workshops	✓			x	*					
3) Arts Centres		x		x		*				
4) Theatres	✓		✓			*				
5) Concert-Halls	✓			x	*					
6) Entertainments		x	✓				*			
					2(33.3)	3(50.0)	1(16.7)	-	6(100)	N.S.

six, i.e., museums, Arts Centres, and that of Entertainments, where success equals failure (S=F).

However, the differences in means between both successful and unsuccessful organisations are statistically insignificant and it is therefore possible that these results occurred by chance.

Taking all categories together, however, it is found that the Theatres pair is the leader in marketing-orientation, (100%), in that it endeavours to achieve the lowest possible price for its offering, followed by Printmaker Workshops, Concert-Halls, and that of Entertainments pairs (50% each).

3) Promotion

The purpose of this sub-section is to examine the extent to which the application of marketing principles related to promotion will lead to more effective communication between the organisation and its clients, which will result in better performance. (H.7). To do so, an attempt will be made to examine the use of promotion, as a crucial element in the marketing mix, by both successful and unsuccessful Arts Organisations, identifying the promotional methods which were used by these organisations. Then, we will determine the importance of advertising to the Arts organisations ; indicating the use of different advertising media. Finally, we will outline the extent of undertaking marketing research in determining an appropriate promotion strategy in terms of pre-testing advertising messages and advertising media research.

i) The use of promotion

Respondents were asked to indicate whether their organisations actively promote their service offerings. As Table 6-48 illustrates, the large majority of the Scottish Arts Organisations visited, (eleven out of twelve), reported undertaking promotion. General comparison indicates that all successful organisations,(six organisations), promoted their offerings, as compared to five unsuccessful organisations out of six which mentioned they undertake promotion. Only one unsuccessful organisation, i.e., printmaker workshops, did not promote its services.

Table 6-48 Number of Organisations which promote their Service Offerings

Use of Promotion	S		F		All Organisations	
	No of Orgs.	%	No of Orgs.	%	No of Orgs.	%
Promotion used	6	100	5	83.3	11	91.7
Promotion not Used	-	-	1	16.7	1	8.3
	6	100	5	100	12	100

ii) Promotional Methods Used

The following is an attempt to examine the methods of promotion which are used by the Scottish Arts Organisations. Four promotional methods were suggested by the questionnaire to the respondents who were also requested to identify all alternatives which applied. Table 6-49 reviews these methods and the answers received.

Table 6-49 Frequency Stated Promotional Methods

Methods	S		F*		All** Organisations	
	No of Orgs.	%	No of Orgs.	%	No of Orgs.	%
a) Advertising	6	100	5	83.3	11	91.7
b) Public Relations	5	83.3	5	83.3	10	83.3
c) Publicity	6	100	6	100	12	100
d) Sales Promotion	4	66.7	4	66.7	8	66.7
e) Others	-	-	-	-	-	-

As can be seen from Table 6-49, all promotional methods displayed in the Table were commonly used by the large majority of the Scottish Arts Organisations. The frequency of use of these methods

* All unsuccessful organisations answered this question although one of them reported, previously, that it did not promote its service offerings.

** Columns in the above table do not total 12 organisations because of multiple answers.

are publicity, (all organisations); advertising (eleven organisations out of twelve); public relations, (ten out of twelve); and sales promotion*** (eight out of twelve). An additional method was mentioned by a number of organisations, which mentioned that they relied on word-of-mouth communication to promote their events.

The above finding would indicate, in general, that the Scottish Arts Organisations, like most NPO's, tend to view the promotional activities as the only ingredient in their marketing programme, taking product, price, and place as given. This view, as was discussed during the theoretical sections, has contributed to the failure of many NPO's programmes. To minimise this occurrence, these organisations should pay equal attention to all marketing mix factors within which the promotional element constitutes only one element.

However, when this issue, i.e., the extent of attention paid by the Scottish Arts Organisations to promotional efforts, was addressed in another place, the study findings were quite different in that successful organisations paid less attention to these efforts than unsuccessful organisations. As Table 6-50 shows, five unsuccessful organisations out of six tend to pay more attention to promotional efforts reporting that this marketing factor, i.e., promotion, has contributed to their organisation's performance, and,

*** Subscription series, quantity discounts, invitation cards, catalogues, were used by a number of organisations as sales promotion.

therefore, it is essential or very important. In comparison with successful organisations, there are only three organisations out of six which reported that the promotion factor is essential or very important. The most likely explanation for such a contradiction is that successful organisations may have taken the balanced view we recommended, i.e., that success derives from equal attention to all the marketing mix elements so that promotion was not seen as essential, i.e., a sine qua non of success. However, still another possible explanation for this contradiction is that respondents may have given the interviewer answers which reflected their expectations of what she wanted, rather than what they honestly believed or did themselves.

Paired comparison analysis confirms the above findings, as can be observed from Table 6-51, and indicates that the factor "Extent of attention given by the organisation to promotional efforts as a marketing factor can contribute to the organisation's performance" failed, as a measure, in differentiating success from failure with the exception of two pairs. Specifically, there are four pairs out of six, i.e., Museums, Printmaker Workshops, Arts Centres, and Concert-Halls, for which success equals failure ($S \simeq F$), while this factor succeeded in differentiating success from failure for only two pairs out of six, i.e., Theatres and Entertainments, and emerged in favour of failure ($S < F$).

However, taking all categories together, it would appear that

Table 6-50 Attention given to Promotional Efforts as a Marketing Factor can contribute to the Organisation's Performance (Number of Organisations)

Scale \ Category	S		F		All Organisations	
	No of Orgs.	%	No of Orgs.	%	No of Orgs.	%
1) Essential	3	50.0	3	50.0	6	50.0
2) Very Important	-	-	2	33.3	2	16.7
3) Important	2	33.3	1	16.7	3	25.0
4) Fairly Important	1	16.7	-	-	1	8.3
5) Not Important at all	-	-	-	-	-	-
	6	100	6	100	12	100

organisation's pairs : museums, printmaker workshops, and concert-halls are leaders in emphasising promotional efforts as a means of improving the organisation's performance, followed by Theatres and Entertainments, while the Arts Centres category gives no attention to this factor.

The differences in the means between successful and unsuccessful organisations, however, are not statistically significant which means that these results could occur by chance.

Table 6-51 Extent of Attention given by the Organisation to Promotional Efforts as a Marketing Factor which can contribute to the Organisation's Performance (Paired Comparison)

Organisation Pair	S		F		The Results				All Pairs	Test of Significance
	Essential	Not Important	Essential	Not Important	S > F	S = F	S < F	uncertain		
1) Museums	✓		✓			*				
2) Printmaker Workshops	✓		✓			*				
3) Arts Centres		x		x		*				
4) Theatres		x	✓				*			
5) Concert-Halls	✓		✓			*				
6) Entertainments		x	✓				*			
						4(66.7)	2(33.3)	-	6(100)	N.S.

iii) Behaviour Concerning the Use of Advertising

As was pointed out throughout the theoretical sections of this study, the earliest attempts to apply marketing concepts and techniques to the management of non-business organisations emphasised advertising as the most important promotional function.(5) In this sub-section, the discussion will examine the practice and scope of advertising. Specifically, an attempt will be made to examine the following points :

a) The importance of advertising from the point of view of the organisations visited.

b) The identification of the use of different advertising media.

c) The use of marketing research in terms of pre-testing advertising messages, and advertising media research.

a) The Importance of Advertising

Respondents were requested to indicate the extent to which advertising is important in making clients informed about their organisation's services, in terms of the availability of "products", their "prices", quality, benefits to clients and the like. The respondent's answers are presented in Table 6-52.

As can be seen from the Table, it would appear that there was a high tendency among the Scottish Arts Organisations, (nine out of twelve), to give considerable attention to advertising as a

Table 6-52 The Importance of Advertising (Number of Organisations)

Categories / Scales	S		F		All Organisations	
	No of Orgs.	%	No of Orgs.	%	No of Orgs.	%
1) Very Important	4	66.7	5	83.3	9	75.0
2) Important	-	-	-	-	-	-
3) Neither Important nor unimportant	2	33.3	-	-	2	16.7
4) Slightly Important	-	-	-	-	-	-
5) Not Important	-	-	1	16.7	1	8.3
	6	100	6	100	12	100

crucial promotional tool. However, general comparison between the two groups indicates that a slight majority of successful organisations (four out of six) consider advertising as important or very important, while more unsuccessful organisations, (five out of six), reported that advertising is very important or important. It can also be observed from the same table that one-third of the successful organisations said that advertising is neither important nor unimportant, as compared to only one unsuccessful organisation which mentioned that it is not important at all.

The paired comparison analysis supports the above findings, as Table 6-53 illustrates, and indicates that while the factor "the attention given to advertising" succeeded, as a measure, in distinguishing success from failure for three pairs out of six, it was unable to do so for the other three pairs. Specifically, for the pair printmaker workshops, the factor "attention given to advertising" succeeded in differentiating success from failure and emerged in favour of success, i.e., ($S > F$). This factor also succeeded in distinguishing success from failure for two pairs out of six, that is, museums, and Concert-Halls but emerged in favour of failure, i.e, $S < F$. For pairs Arts Centres, Theatres, and Entertainments, it would appear that this factor failed to differentiate success from failure, i.e., success equals failure ($S = F$).

Considering all categories together, it is clear that the pairs Arts Centres, Theatres, and Entertainments paid more attention to the importance of advertising than museums, printmaker workshops, and Concert-Halls pairs.

It is to be noted, however, that there is a contradiction between the result appearing from Table 6-49, i.e., all successful organisations visited are using advertising as a promotional tool, and the result appearing from Table 6-52, i.e., the slight majority of successful organisations, (four out of six), which reported advertising is very important or important, while one-third of these organisations viewed advertising as neither important nor unimportant.

Table 6-53 The Importance of Advertising (Paired Comparison)

Organisation Pair	S		F		The Results				All Pairs	Test of Significance
	Important	Not Important	Important	Not Important	S > F	S = F	S < F	uncertain		
1) Museums		x	✓				*			No differences
2) Printmaker Workshops	✓			x	*					
3) Arts Centres	✓		✓			*				
4) Theatres	✓		✓			*				
5) Concert-Halls		x	✓				*			
6) Enter-tain-ments	✓		✓			*				
					1(16.7)	3(50.0)	2(33.3)	-	6(100)	

The possible explanation for such a contradiction is that although the Scottish Arts Organisations use advertising, they still do not regard it as of paramount importance. Hence, unsuccessful organisations place more emphasis on advertising and regard it as synonymous with "marketing" and are, consequently, less successful. On the other hand, successful organisations regard "product quality" as more important and, therefore, advertising becomes less important. In other words, they design their products intuitively to suit market needs. Another valid explanation for such a conflict is simply that the respondents contradicted themselves.

b) The Use of Advertising Media

An important part of the advertising job consists of deciding on the best selection of specific media vehicles for carrying the advertising message to the target market. Respondents, therefore, were requested to indicate the extent to which their organisations use the different advertising media such as television and radio, magazines, newspapers, direct mail, posters, billboards, and transportation advertising.

As can be seen from Table 6-54, the large majority of all categories, i.e., successful and unsuccessful organisations, reported that the most often used media for carrying their advertising messages to the target markets is direct mail, (ten organisations out of twelve), newspapers and posters, (nine out of twelve each). The television and radio media were occasionally used by five organisations out of twelve, while the transportation advertising media had never been used by seven organisations out of twelve.

In successful organisations, direct mail was the most common medium used by all organisations, (six organisations), followed by posters (five organisations out of six), then, newspapers, (four out of six), and finally television and radio and billboards media (two organisations out of six each). For unsuccessful organisations, on the other hand, it is found that newspapers came in the first place, (five organisations out of six), followed by direct mail and posters, (four organisations out of six each), then, magazines (two organisations out of six), and finally, billboards and transportation advertising media (one organisation out of six each).

The above findings would indicate that the television and radio is ignored by the majority of the Scottish Arts Organisations, who rely heavily on the printed media vehicles for carrying their advertising messages to the target market. It seems that these organisations have no choice since they do not have the required finances, a fact which some managers mentioned.

Table 6-54 Frequency of Advertising Media Used (Number of Organisations)

Media Used		S				F				All Organisations			
		Often	Occasionally	Rarely	Never	Often	Occasionally	Rarely	Never	Often	Occasionally	Rarely	Never
a)* Television & Radio	%	33.3	16.7	33.3	16.7	-	66.6	16.7	16.7	16.7	41.6	25.0	16.7
	No	2	1	2	1	-	4	1	1	2	5	3	2
b) Magazines	%	-	50.0	33.3	16.7	33.3	50.0	16.7	16.7	16.7	50.0	16.7	16.7
	No	-	3	2	1	2	3	1	1	2	6	2	2
c) Newspapers	%	66.7	33.3	-	-	83.3	16.7	-	-	75.0	25.0	-	-
	No	4	2	-	-	5	1	-	-	9	3	-	-
d) Direct Mail	%	100	-	-	-	66.6	16.7	-	16.7	83.4	8.3	-	8.3
	No	6	-	-	-	4	1	-	1	10	1	-	1
e) Posters	%	83.3	16.7	-	-	66.6	33.4	-	-	75.0	25.0	-	-
	No	5	1	-	-	4	2	-	-	9	3	-	-
f) Billboards	%	33.3	33.3	16.7	16.7	16.7	33.3	16.7	33.3	25.0	33.3	16.7	25.0
	No	2	2	1	1	1	2	1	2	3	4	2	3
g) Transportation Advertising	%	-	16.7	16.7	66.6	16.7	16.7	16.6	50.0	8.3	16.7	16.7	58.3
	No	-	1	1	4	1	1	1	3	1	2	2	7

* To be read : 2 organisations of those classified as successful reported they often use the media TV, and Radio, (33.3%), 1 uses it occasionally, (16.7%), 2 use it rarely, (33.3%), and 1 had never used it (16.7%).

c) The Use of Marketing Research for Pre-Testing Advertising Messages and Advertising Media Research

It is hypothesised that undertaking marketing research in the area of promotion will possibly lead to improving performance in the non-profit organisations. As such, respondents were requested to indicate the extent to which their organisations undertake marketing research in terms of pre-testing advertising messages, and advertising media research.

Regarding pre-testing advertising messages, it can be seen from Table 6-55 that a great majority of all successful and unsuccessful organisations, (eleven out of twelve), reported they had never undertaken marketing research in this area, while only one organisation out of twelve mentioned that it rarely undertakes marketing research to pre-test advertising messages. The table also shows that all successful organisations, (six), indicated that they had never undertaken marketing research in order to pre-test advertising messages, as compared to five unsuccessful organisations out of six which reported that they never undertook marketing research in this area. Only one unsuccessful organisation mentioned that it rarely did marketing research regarding pre-test advertising messages.

With reference to the second area, i.e., advertising media research, it would appear from the same table that the majority of all organisations, (nine out of twelve), had never, or rarely, undertaken

Table 6-55 Frequency of undertaking Marketing Research in Pre-Testing Advertising Messages and Advertising Media (Number of Organisations)

Areas \ Frequency		S				F				All Organisations **			
		Frequently	Occasionally	Rarely	Never	Frequently	Occasionally	Rarely	Never	Frequently	Occasionally	Rarely	Never
1) Pre-testing Advertising Messages	%	-	-	-	100	-	-	16.7	83.3	-	-	8.3	91.7
	No	-	-	-	6	-	-	1	5	-	-	1	11
2) Advertising * Media Research	%	16.7	16.7	16.6	50.0	-	16.7	16.7	66.6	8.3	16.7	16.7	58.3
	No	1	1	1	3	-	1	1	4	1	2	2	2

* To be read : one organisation of those classified as successful undertakes marketing research in terms of pre-testing advertising messages, (16.7), one did that occasionally, (16.6), one did that rarely, (16.7), and 3 had never undertaken this research (50%).

** Although the organisations of each category (successful and unsuccessful) did not answer this question, they are included in the analysis, on the basis that since these organisations, i.e., which gave no responses, had never undertaken marketing research at all, they, certainly, had never undertaken marketing research in the area of promotion, in general, or in the advertising area in particular.

marketing research in this area, while three organisations out of twelve reported they occasionally, or frequently, undertook research in the area of advertising media. For successful organisations, on one hand, it can be seen from Table 6-55, too, that two-thirds of these organisations had never, or rarely, undertaken research in advertising media, while one-third of them mentioned that they occasionally or frequently undertook marketing research in this area. For unsuccessful organisations, on the other hand, it seems that there is no obvious difference, in this regard, when compared to successful organisations. That is, one unsuccessful organisation out of six mentioned that it occasionally undertook research in the area of advertising media, while the large majority of these organisations, (five out of six), indicated that marketing research in this area had never, or rarely, been undertaken.

In brief, it would appear from the above discussion that the large majority of the Scottish Arts Organisations, in general, tend to neglect the application of the marketing principles related to the promotion element, particularly in the area of pre-testing advertising messages and in advertising media research. The reason for such neglect, as some managers interviewed said, is that most organisations had neither the time nor the resources to carry out this research. Their finances were heavily constrained which made marketing research a low priority area.

The paired comparison analysis regarding the factor "pre-testing advertising messages" indicates that this factor was unable to differentiate success from failure, (as Table 6-56 illustrates), for all pairs (six), where success equals failure, i.e., $S = F$. The same result can be seen from Table 6-57, concerning advertising media research. It appears that the factor "undertaking marketing research in the area of advertising media" failed, as a measure, to distinguish success from failure where there were five pairs out of six for which success equals failure, ($S = F$). This factor succeeded, however, in differentiating success from failure for only one pair, i.e., that is of Entertainments, and emerged in favour of success, i.e., success was greater than failure ($S > F$).

Taking all categories together, it would appear that the Theatre pair is a leader in undertaking marketing research in the area of advertising media (100), followed by the Entertainment pair (50%).

4) Distribution

Location is seen as one of the most important dimensions in making the NPO's product available. In other words, the organisation's capacity for getting its product to clients when and where they want it is a crucial variable in influencing its success. Accordingly, it is hypothesised that "the more convenient the location of the organisation to the clients (customers), the more appeal the organisation's services will have (H.8).

The main purpose of this final sub-section is to examine the

Table 6-56 Pre-testing Advertising Messages (Paired Comparison)

Organisation Pair	S		F		The Results				All Pairs	Test of Significance
	Frequently	Never	Frequently	Never	S > F	S = F	S < F	uncertain		
1) Museums		x		x		*				No differences
2) Printmaker Workshops		x		x		*				
3) Arts Centres		x		x		*				
4) Theatres		x		x		*				
5) Concert Halls		x		x		*				
6) Entertainments		x		x		*				
						6(100)	-	-	6(100)	

Table 6-57 Advertising Media Research (Paired Comparison)

Organisation Pair	S		F		The Results				All Pairs	Test of Significance
	Frequently	Never	Frequently	Never	S>F	S=F	S<F	uncertain		
1) Museums		x		x		*				No differences
2) Printmaker Workshops		x		x		*				
3) Arts Centres		x		x		*				
4) Theatres	✓		✓			*				
5) Concert-Halls		x		x		*				
6) Entertainments	✓			x	*					
					1(16.7)	5(83.3)	-	-	6(100)	

extent of attention given by the Scottish Arts Organisation to establishing a convenient location for the organisation as a crucial factor in attracting clients. In doing so, the following points will be discussed.

I) The emphasis placed on physical location in attracting customers.

II) Studying the suitability of the organisation's location in terms of :

a) The extent to which the present location is convenient.

b) The methods used to attract customers in case the present location is not convenient.

c) The use of marketing research to study the suitability of the organisation's location.

d) Reasons for locating the organisation nearer to its clients.

The Study Findings

I) The Extent of Attention Given to the Physical Location

Respondents were asked to give their opinions on the importance of physical location for their organisations in attracting customers. Their responses are presented in Table 6-58.

Table 6-58 Extent of Emphasis placed on the Physical Location in attracting Customers (Number of Organisations)

Scale \ Categories		S	F	All Organisations
1) Essential	%	16.7	50.0	33.3
	No	1	3	4
2) Very Important	%	50.0	33.3	41.7
	No	3	2	5
3) Important	%	33.3	16.7	25.0
	No	2	1	3
4) Slightly Important	%	-	-	-
	No	-	-	-
5) Not Important	%	-	-	-
	No	-	-	-
Total		100	100	100
		6	6	12

From the above table, it can be seen that a large majority of the Scottish Arts Organisations, (nine out of twelve), reported that the physical location for their organisations is essential or very important, while three organisations out of twelve considered the physical location as an important factor in attracting clients.

General comparison, however, indicates that unsuccessful organisations tend to give slightly more attention to the physical location than do successful organisations. As can be observed from Table 6-58, too, there are five unsuccessful organisations out of six which reported that the physical location for their organisation is essential or very important, as compared to four successful organisations out of six which considered this factor, i.e., location, essential or very important. Only one unsuccessful organisation mentioned that the physical location is important, as compared to two successful organisations which viewed this factor as so.

The paired comparison analysis, (Table 6-59) indicates that the factor "extent of attention given to the physical location to attract clients" succeeded, as a measure, in differentiating success from failure for three pairs out of six, and emerged in favour of success, i.e., success was greater than failure, (S > F), for one pair, that is, Arts Centres, and in favour of failure for two pairs out of six, i.e., Museums and Entertainments, where success was less than failure (S < F). This factor, i.e, extent of attention given to location, however, failed to distinguish success from failure for three pairs out of six, i.e., printmaker workshops, Theatres, and Concert-Halls, where success equals failure, (S = F).

However, the differences in the means between both successful and unsuccessful organisations are statistically insignificant.

Taking all categories together, it would appear that pairs printmaker workshops, Theatres, and Concert-Halls are leaders in terms of giving more attention to the physical location for the

Table 6-59 Extent of Emphasis placed on the Physical Location in Attracting Customers (Paired Comparison)

Organisation Pair	S		F		The Results				All Pairs	Test of Significance
	Essential	Not Important	Essential	Not Important	S>F	S=F	S<F	uncertain		
1) Museums		x	✓				*			
2) Printmaker Workshops	✓		✓			*				
3) Arts Centres	✓			x	*					
4) Theatres	✓		✓			*				
5) Concert Halls	✓		✓			*				
6) Entertainments		x	✓				*			
					1(16.7)	3(50.0)	2(33.3)	-	6(100)	N.S.

organisation (100%), followed by pairs Museums, Arts Centres, and that of Entertainment, (50%).

The above inconclusive findings can be attributed, to some extent, to the respondent's inconsistency. That is, when they were requested to indicate the extent to which establishing a convenient location, as a marketing factor, has contributed to their organisation's performance, they contradicted themesleves. As can be seen from Table 6-60, only one-third of all organisations, successful and unsuccessful, reported that the factor "establishing a convenient location" is very important or essential in contributing to the organisation's performance, while nine organisations out of twelve considered this factor as an important or not important at all in improving their organisation's performance.

General comparison indicates the same observation. From the same table, it can be recognised that only one successful organisation out of six considered this factor, i.e., "establishing a convenient location," as essential while five of them viewed this factor as just important or even not important at all. For unsuccessful organisations, on the other hand, two-thirds of them considered this factor not important at all, while only one-third of them reported that establishing a convenient location is essential or very important factor in contributing to the organisation's performance.

The paired comparison analysis supports the above findings and

Table 6-60 The Extent to which Establishing a Convenient Location has contributed to the Organisation's Performance (Number of Organisations)

Scale \ Categories		S	F	All Organisations
1) Essential	%	16.7	16.7	16.7
	No	1	1	2
2) Very Important	%	-	16.7	8.3
	No	-	1	1
3) Important	%	33.3	-	16.7
	No	2	-	2
4) Fairly Important	%	-	-	-
	No	-	-	-
5) Not Important	%	50.0	66.6	58.3
	No	3	4	7
Total	%	100	100	100
	No	6	6	12

indicates that the factor "establishing a convenient location" was unable to differentiate success from failure. As appears from Table 6-61, this factor failed to differentiate success from failure for five pairs out of six, where success equals failure (S=F), and succeeded in doing so for only one pair out of six, i.e., Concert-Halls, and emerged in favour of failure where success was less than failure (S<F).

It is to be mentioned that there is also a contradiction between the results appearing in Table 6-59 and those appearing in Table 6-61, in terms of the pairs which were considered as leaders in giving more attention to the physical location. That is, while Table 6-61 indicates that printmaker workshops is only the leader in this respect (100%) followed by Concert-Halls (50%), it appears from Table 6-59 that three pairs are leaders, that is, printmaker workshops, Theatres, and Concert-Halls, followed by Museums, and Entertainments (50%). The most likely explanation, as mentioned earlier, is that respondents contradicted themselves either deliberately or accidentally.

II) Studying the Suitability of the Organisation's Location

In the following pages, an attempt will be made to examine the extent to which the Scottish Arts Organisations rely on marketing principles in establishing a convenient location in order to attract customers. To do so, four dimensions were investigated. These dimensions are :

a) The extent to which the present location is convenient.

b) Methods used to attract customers in case of the present location is not convenient.

c) The use of marketing research to study the suitability of the organisation's location.

d) Reasons for locating the organisation nearer to its clients.

Table 6-61 The Extent to which establishing a convenient Location has contributed to the Organisation's Performance (Paired Comparison)

Organisation Pair	S		F		The Results				All Pairs	Test of Significance
	Essential	Not Important	Essential	Not Important	S > F	S = F	S < F	Uncertain		
1) Museums		x		x		*				
2) Printmaker Workshops	✓		✓			*				
3) Arts Centres		x		x		*				
4) Theatres		x		x		*				
5) Concert-Halls		x	✓				*			
6) Entertainments		x		x		*				
					-	5(83.3)	1(16.7)	-	6(100)	N.S.

The Study Findings

a) The Extent to Which the Present Location is Convenient

Respondents were asked "How convenient do you consider your present location to be?" and to circle the most appropriate number on the following scale :

very convenient				very inconvenient
1	2	3	4	5

Responses are given in Table 6-62.

As can be observed from Table 6-62, the majority of all organisations, (eight out of twelve), reported that their current location is not convenient or not very convenient, while one-third of all organisations considered the present location very convenient or convenient.

General comparison, as can be seen from Table 6-63, would indicate that most successful organisations visited consider themselves to be inconveniently located. From the table, it appears that five successful organisations out of six, i.e., Museums, Arts Centres, Theatres, Concert-Hall,s and Entertainments, considered their present location not very convenient. Only one successful organisation, i.e., printmaker workshops, reported that its present location was very convenient. For unsuccessful organisations, on the other hand, it appears that one-half of these organisations

Table 6-62 Convenience of the Present Location of the Organisation (Number of Organisations)

Categories / Scale		S	F	All Organisations
1) Very Convenient	%	16.7	50.0	33.3
	No	1	3	4
2) Convenient	%	-	-	-
	No	-	-	-
3) Not very Convenient	%	83.3	33.3	58.3
	No	5	2	7
4) Inconvenient	%	-	16.7	8.4
	No	-	1	1
5) Very In-Convenient	%	-	-	-
	No	-	-	-
Total		100	100	100
		6	6	12

i.e., printmaker workshops, Concert-Halls, and Entertainments, reported that the present location was convenient or very convenient, while the other half of these organisations, i.e., museums, Arts-Centres, and Theatres, considered their present location very inconvenient or inconvenient.

Taking all categories together, it would appear from Table 6-63, too, that printmaker workshops tends to be the leader in

Table 6-63 Convenience of the Present Location for the Scottish Arts Organisations (General Comparison)

Category	S		F	
	Very Convenient or Convenient	Inconvenient or very Inconvenient	Very Convenient or Convenient	Inconvenient or very Inconvenient
1) Museums		x		x
2) Printmaker Workshops	✓		✓	
3) Arts Centres		x		x
4) Theatres		x		x
5) Concert-Halls		x	✓	
6) Enter-tain-ments		x	✓	

terms of locating in a convenient location, (100%), followed by Concert-Halls, and Entertainments (50%).

b) Methods Used to Attract Customers

Respondents were asked to identify the methods which were used in trying to attract customers in cases where the organisation's location is not convenient. Five major methods were suggested by the questionnaire to respondents who were also given the opportunity to indicate any others that they use. Responses received and methods used are shown in Table 6-64.

For all categories, it would appear from Table 6-64 that the method "improving the service's quality" was mentioned by all organisations which responded (seven organisations), followed by the methods ; establishing mobile units (six out of seven) ; ticket centre or agents (four out of seven) ; setting up new branches and bus service (two out of seven each) ; and finally "re-locating the organisation, car park, site information in some places, and advertising, come in the fifth place.

From general analysis, as Table 6-64 too illustrates, it would appear that successful organisations tend to use a greater variety of methods in trying to attract customers than unsuccessful organisations. For successful organisations, the methods used, in order of frequency, are "improving the services's quality" (all organisations) ; establishing mobile units (four organisations out of five), ticket centre (three out of five) ; setting up new

Table 6-64 Frequency of Methods Used in Trying to Attract Customers

Methods		S	F	All Organisations**
a) Improving the Service's quality	% No	100 * 5	100 2	100 7
b) Re-locating the Organisation	% No	20 1	- -	14.3 1
c) Setting up new branches	% No	40 2	- -	28.6 2
d) Establishing mobile units	% No	80.0 4	100 2	85.7 6
e) Others 1) Bus Service	% No	40 2	- -	28.6 2
2) Car park	% No	20 1	- -	14.3 1
3) Ticket centre / agents	% No	60 3	50 1	57.2 4
4) Site information in other places (eg galleries restaurant..)	% No	20 1	- -	14.3 1
5) Advertising	% No	- -	50 1	14.3 1

* To be read : All successful organisations responded to this question reported the use of the method 'improving the service's quality' in trying to attract customers.

** Columns add to more than 7 organisations (5 successful and 2 unsuccessful) because of multiple answers branches, and bus service (two organisations out of five each) ; and finally, re-locating the organisation, car park and site information in other places, came in fifth place. In unsuccessful organisations, on the other hand, only four methods were used. The methods of "improving the service's quality" and establishing mobile units" were the most commonly used by all unsuccessful organisations, (two organisations), followed by ticket centre and advertising (one organisation out of two each).

c) The Use of Marketing Research to study the Suitability of the Organisation's Location

In an attempt to examine whether the Scottish Arts Organisations rely on marketing research for studying the suitability of the organisation's location, respondents were asked the following question :

"How often do you undertake marketing research in the area of studying the suitability of the location of the organisation?"

Frequently ☐ Occasionally ☐ Rarely ☐ Never ☐

As can be seen from Table 6-65, the use of marketing research in studying the suitability of the location of the organisation by the Scottish Arts Organisations visited was very limited. The large majority of these organisations, (ten out of twelve), reported that they had never used marketing research in this area, while only two organisations out of twelve mentioned that they used marketing research occasionally or frequently.

General comparison, however, indicates that all successful organisations, (six), reported that marketing research in studying the suitability of the organisation's location had never been used, as compared to two-thirds of the unsuccessful organisations which indicated that they had never used marketing research in this area. Only two unsuccessful organisations out of six mentioned that they undertook marketing research in this area frequently or occasionally.

The paired comparison analysis supports the above findings and indicates that the factor "using marketing research in studying the suitability of the organisation's location," in general, failed as a measure, in differentiating success from failure. As can be seen from Table 6-66, it would appear that this factor was unable to differentiate success from failure for four pairs out of six, i.e., museums, printmaker workshops, heatres, and Entertainments, where success equals failure (S=F). However, the use of marketing research in studying the organisation's location succeeded in differentiating success from failure for two pairs out of six, i.e, Arts Centres, and Concert-Halls, but emerged in favour of failure where success was less than failure (S<F).

However, the differences in the means between successful

Table 6-65 Extent of Relying on Marketing Research in Studying the Organisation's Location (Number of Organisations)

Frequency \ Categories		S	F	All Organisations
1) Frequently	%	-	16.7	8.3
	No	-	1	1
2) Occasionally	%	-	16.7	8.3
	No	-	1	1
3) Rarely	%	-	-	-
	No	-	-	-
4) Never	%	100	66.6	83.4
	No	6	4	10
Total	%	100	100	100
	No	6	6	12

and unsuccessful organisations regarding the use of marketing research in studying the suitability of the organisation's location are not statistically significant.

d) Reasons for Locating the Organisation nearer to Clients

Respondents were requested to identify the reasons for locating their organisations nearer to clients. Three major reasons were suggested by the questionnaire to the respondents who were also asked to rank these reasons in order of importance. Table 6-67 contains these reasons and shows the responses received.

Table 6-66 Extent of Relying on Marketing Research in Studying the Suitability of the Organisation's Location (Paired Comparison)

Organisation Pair	S		F		The Results				All Pairs	Test of Significance
	Frequently	Never	Frequently	Never	$S > F$	$S \simeq F$	$S < F$	uncertain		
1) Museums		x		x		*				
2) Printmaker Workshops		x		x		*				
3) Arts Centres		x	✓				*			
4) Theatres		x		x		*				
5) Concert-Halls		x	✓				*			
6) Entertainments		x		x		*				
						4(66.6)	2(33.3)	-	6(100)	N.S.

Table 6-67 Reasons for Locating the Organisation nearer to clients (Number of Organisations)

Reasons		S	F	All Organisations*
a) To enable the organisation to serve clients that it could not before.	% No	100 5	100 3	100 8
b) To make it possible and easier for the current clients by taking the organisation to them instead of asking them to come to the organisation.	% No	60.0 3	66.7 2	62.5 5
c) To make savings in transportation cost for the client	% No	40.0 2	- -	25.0 2
d) Others	% No	- -	- -	- -

From the above Table, it can be seen that all the organisations which responded, (eight), reported that they located their organisations nearer to clients to "enable the organisation to serve clients that it could not before". The reason "to make it possible and easier for the current clients by taking the organisation to them instead of asking them to come to the organisation" was mentioned

* Columns add to more than 8 organisations, (5 successful and 3 unsuccessful), because of multiple answers.

by five organisations (successful and unsuccessful) out of eight. Only two organisations mentioned that the reason for locating the organisation nearer to clients is to make savings in transportation cost for the client.

From general comparison, as can be seen from Table 6-67 too, it would appear that all successful organisations which responded endeavoured to serve clients that they could not before. While three organisations out of five, and two out of five reported the reasons "to make it easier for the current clients by taking the organisation to them instead of asking them to come to the organisation", and "to make savings in transportation cost for the client" respectively. For unsuccessful organisations, on the other hand, it is found that the most important reason for locating the organisation nearer to clients is "to enable the organisation to serve clients that it could not before", (all organisations), followed by "to make it possible and easier for the current clients by taking the organisation to them instead of asking them to come to the organisation, (two organisations out of three).

General Conclusions

In this chapter, an attempt was made to examine the extent to which the application of marketing concepts and techniques to the Scottish Arts Organisations, as a particular type of NPO's, will lead to better performance.

One main conclusion to be derived from the whole discussion is that transfer and application of marketing principles to the Scottish Arts Organisations has a limited influence on differentiating between those organisations classified as successful and those classified as unsuccessful. In other words, it is found that both successful and unsuccessful organisations, in many cases, tend to pay equal attention, whether adequate or inadequate, to applying marketing concepts and techniques. Below is a brief summary of the findings.

1) There is no clear-cut distinction between successful and unsuccessful organisations in terms of the application of the marketing concept. Specifically :

a) The slight majority of both successful and unsuccessful organisations tend to pay little attention to the policy of full structured and formalised planning.

b) The necessity of establishing marketing research, as an organisation's policy by which it could determine the nature of customer's needs and wants, is not highly recognised by the majority of both successful and unsuccessful organisations. One valid explanation for such neglect, is that these organisations do not have resources to undertake this research.

2) The study findings indicated that unsuccessful organisations tend to be more client-oriented than successful organisations in terms of, for instance ; determining and defining the

marketing goals ; adopting the policy of offering what the client wants instead of offering what the organisation can offer ; and the extent of involvement of the member responsible for marketing activities.

3) On the whole, marketing principles related to the marketing mix element, i.e., product, price, promotion, and place, are used inefficiently by the vast majority of the Scottish Arts Organisations studied. More specifically :

a) There is a distinct lack of following the recommended procedures and decisions related to product policy. That is, with the exception of the activities carried out to differentiate the organisation's services to suit the different client's needs and wants ; and to improve product quality, the majority of both successful and unsuccessful Scottish Arts Organisations tend to pay very little attention to the most important procedures related to obtaining the required information about target markets ; estimating market size ; assessing the possibility of introducing a new "product" to the market ; forecasting product appeal to new clients ; and eliminating unattractive "products".

General comparison, however, indicated that successful organisations pay slightly more attention to the procedures for improving product quality ; estimating market size ; and assessing the possibility of introducing a new "product" than unsuccessful organisations.

b) With regard to pricing, the study findings revealed that the majority of the Scottish Arts Organisations which charged admission fees for their offerings tend to set their pricing strategy according to marketing principles. They, for instance, endeavoured to identify the objectives of their price policy, and determine the most relevant methods for setting these prices. However, we cannot place much reliance on such findings because they seem to contradict other findings for the same issue when it was addressed elsewhere and the majority of both categories indicated that the marketing factor "achieving the lowest possible admission charge" has not contributed much to the organisation's performance.

c) Most Scottish Arts Organisations studied, both successful and unsuccessful, considered promotion activities, in general, and advertising, in particular, essential or very important for efficient communication between the organisation and its clients. However, the study findings indicated that marketing principles related to promotion, in terms of, for instance, design and pre-testing advertising messages ; and advertising media research, had never been applied by the majority of both successful and unsuccessful organisations.

d) As far as the organisation's physical location is concerned, the majority of the Scottish Arts Organisations studied, both successful and unsucessful, are located inconveniently. The use of marketing research, as a scientific base, whether to study the suitability of the organisation's location or to find out other effective methods to attract customers, such as improving the service's quality, establishing mobile units, and setting up new branches, is very limited.

Drawing upon inferences from the above study findings, one can additionally conclude that the marketing concept, with its total integration of business activities designed to provide customer satisfaction as well as the achievement of the organisation's goals, is a long way from being adopted and implemented in the Scottish Arts Organisations. Consequently, modern marketing concepts and techniques are not playing an important role in improving performance in these organisations. Thus, it would be premature to recommend that NPO's should adopt a marketing approach. What is needed now, is a controlled "experiment" where one of each pairs is "marketed" and one can see whether any difference occurs.

In the chapter that follows, some explanations for the inconclusive findings of the study, contributions of the study, and some suggestions for further research will be presented.

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CHAPTER SEVEN

CONTRIBUTIONS OF THE STUDY AND SUGGESTIONS FOR FURTHER RESEARCH

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CONTRIBUTIONS OF THE STUDY AND SUGGESTIONS FOR FURTHER RESEARCH

This chapter is devoted to discussing the contributions of the present study, and to providing some suggestions for further research in the area of NPO's. But first, some explanations for the inconclusive findings of this study will be presented.

Limitations of the Study

Taking into account the foregoing conclusions, the important question to be asked is Why? Specifically, what are the most likely explanations for such inconclusive findings of the study? In the following, some explanations are presented. These explanations include :

1. The Nature of "Art"
2. Multiple accountability
3. Respondents' bias
4. The Questionnaire bias
5. The Interviewer's bias
6. The Original Selection of Successful and Unsuccessful Pairs.

First : The Nature of the "Arts"

One should think about the particular type of product chosen i.e., an art offering, which may make it impossible for arts organisations to research their markets before initiating a production because the public have no idea what they want, and it is an art's objective to stimulate and educate the public. Therefore, market research is not relevant in terms of the production itself.

Second : Multiple-Accountability

Also, arts organisations are accountable to a large number of authorities, e.g., Scottish Arts Council, local authorities, etc, they all have different objectives and require different results, i.e., in terms of the quality of the art offering and in terms of financial results. It seems that it is difficult for any art organisation to be truly marketing-oriented while operating under such conditions. Some are, by the very nature of the control exerted over them, permitted to offer new / diverse products, others must be more restrictive and conventional.

Third : Respondent's Bias

One of the most likely explanations for the inconclusive findings of the study is the respondent's bias. There are several reasons for such bias. One is that there could have been a lack of understanding, i.e., respondents may not have understood the questions properly. Even if they understood the questions, they may have answered the questions the way which reflected their expectations of what the interviewer wanted rather than what they honestly believed, or actually did themselves. This might have occured, as Rosenberg[1] indicated, because the respondents feel that they are being evaluated according to some hidden criteria, and that under certain conditions they become apprehensive or worried that they will be judged to be unacceptable in some way. In order to gain a positive evaluation, the author added "respondents may adjust their responses so as to correspond with what they perceive will be acceptable or 'correct' in the eyes of the interviewer".

Still another explanation for the respondent's bias is that the respondent may not be consistent in terms of his responses, so that he might contradict himself. Specifically, when the respondents were asked to indicate their opinions on some issue, and this issue was addressed elsewhere but in a different way, as a test of the respondent's internal consistency, the respondents contradicted themselves. Because of such a contradiction, the researcher, unfortunately, cannot really place great reliability on some data.

A more simplistic explanation, but certainly a valid one, is that the required information might not be accessible to the respondent. As Zaltman and Burger[2] indicated, the required information might not be accessible to the respondent whether because he might have once been in the possession of the information but he has simply forgotten it, or the terms or categories in which the questionnaire requires recollection and communication are not familiar to him ; or are not those in which he normally codes his experience.

Fourth : The Questionnaire Design Bias

Certainly, one should accept and discuss the possibility that some of the failings which brought about such inconclusive findings of the study were in the design of the questionnaire. That is, although the questions selected were tested on a small number of persons similar to the respondents to be used in the actual study, and the questionnaire was adjusted in the light of such a pre-testing operation, it seems that the questionnaire was, to some degree, misleading. For instance, given responses to this question :

> "Which of the following reasons are important in locating your organisation's facility nearer to clients?" (Q.19)

it would appear that the interviewees did not seem to understand what is meant by this question. That is, while this question was used to indicate the extent to which the organisation is client-oriented, some respondents thought, (as their responses indicated), that I wanted to know whether or not the present location of their organisations is convenient, and therefore, their responses were very different from what I expected.

Fifth : The Interviewer's Bias

Another factor which may explain the inconclusive findings of the study is interviewer's bias. That is, one cause of variability in the responses could be the interviewer's interpretation and perception in administering the questionnaire which might have, unconsciously, influenced the respondents and, therefore, have led to some misunderstanding or confusion.

A great deal of attention has been focused on studies which examine the interviewer's own opinions or attitudes on the topic under investigation in relation to the type of responses he / she reports. In a study on opinions about prefabricated housing, it was found that interviewers who were themselves favourable to such housing reported more favourable responses.[(3)]

Zaltman and Burger[(4)] support this view when they pointed out that "when writing down long answers to questions, it is possible that interviewers, consciously or unconsciously, sometime record selectively according to their own views." "Situational factors, the authors added, such as time pressure and ambiguity of the responses may be a contributing factor here."

Sixth : Arbitrary Definitions of Success and Failure

Another explanation for these inconclusive findings, which at least should be considered and thought about, is that the original selection of successful and unsuccessful pairs was misleading. The person who was interviewed for this purpose, i.e., to select successful and unsuccessful pairs, may have had a different concept of success and failure from the researcher's concept of success and failure. In other words, the interviewee may have been describing organisations, say, for instance, Theatres, as unsuccessful in creative or innovative terms, which may have been successful in other people's terminology in that this theatre puts on or deals with very attractive "productions" which hundreds of clients wanted to go and see.

In brief, the criteria which the "expert" used to define success and failure may not necessarily be consistent with somebody else's definitions of success and failure. Therefore, one of the important considerations in this type of problem is that the only surely relevant way to determine success and failure is in the terms in which the organisation sets its objectives. Such a fact only became apparent when the researcher undertook the analysis.

Contributions of The Study

This research despite its limitations, is thought to make some contributions to the literature of marketing, and to offer some insights for arts organisations' managers.

Firstly, this study has dealt with a somewhat neglected area, i.e., NPOs, in an attempt to discover the extent to which the application of marketing concepts and techniques, as they are practised in profit-oriented firms, can improve performance in NPOs, in general. In this way, it is considered a further research of the diffusion of marketing innovation in the non-profit oriented area, in order to help the managers of these organisations do a better job. However, the important criterion for the diffusion of marketing in this area is that of relevance. Specifically, marketers should judge the value of their contribution, at least, in parts, in terms of how much it actually does help the managers of non-business organisations do a better job. As Austen[5] indicated, any applied science, but particularly an applied social science, tends to hover uneasily between being aridly theoretical and a collection of "cook book" prescriptions applied and applicable to a narrow range of ephemeral situations. It is only by interchange of theory and practice over a wide and divergent range of living situations that a discipline like marketing can broaden and deepen its field while enhancing rather than reducing its practical relevance.

Secondly, the present study, in addition to the body of literature which offered evidence that many NPOs have improved their performance by becoming marketing-oriented, provides useful empirical data and information which can enable both marketers and the Arts Organisations' managers in particular, and the managers of NPOs in general, to see certain areas for mutual cooperation and concern. Specifically, this study offers empirical evidence that there is a tendency among Scottish Arts Organisations, particularly those classified as "unsuccessful organisations" to apply marketing concepts and techniques to improve their performance, but because marketing is "new" to them, they could not practise its principles effectively. Accordingly, the most important contribution that marketers could make would be in determining and suggesting ways by which these organisations can benefit from applying the marketing concepts and techniques as they are practised in the profit-oriented area. In other words, whatever the specific area for such mutual co-operation, the study may encourage the Arts Organisations' managers in particular, and the managers of NPOs in general, to seek professional marketing help.

Suggestions for Further Research

As was apparent from the literature review, there were many examples of NPOs which have improved their performance by becoming marketing-oriented. However, the lack of positive findings or support for our hypotheses, as mentioned earlier, may be due to faults related to the research design execution. Therefore, the recommendation is that other attempts should be made to repeat a similar study but using rather different approaches. An interesting approach which might be used would be a controlled experiment taking a matched pair of arts Organisations, e.g., two theatres, two museums, or whatever and one of them should be left completely to its own devices while the other put under a closer control by introducing marketing into its management persuading it that marketing would help in terms of, for instance, defining the target markets of the organisation, segmenting them, devising marketing programmes related to product, price, promotion and place strategies, and monitor any effect upon the success of the organisation. Such an approach may provide more conclusive evidence.

Another suggestion is that considerable investigation could be done to test our conclusion that unsuccessful organisations, in many instances, tend to be more marketing orientated than successful organisations. The hypothesis, in this case, might be that the failures, in an attempt to reduce their lack of success, are trying to become marketing-oriented, but, as yet, it is too soon for it to have any effect, or it may be that they are only partly responding to marketing ideas, and that, as a result, are making little progress.

Also, although the pairs investigated in this study were all Arts Organisations, each pair, however, has had its own particular characteristics in terms of, for instance, its products, objectives or mission. Therefore, it would be meaningful to conduct a further research in this area with a concentration on only one category of arts, e.g., matched pairs of theatres, museums, printmaker workshops or arts centres. Such matched pairs should be selected to represent the whole country, i.e., the UK, rather than representing Scotland only. In this case, comparison between successful and unsuccessful organisations, would be more conclusive and would indicate whether or not marketing is a vital factor in differentiating success from failure.

Still another approach is that of examining the extent to which the application of only one certain marketing activity, not all the marketing activities examined by this study, can contribute to improved performance in arts organisations. For example :

(1) To what extent does the promotion element, as a whole, or advertising in particular, contribute to improved performance in these organisations, or,

(2) How does the use of marketing research assist the arts organisations in identifying, and meeting their client's needs and wants.

Finally, the paired comparison method which we employed in this study could also prove a useful technique in assessing how the application of marketing techniques and practices can contribute to improved performance in other non-profit organisations, such as hospitals, government agencies, fund raising, and other organisations in the area of social welfare.

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APPENDICES

APPENDIX 1

SCHEDULE OF QUESTIONS

TO THE SAC MANAGER

SCHEDULE OF QUESTIONS TO THE SAC MANAGER

. Statement of the study's purpose

Briefly speaking, the main purpose of this study is to explain the relevance and contribution of marketing, as it is practised in profit-oriented firms, to the management of non-profit organisations. Specifically, the objective is to analyse the contribution which various marketing tools may make to improve performance in NPOs. What we are trying to establish is whether better marketing can lead to success and better performance.

Now let me ask you some questions which will help me in writing my research methodology chapter?

First : Would you please identify about six similar pairs of successful and unsuccessful NPOs, mainly, cultural institutions, such as museums and art galleries, theatres, concert halls and libraries, half of them good and half bad?

Second : Why do you think that the institutions you have just mentioned are similar? I mean, on what grounds do you consider them to be similar?

Third : How do you distinguish success and failure? I mean, what exactly are the criteria?

For example, the criteria used for each of the following institutions might be :

	Museums and Art Galleries	Theatres	Concert Halls	Libraries
1	Number of Visitors	Number of Audiences	Number of Attend-ances	Number of Readers
2				
3				

Fourth : Can you please tell me if the following marketing terms are used in NPOs? If not, what is the nearest equivalent?

Marketing Terms	Museums and Art Galleries	Theatres	Concert Halls	Libraries
1. Product				
2. Price				

Contd Over /

Marketing Terms	Museums and Art Galleries	Theatres	Concert Halls	Libraries
3. Place 4. Promotion 5. Customer 6. Marketing Research 7. Marketing manager				

<u>Fifth</u> : If these organisations - by definition - are not seeking to make profits from their operations, what, in your opinion, are their major objectives?

<u>Sixth</u> : In your opinion, what are the main objectives of charging admission fees for NPO's services?

<u>Seventh</u> : In those cases where these NPOs do not charge admission fees for their services, how do these organisations ration the use of these services?

<u>Eighth</u> : In your opinion, how important are the following factors in influencing decisions in NPOs?

(Please circle the most appropriate number on the scale).

Factor	Very Important	Important	Neither important nor unimportant	unimportant	Not Important at all
a) To attract a predetermined audience size	1	2	3	4	5
b) To introduce a new 'product' to the market every					

Contd Over /

Factor	Very Impor-tant	Impor-tant	Neither important nor unim-portant	unim-portant	Not Impor-tant at all
year.	1	2	3	4	5
c) To offer higher quality of service than the compet-itors	1	2	3	4	5
d) To cut operation cost	1	2	3	4	5
e) Others (please state)					
______________	1	2	3	4	5
______________	1	2	3	4	5

APPENDIX 2

QUESTIONNAIRE

The first section concerns the management attitude towards marketing:

Q1 In your opinion, how important are the following factors in influencing decisions in NPOs?
(Please circle the most appropriate number on the scale)

Factors	Very Important	Important	Neither Important Nor Unimportant	Unimportant	Not Important At All
a) to attract a predetermined audience size	1	2	3	4	5
b) to introduce a new 'product' to the market every year	1	2	3	4	5
c) to offer higher quality of service than the competitors	1	2	3	4	5
d) to cut operation cost	1	2	3	4	5
e) to offer a balance of product over a season/year	1	2	3	4	5
f) Others (please state)					
______________	1	2	3	4	5
______________	1	2	3	4	5

Q2 Are these 'goals' you checked above committed to paper?
(Please tick one box below)

a) fully written down ☐

b) partly written down ☐

c) not written down ☐

Q3 Is a member of your institution specifically responsible for marketing activities? (eg. programme design, public relations, selling, advertising, etc.)
(Please tick one box below)

YES ☐

NO ☐

If YES, what position does this person hold? If NO, go to Q5.
(Please tick all that apply)

a) general administrator ☐

b) marketing director ☐

c) public relations officer ☐

d) programme designer ☐

e) advertising officer ☐

f) Others (please state)

_________________________ ☐

_________________________ ☐

Q4 To what extent is he involved in the goal setting and planning operations?
(Please circle the most appropriate number on the scale)

To a great extent				Not at all
1	2	3	4	5

The following section deals with the role that marketing elements (ie. product, price, place, promotion) can play in improving performance in your organisation:

Q5 Does your organisation research the client market before it decides to offer a new 'product'?
(Please tick one box below)

YES ☐

NO ☐

DON'T KNOW ☐

If YES, please continue with Q6 : Otherwise go to Q7.

Q6 A. Is this client research carried out mainly?
(Please tick all points that apply)

a) by your own staff ☐

b) by specialised outside organisations ☐

c) by government agencies (for example, SAC marketing officer) ☐

d) Others (please specify)

________________________ ☐

________________________ ☐

B. How often do you undertake marketing research in the following areas?
(Please tick all that apply)

Areas	Frequently	Occasionally	Rarely	Never
1) Providing the required information about target markets (eg. client's needs)				
2) Market segmentation studies (ie. estimating market size)				
3) Forecast 'product' appeal to new clients				
4) Eliminating unattractive 'products' (eg. disposing of an unattractive production, collection, performance, work)				
5) Seeking the possibility of introducing a new 'product' (eg. new works, production, performance)				
6) Studying the suitability of the location of the institution				
7) Pre-test advertising				
8) Advertising media research				
9) Others (please state) ________				

Q7 What are the main reasons for not doing any market research? (Please tick all that apply and rank in order of importance, assigning (1) to the most important, (2) to the second, and so on, but leaving blank any that do not apply)

Reasons	Rank in Importance
a) expensive	☐
b) sometimes impossible	☐
c) competition does not exist	☐
d) lack of necessary research facilities	☐
e) the organisation is small and management talent is limited	☐
f) Others (please specify)	
____________________	☐
____________________	☐

Q8 Approximately what proportion of your productions would you say were initiated entirely by the organisation without taking into account what might be described as public needs?

______

Q9 Does your organisation charge admission fees for its services? (Please tick one box below)

YES ☐

NO ☐

SOMETIMES ☐

If SOMETIMES, please specify circumstances.

____

____

____

If YES or SOMETIMES, please continue with Qs10 and 11 : Otherwise go to Q12.

Q10 What are the objectives of charging admission fees for your organisation's services?
(Please tick all that apply)

a) to recover all expenses ☐

b) to recover some of expenses ☐

c) to rationalise the use of the organisation's services, eg. to spread demand more evenly ☐

d) to enable the organisation to render the current services at higher level of quality ☐

e) to enable the organisation to add a new service ☐

f) to make the administration of the organisation more aware of controlling overhead expenses ☐

g) Others (please specify)

______________________________ ☐

______________________________ ☐

Q11 Which of the following bases does your institution use in assessing the charges for services? (Please tick all the appropriate methods)

a) full-cost policy ☐

* b) cost-plus ☐

c) pricing according to competitive level ☐

d) price that clients will bear ☐

e) subsidy price ☐

f) Others (please specify)

______________________________ ☐

______________________________ ☐

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* Charging more than full-cost essentially to discourage the use of services where demand exceeds supply.

Q12 In your opinion, which of the following would explain offering the organisation's services free?
(Please tick all that apply)

a) clients cannot afford to pay for the service ☐

b) it is a policy not to ration the services on the basis of ability to pay ☐

c) the cost of collecting the revenue exceeds the benefits of charging 'prices' ☐

d) our organisation receives public monies in the form of prepaid state taxes ☐

e) the expected consumption of the cultural services by clients is of a greater value to the community as a whole than its costs ☐

f) Others (please state)

______________________________ ☐

______________________________ ☐

Q13 Does your organisation actively promote its service offerings?
(Please tick one box below)

YES ☐

NO ☐

DON'T KNOW ☐

If YES, please continue with Qs14 to 16 : Otherwise go to Q17.

Q14 Which of the following promotional methods does your organisation use?
(Please tick all that apply)

a) advertising ☐

b) public relations ☐

c) publicity ☐

d) sales promotion ☐

e) Others (please specify)

______________________________ ☐

______________________________ ☐

Q15 In your opinion, how important is advertising in making clients informed about your services (in terms of the availability of 'products', their prices, quality, benefits to clients, etc.)? (Please circle the most appropriate number on the scale)

Very Important				Not Important
1	2	3	4	5

Q16 How often does your organisation use the following advertising media? (Please tick all that apply)

Media	Often	Occas-ionally	Rarely	Never
a) Television and Radio				
b) Magazines				
c) Newspapers				
d) Direct mail				
e) Posters				
f) Billboards				
g) Transportation advertising				
h) Others (please specify)				
______________________				
______________________				

Q17 In your opinion, how important is the physical location in attracting customers?
(Please circle the most appropriate number on the scale)

Essential				Not Important
1	2	3	4	5

Q18 A. How convenient do you consider your present location to be?
(Please circle the most appropriate number on the scale)

Very Convenient				Very Inconvenient
1	2	3	4	5

Q18 B. If your organisation's location is not convenient, what has been done in trying to attract customers?
(Please tick all that apply)

a) improving the service's quality ☐

b) relocating the organisation ☐

c) setting up new branches ☐

d) establishing mobile units ☐

e) Others (please state)

____________________________ ☐

____________________________ ☐

Q19 Which of the following reasons are important in locating your organisatio facility nearer to clients?
(Please rank in order of importance)

a) to enable the organisation to serve clients that it could not before ☐

b) to make it possible and easier for the current clients by taking the organisation to them instead of asking them to come to the organisation ☐

c) to make savings in transportation cost for the client ☐

d) Others (please state)

____________________________ ☐

____________________________ ☐

Q20 Which, and to what extent, have the following marketing factors contributed to your organisation's performance?
(Please circle the most appropriate number on the scale)

Factors	Essen-tial	Very Impor-tant	Impor-tant	Fairly Impor-tant	Not Impor-tant
a) Improving 'product' quality	1	2	3	4	5
b) Establishing a con-venient location	1	2	3	4	5
					Contd/..

Q20(Contd)

Factors	Essen-tial	Very Impor-tant	Impor-tant	Fairly Impor-tant	Not Impor-tant
c) Paying more attention to promotional efforts (eg. advertising, personal selling)	1	2	3	4	5
d) Achieving the lowest possible admission charge	1	2	3	4	5
e) Offering what the client wants rather than offering what the organisation can offer	1	2	3	4	5
f) Others (please specify)					
____________________	1	2	3	4	5
____________________	1	2	3	4	5

Q21 Does your organisation adapt its services to suit the different client's needs?
(Please tick one box below)

YES ☐

NO ☐

DON'T KNOW ☐

If YES, please continue with Q22 : Otherwise go to Q23.

Q22 To what extent does your organisation adopt such an adaptation policy?
(Please circle the most appropriate number on the scale)

To a Great Extent				Very Little
1	2	3	4	5

Q23 What are the main reasons for not using an adaptation policy?
(Please rank in order of importance (1, 2, 3, etc.) all that apply)

a) We have insufficient financial resources to make such adaptation ☐

b) Lack of competent professionals to make adaptation ☐

c) Our markets are limited and so we offer services of a standard nature to meet the different needs of many of these markets ☐

d) Others (please specify)

______________________________ ☐

______________________________ ☐

______________________________ ☐

The final section asks some general questions about your organisation:

Q24 Which category of organisation do you work for?
(Please tick one below)

a) Museum and Art Gallery ☐

b) Printmakers Workshop ☐

c) Arts Centre ☐

d) Theatre ☐

e) Concert Hall ☐

f) Municipal Entertainment ☐

Q25 How many years has your organisation been actively engaged in offering cultural services?
(Please tick the appropriate point on the scale)

Less than 5 years	5 to 15 years	15 to 30 years	30 to 50 years	50 years and over
☐	☐	☐	☐	☐

Q26 Approximately what was the number of your organisation's clients during the last year?
(Please write in)

_______ Clients

Q27 Approximately what % of the above number would you say lies in the following categories?

a) Pensioners _______ %

b) Adults _______ %

c) Teenagers _______ %

d) Children (Schoolchildren) _______ %

Q28 What is the approximate number of employees in your organisation?
(Please write in)

_______ Employees

Q29 What was your own organisation's budget for the last financial year?
(Please tick the most appropriate point on the scale)

Under £10,000	£10,000 to £25,000	£25,000 to £100,000	£100,000 to £1,000,000	£1,000,000 and over
☐	☐	☐	☐	☐

Q30 Are there any general comments which you would like to make about the subjects of this survey?
(Please write in)

NAME OF RESPONDENT: ______________________

POSITION IN THE ORGANISATION: ______________________

ORGANISATION: ______________________

ADDRESS: ______________________

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APPENDIX 3

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