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Applying the Principles of Consumer Marketing to Philanthropy

Principles of consumer marketing can be applied with great success to the non-profit sector. Thinking of donors as customers is the first step. “Customers,” in this case “donors,” buy benefits.

Donors look for benefits

A non-profit organization should ask, “What are the motivating benefits for my general category of charity?” and “What specific benefits does my charity offer that will cause donors to choose us?” Answering these questions correctly provides important direction for fundraising campaigns and communications.

Many non-profit organizations find that they have groups of donors who contribute for different reasons. Each group of donors that give in response to a different cluster of benefits is a distinct marketing segment. Non-profits need to customize their approach to each donor segment from which they hope to raise money.

NEW EXPECTATIONS AMONG DONORS

The world of philanthropy is changing. Charitable institutions need to recognize these changes and their impact on fundraising. The key to success in this new environment is the realization that donor needs must be understood and met in order to generate philanthropic support.

Status reports are essential

As with any service they buy, donors want to know that charitable services are actually delivered and that they work. Because donors do not, themselves, usually have first-hand experience with a charity’s service, they want precise measures of effectiveness. Status reports are expected and appreciated.

Donors are loyal to services that perform well. If they are not satisfied with the performance, donors will switch, i.e., buy charitable services from another charity. Charities that fail to document good results will lose funding.

WHY DONORS GIVE

Donors buy charitable services. Charities need to understand that they are providing services that donors buy. Although donors are not typically the recipients of the charitable services, they are the ones who pay for the services. Thus, donors expect to be treated like customers. This means that charities must orient their fundraising programs around fulfilling the “customer” needs of donors, not just the needs of their institution.

 **The
Purchase
Logic of
choosing a
charity**

Purchase Logic explains how donors choose a charity. Raising more money is a process of offering new benefits to potential donors, then removing barriers to giving (such as high administrative costs) and finally providing a reason to choose a particular charity. A non-profit organization needs to ask “What are the motivating benefits for my type of charity?” and “What distinctive benefits do I offer?”

High net-worth philanthropists think like investors. For most charities, the 3% of U.S. households that provide three-quarters of all money raised is of paramount importance. Their Purchase Logic for making charitable gifts involves longer timetables and measurable results. In order to attract high net-worth donors, a charity must offer benefits that motivate investors, as well as customers.

Related Articles

To learn more about the topics discussed in this article, you may wish to read the following paper found on www.uwa.com:

- Purchase Logic: The Foundation of Marketing Strategy