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<p><b>Abstract:</b></p> <p>This research paper presents the marketing management of the nonprofit sector as a prerequisite for NGO sustainability. It examines the existing literature on the nonprofit marketing, the current situation of the local NGOs in Kosovo with regards to the application of marketing. The research methodology follows the introduction and presentation of the research objectives. The theoretical background introduces the necessary baseline to analyze empirical findings. The empirical findings and analysis reveal that nonprofit sector in Kosovo does not have a holistic marketing approach. The focus of the research is to emphasize the importance of marketing orientation, segmentation, and planning at nonprofit sector. Moreover, NGOs should create, communicate and deliver values based on customers' (beneficiaries, volunteers, and donors) needs.</p> <p>As a result of this research, a marketing plan guide was prepared. The guide aims to educate NGOs in Kosovo about the benefits of having a holistic marketing approach and will serve as basis for further marketing planning.</p>	
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## ABBREVIATIONS AND TERMINOLOGY

BoD	Board of Directors
CBO	Community Based Organization
CSO	Civic Society Organization
FDI	Foundation for Democratic Institute
ICNPO	International Classification of Non-Profit Organization
KCSF	Kosovo Civic Society Foundation
KFOS	Kosovo Foundation for Open Society
KHDR	Kosovo Human Development Report
KPEP	Kosovo Private Enterprise Program
LNGO	Local Non Governmental Organization
MANGO	My Own NGO
NGO	Non Governmental Organization
PEEST	Political Environmental Economical Social Technological
SOE	Socially Owned Enterprises
SMART	Specific Measurable Achievable Realistic Timely basis
SPSS	Statistical Program
SWOT	Strengths Weaknesses Opportunities Threats
UNDP	United Nations Development Program
UNMIK	United Nations Mission In Kosovo
YCP	Yugoslavian Communist Party

# 1 INTRODUCTION

## 1.1 Introduction

NGOs are engines that ensure civil society development and economic development (Drucker P.), because of their strong links with community, businesses and the government.

Although NGOs tie together all these actors, they still struggle for recourses necessary to accomplish their purpose. Besides, rapidly changing environment, globalization and information technology, altered the way how NGOs were addressing community needs (Sargeant, 1999) but also changed the way how NGOs compete for resources (Kotler and Murray (1975). In this regard, Kotler and Levy (1969) were first to announce that marketing goes beyond than just ‘satisfying customer needs profitably’, according to them marketing is used also by NGOs although they do not recognize it. Nowadays, marketing is described as a process through which individuals and groups satisfy their needs through ‘creating, offering and freely exchanging services of value with others’ (Kotler and Keller, 2006, p6).

Although nonprofit marketing as a concept was introduced since 1970, in Kosovo LNGOs are not aware of its importance, moreover marketing is considered inappropriate for their needs (Brennan and Brady, 1999).

Therefore, the purpose of the paper was to research how marketing is used by local NGOs in Kosovo whilst indicating its importance in fundraising efforts and contribution to NGO sustainability.

The paper comprises of six parts. The introduction gives a short background on Kosovo’s situation and phases of development of the civil society; the research methodology indicates the process of collecting secondary and primary data regarding LNGOs development. Due to a large number of registered NGOs in Kosovo, the research was confined to the sample frame of around 170 LNGOs. Although the interviews were conducted using different tools, such as: e-mails, telephone and face to face interviews, only 41.7% of LNGOs responded.

The theoretical background introduces aspects of the marketing in general, its relation with the nonprofit sector, and also stressing the importance of marketing plan to uphold fundraising whilst contributing to sustainability of the NGOs.

The findings from the research are processed through SPSS and presented at the empirical findings section, by indicating the structure of LNGOs, resource attraction and allocation, research and planning process at the LNGO level including environmental scanning, SWOT analysis, and marketing budget and staff performance evaluation.

Subsequently, data from empirical findings were analyzed and commented on the analysis and reflection section, indicating that LNGOs in Kosovo do not have a holistic approach to marketing but this approach is rather superficial. Moreover, out of 19 NGOs who possessed marketing plan, none of them had any marketing budget to implement it, the LNGOs marketing is rather in carried out on project basis. All these factors indicate that LNGOs are striving for survival because there is no holistic marketing approach on how to market their services and raise funds from donors (individual, corporate or trust/foundations).

Finally, based on the theoretical background, empirical findings and results from the analysis I've presented conclusions and recommendations. The paper indicates the importance of marketing plan for fundraising efforts and NGO sustainability.

This paper is valuable for NGO community and for practitioners because for the first time in Kosovo the issue of nonprofit marketing and how important its application is has been addressed. Moreover, the marketing plan guide (in Albanian) will be sent to all NGOs who contributed to this research, and this will assist them to address some important issues during their planning process.

Lastly, the paper suggests a follow up research (with focus groups) in order to establish whether LNGOs used the marketing plan guide, and if so, how it upheld fundraising and NGO sustainability.

## **1.2 Background and motivation for the study**

Kosovo was part (province) of ex-Yugoslavia (former socialist country), where social and business life was regulated by the government. Ex-Yugoslavia was constituted of 6 republics and 2 autonomous provinces led by a monist political system – the Yugoslav Communist Party.

The self-governing socialism distinguished ex-Yugoslavia economy from other socialist countries. The constitution of ex-Yugoslavia (1974) and Law on Enterprises (1988), established grounds for a self-governing economy by transferring managerial powers from state to workers, thus distinguishing Socially Owned Enterprises<sup>1</sup> from Publicly Owned Enterprises.

Although by law enterprises were governed by workers councils, decisions were still influenced by the Communist Party, as the director was appointed by the Yugoslav Communist Party (YCP).

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<sup>1</sup> Socially Owned Enterprises – are enterprises that were registered under the *Law on Enterprises* and the majority of its assets are in social ownership or the majority of capital is social capital, Available at: <http://www.kta-kosovo.org/ktareg/UNMIK%20Regulation%20No.%202002-12%20Establishing%20the%20KTA.pdf>

As indicated above, although the economy was a self-governing one, business activities were organized and regulated by YCP. The production volume and market demand were also coordinated by this group. Everything was 'planned'. There was no production surplus. On the contrary, during the 70's, Yugoslavia as any other socialist country faced scarcity of commodity products; there were times when people were waiting in long queues for the basic food items. As there was no competition, the demand was larger than supply. Hence, there was no need to market products because the market was already secured and the attitude toward the customer was "take it or leave it".

*Inter alia*, social activities (volunteer and youth activities) were also organized by YCP while not addressing the immediate needs of young people but the party's political agenda. People (youth) were obliged to participate in volunteer activities. Absence in any of these activities had to be justified and certified by doctor (if sick) or if not, the student would get a bad mark. There were no formal associations (unbiased, impartial) but there were some informal groups such as craftsman groups, whose members were also members of YCP. This shortly explains to the reader how social activities were regulated by YCP (state) before the 90's.

After 1991, as a result of atrocities by Milosevic, ex-Yugoslavia faced economical drawbacks and political deterioration. Slovenia was separated from ex-Yugoslavia, Croatia and Bosnia & Hercegovina entered into war, while Kosovo's autonomy was abolished and people of Kosovo faced massive repression violating the basic human rights (education, freedom of speech, health etc), of every Albanian in Kosovo ending with war genocide at 1999. Attempting to find ways to survive the already difficult situation, the people of Kosovo were organized in informal (called 'illegal groups' by the Serbs) Civil Society Organizations (CSO) that filled up the gap for political, educational and health systems. There were humanitarian organizations such as Mother Teresa Association, Motrat Qiriazi, which helped the population with food and other health services; political organizations, Democratic League of Kosovo leading Kosovo Albanians during their most difficult stage; and human rights organizations such as the Council for the Defense of Human Rights and Freedoms. Although these structures were functioning 'illegally' (as labeled by Serbian Government), they were well-known organizations among the population, which worked on voluntarily basis to address the immediate need of the Kosovo community. At this stage (second phase) of the Civil Society Organizations (CSO) development, there was no need for marketing. The question is, why? Because the establishment of these organizations was based on the need, on voluntarily work, joint effort to achieve the common goal, which united all people of Kosovo.

Currently, after the war in 1999, community needs changed, and with that CSOs agendas changed as well. The promulgation of UNMIK Regulation No. 1999/22 *On Registration and operation of the Non-Governmental Organizations–NGOs* opened the third chapter (stage) of the CSOs development because it established foundations for the legal operation of these organizations. Compared to other NGO regulations in the region Regulation No. 1999/22 is very liberal, because it requires only three founders (one should be citizen of Kosovo) to register the NGO.

This is one reason why the NGO community in Kosovo is blooming, from 130 registered in 2001 to 3000 registered as of 2005<sup>2</sup>, and more than 4070 registered NGOs in 2008<sup>3</sup>. The other reason is that due to economical stagnation as a result of war, NGOs are viewed as job creation structures.

The NGO community is fragile and has not reached the expected level of development<sup>4</sup>. The level of development incorporates the specialization of the NGOs into specific areas and the development of their strategic objectives including marketing strategies.

Moreover, the NGO community is donor-driven because their activities are not oriented towards achieving their mission and/or based on their cause but as per donor requirements and agendas. That is why in Kosovo, the concept donor driven is used very often.

Considering the above mentioned, the quantity not necessary means quality, thus having such a large number of registered NGOs is not an indicator that the civil society is well-developed or active (KCSF, 2005).

The KCSF report<sup>2</sup> also indicates that approximately 600 or 14 % of the registered NGOs are active, while this percentage is falling every year, due to lack of funding as a result of a decreasing donor presence.

Moreover, the percentage is falling because NGOs have internal problems such as: failure to take their roles and responsibilities seriously; failure to understand the importance of membership and service provisioning; NGOs are identified with one person - MANGO syndrome (My Own NGO); losing their reputation due to being biased and politicized; and failure to understand the importance of keeping their promises in order to attract new members/volunteers.

To illustrate one of the issues, I will take an example from my UNDP experience working with NGOs and volunteers. Most of volunteers complained that NGO leaders promised ‘that

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<sup>2</sup> Kosovo Civil Society Foundation, 2005, Mapping and analysis of Kosovo’s Civil Society, Prishtinë, Kosovë

<sup>3</sup> Ministry of Public Affairs, 2007, List of registered local NGOs

<sup>4</sup> Retrieved from [http://www.freedomhouse.hu/images/fdh\\_galleries/NIT2007final/nit-kosovo-web.pdf](http://www.freedomhouse.hu/images/fdh_galleries/NIT2007final/nit-kosovo-web.pdf)

those who volunteered their time will benefit from training or study visit outside Kosovo or payment of daily expenses', however in most cases (without seeking to generalize) this did not happen, because of nepotism (the benefits went to leaders' family members).

As a result of such actions the NGO are losing reputation and the interest for volunteer work is declining.

Ten years of experience working with NGOs from the donors perspective and as a leader of the NGO from the implementer's perspective, and two years study in the field of Marketing Management motivated me to conduct a research study on how marketing is perceived, understood and conducted (if conducted at all) by local NGOs in Kosovo, and whether well-developed marketing plan and strategies have a positive effect on the fundraising activities to contribute to NGO sustainability.

Being part of this sector for a long time, I truly believe that NGOs can improve public trust in the volunteer sector by keeping their promises, as the most important part of marketing, because "you can fool your customers/beneficiaries once, but not twice"; and improve their credibility in service provisioning by practicing the substance of marketing strategies, not only trappings (Brennan and Brady, 1999).

Hence, taking into account the above mentioned reasons, the aim of my research is to contribute towards development and sustainability of the third sector (pillar) of the society (Kotler and Murray, 1975).

In the course of my research, I have deemed it necessary to prepare a specific Marketing Planning Guide for the nonprofit sector, as a point of reference when conducting their marketing or parts of marketing. The guide will be distributed to all NGOs who have responded to my questionnaire.

### **1.3 Research objectives**

Until 1970, marketing was considered as a tool used only by for-profit (commercial) sector. When Kotler and Levy first opened the debate on nonprofit marketing, they were criticized for stretching the marketing beyond its range (Sargeant, n.d). Nonprofit sector performs marketing activities (Kotler and Levy 1969, cited in Denney, 1998), although they do not recognize it, or often consider it as inappropriate to their needs (Brennan and Brady, 1999).

Considering the above said the objectives of my research are:

- To identify how marketing is practiced by NGOs in Kosovo;
- To understand the Strengths, Weaknesses, Opportunities and Threats of the NGO community in Kosovo with regards to marketing management;

- To develop marketing plan guide specifically for the nonprofit sector for Kosovo;

## **1.4 Research questions**

Following are the research questions:

1. How marketing is perceived and utilized by NGOs in Kosovo?
2. Do NGOs in Kosovo perform marketing audit?
3. What are the main funding resources for NGOs in Kosovo?
4. What are their Strengths, Weaknesses, Opportunities and Threats?
5. Do NGOs in Kosovo have separate budget to perform marketing activities? and
6. How marketing plan is perceived by them?

The answers to all questions are introduced at the Chapter 4 – Empirical Findings, summarized and elaborated at the Chapter 5 – Analysis and Reflection.

## **1.5 Delimitation**

The main focus of the research paper is the marketing management of the nonprofit sector and how marketing plan could improve fundraising and increase chances of sustainability. .

Compared to the International Classification of Non-Profit Organization (ICNPO) (Sargeant, 1999), which classifies non-profitable organizations into 12 groups<sup>5</sup>, the present law<sup>6</sup> that governs the registration and operation of the nonprofit sector in Kosovo, organizes this sector in only two structures: as associations and as foundations and the field of operations is determined by the establishment act.

Therefore, whenever I mention in this research the NGOs and the nonprofit sector, please note that it partly covers cultural and recreational group; social services group; environmental and international activities group; law advocacy and politics group; and one part of education and training group.

# **2 RESEARCH METHODOLOGY**

## **2.1 Introduction to the research design**

Research design is the plan and structure of the investigation in order to obtain answers to the research questions (Cooper and Schindler, 2003, p146).

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<sup>5</sup> Classification as per ICNPO (1= Culture and Recreation; 2= Education and Research; 3 =Health; 4 =Social Services; 5= Environment; 6= Development and Housing; 7= Law Advocacy and Politics; 8=Philanthropic Intermediaries and Volunteerism Promotion; 9= International Activities; 10=Religion; 11= Business professional Associations and Unions; 12= Not Elsewhere Classified

<sup>6</sup> UNMIK Regulation 1999/22

This study research is a formal study, built upon previously defined research questions; has descriptive purpose; is cross-sectional since it represents a snapshot of the NGO situation regarding marketing management and it occurs under the actual environment (under field conditions). (Cooper and Schindler, 2003, p146-149).

A quantitative research is used, in order to conduct a thorough analysis in providing answers to the research questions regarding how much marketing is understood and exercised by local NGOs in Kosovo.

## ***2.2 Primary and Secondary Data collection***

The appropriate method for collecting the primary data for the purpose of this research was interview/communication method through designing a questionnaire which was distributed to local NGOs. The primary data was collected via e-mail, telephone, and face to face interviews with executives and/or senior officers of the organizations.

With the intention of reducing the error in collected data, secondary sources from different organizations such as Analysis of Civil Society in Kosovo (Kosovo Civil Society Foundation – KCSF, 2005), Kosovo Human Development Report (KHDR) on Civil Society (UNDP data analysis, 2008) and information from NGO registry office were used.

Course literature, journals, articles and reports from different governmental organization enriched the secondary data by providing basic concepts of the theoretical background of the study research.

### **2.2.1 Sampling design**

The idea of sampling was to select representative elements from the total population of registered NGOs in Kosovo which in this case is more than 4070 registered NGOs<sup>7</sup>. The reason for using the sample was to reduce the cost; save time; provide accurate information; and because not all registered NGOs are active (available).

According to KCSF Report of 2005 from the total population of registered NGOs, approximately 600 are active, in other words 14%, which represent the sampling frame or the total population of my research. The sample frame was created by screening and matching the available information from three databases (NGO registry database, KCSF database and UNDP database of active NGO's), where a digit '1' inserted for all active NGOs in the registry list.

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<sup>7</sup> List of registered NGOs in Kosovo, Registry Office, Ministry of Public Services

There are 4 alternatives for probability sampling such as: 1) systematic sampling; 2) stratified sampling; 3) cluster sampling and 4) double sampling (Cooper and Schindler, 2003, p188-200).

For purposes of this research and in order to have representation from all regions I have used a combination of cluster sampling by creating sample frame for 5 regions in Kosovo (14% for each region) and systematic sampling by choosing every 5<sup>th</sup> element in the sample frame (or 20% of active NGOs).

### **2.2.2 Questionnaire design - Challenges of the questionnaire design**

The questionnaire was one of the main instruments to collect the primary data. The main purpose of it was to develop a structure of the quantitative data which will ascertain the size of how much marketing management is utilized by NGOs in Kosovo.

The questionnaire was prepared in Albanian language. The respondents were informed about the purpose of the interview and were assured that the data provided was strictly for the purpose of the research and would be kept confidential.

The questionnaire included 43 questions structured in 5 sections: general information about the respondent and the organization; organizational structure; sources of funds and beneficiaries; the planning process at the organization; and the evaluation process for both services and employees.

Every section had its pool of questions, which were close-ended questions with multiple responses directing the respondent to choose 1 and/or 4 answers, and categorize the answers based on importance/threat that presented/or priority for the organization, while depending on the nature of the question the respondent had an opportunity to add his/her opinion..

Each section will be described below:

- ***General information on the respondent and organization*** - this section comprises of 12 questions covering information about the respondent's position in the organization, years of experience with the NGO community, region/municipality, the form of the organization and organization's year of the establishment. The section is important because it provides valuable data regarding respondents experience with civil society, and the basic information for the organization where the marketing plan guide will be posted as a sign of courtesy for their time and effort.
- ***Organizational structure*** - comprises of 4 questions, one of which is multi-response question. The section provides information regarding the structure of the organization, number of the employees, and volunteers. The importance of this section lies in the

respondents' knowledge of the valid structures of the NGO as per the current regulation<sup>6</sup> and if the organization has volunteers because they can play an important role for marketing of the organization,

- ***Sources of funds and beneficiaries*** – comprises of 3 multi-response questions which provide information about the structure of funds, responsible body for fundraising and primary/secondary beneficiaries or better say why the organization exists.
- ***The planning process at the organization*** – is the main section of my research that contains 20 questions (10 multiple-response questions). The importance of this section indicates respondents understanding regarding market research, SWOT, environmental scanning, marketing techniques, structures involved in marketing planning and implementation (if the organization has this plan), their opinion regarding marketing and if their organization has a specific budget to conduct marketing.
- ***The evaluation process for both services and employees*** – contains 4 questions providing information on a very important issue of marketing such as evaluating and monitoring services and staff compliance with customer needs and requirements.

In order to cover 5 regions of the Kosovo, the questionnaire was distributed via e-mail. In this regard, initially the questionnaire was developed as WordDoc Template allowing the respondent to fill only the required fields but after pilot testing with some NGOs, the questionnaire was made more, practical while some questions were clarified and articulated differently.

In consultation with IT and Data Wrangler Specialist, the questionnaire was converted into PDF format, because this format allowed variable creation for every answer (to the question), that is the extraction of the data from PDF into Excel and to SPSS was more practical to carry out further analysis.

### **2.2.3 Primary data collection**

Different international and local institutions in Kosovo have conducted research studies concerning the CSO's activism, sustainability, their role in the society, media, and influencing political decision, but until now there is no data on research on NGO marketing management as bases for their sustainability, directly relating with them being active in community life and decision making processes.

Since the study research involved NGOs Kosovo wide, I must say that primary data gathering was one of the main challenges.

My initial aim was to interview 100 NGOs (20 NGO's per 5 regions), but during the phase of sample design I reached the conclusion to conduct the research with 20% of the active NGOs (14% of 4070 registered ones). Being aware of the fact the number of responses via-email would be lower compared to other methods of research, and in order to have a representative sample, the questionnaire was distributed to approximately 170 (28% NGOs).

The planned timeframe for sending questionnaires and receiving them back was 1 month. During the scheduled time only 35 filled questionnaires were received, therefore a need to switch the research method from e-mail to telephone interviews and face-to-face interviews emerged, enabling me to gather both quantitative and qualitative data.

#### **2.2.4 Secondary data collection**

Secondary data was used to get better insight on the research topic, to develop better understanding of the CSO's situation in Kosovo and to design the sample frame and questionnaire for retrieving the primary data.

Information on marketing management in nonprofit sector was retrieved from different scientific articles from online libraries and journals, course literature, e-books, UNMIK Regulations on NGO operation, governmental and donor reports.

Secondary data was essential to establishing the viable platform for the theoretical framework constituting the bases of my research.

A thorough theoretical framework helped clarify dilemmas about nonprofit marketing as a precondition for fundraising and NGO sustainability.

#### **2.2.5 Research quality – reliability, validity and practicality of data**

As indicated by Cooper and Schindler (2003, p229-236) validity, reliability and practicality are three criteria for evaluating the research quality.

Validity indicates if the research is measuring correctly what we wanted to measure, whilst there are three forms of validity 1) content validity; 2) criterion-related validity; and 3) construct validity (Cooper and Schindler, p231). As per the researcher's judgment the data collection instrument (questionnaire) adequately covers the topic of marketing management. Due to systematic and random errors coming from a) the participant/respondent; b) the situation; c) the measurer; and d) the data collection instruments, the results of the research can not be 100% accurate. The same was observed during this research i.e. some respondents were reluctant to select answers which would create a bad impression for the organization;

this was mostly when they were asked to identify their weaknesses and prioritize them according to their seriousness.

### **3 THEORETICAL BACKGROUND**

#### ***3.1 Introduction to literature review should be shortened and there is no coherence between theoretical part and survey***

The following chapter will elaborate important theoretical aspects of the marketing management for the non-profitable sector. The literature review is divided in four parts. The first part presents important aspects of nonprofit sector, classifications and its role; the second part introduces marketing concepts and how it relates with nonprofit sector; the third section gives a short introduction of the fundraising hence clarifying and stressing the importance of the well prepared marketing plan in fundraising efforts; while in the end important tips for successful fundraising will be presented.

In the end the research paper will result with a practical guide for a Marketing Plan for Nonprofit Sector Executives (in Albanian) to be distributed to NGOs that responded.

#### ***3.2 Nonprofit sector concepts and roles***

##### **3.2.1 Definitions and terms (change the term customer to actors)**

Depending on country specifics, nonprofit organizations (NPO) or Non-Governmental Organization (NGOs) are conceptualized differently. The existing literature defines NGOs as organizations that have legal status (registered NGOs), or as groups of individuals who are gathered on voluntarily bases; or as groups of private individuals who operate independently from the state with a purpose of improving community life without any commercial benefit. (KCSF, 2005).

Salamon and Anheier (1997, p27) in their efforts to analyze nonprofit sector in thirteen countries, defined the term 'nonprofit sector' as a wide variety of institutional types that vary in their basic composition depending from place to place.

Sometimes, nonprofit sector is referred to as a third sector: neither governmental, nor business, but characterized by its orientation toward social responsiveness. (Keller and Murray, 1975)

Nonprofit organizations are defined as organizations that exist for the benefit of the society, for providing physical goods and services, not for gain or profit, as a result, do not distribute profits or surpluses to shareholders or members (Sargeant,1999).

There are different names for nonprofit organizations, in some textbooks they can be found as NFPs (Non-For-Profits), NGOs (Non-Governmental Organizations), NPO (Nonprofit Organizations), CSO (Civil Society Organization), NFGOs (Non-For-Gain Organizations), the voluntary sector, charitable sector, independent sector, third sector, tax-exempt etc. (Sargeant, 1999; Salamon and Anheier, 1997).

In general, there are at least five characteristics applicable to all nonprofits that is that NGOs are organizations; not part of government; do not distribute profits to their stakeholders; are self-governing; and serve a public purpose. (Salamon and Anheier, 1996; cited in Lowell, 2000, p1).

Given the fact that nonprofit sector is very broad, for the sake of simplicity, the research will be focused only in NGOs which are registered as per UNMIK Regulation 1999/22, excluding labor unions, universities, churches, mosques, hospitals which in Kosovo's reality are registered and operate under other regulations. In this report the terms NGO, CSO and nonprofits are used interchangeably.

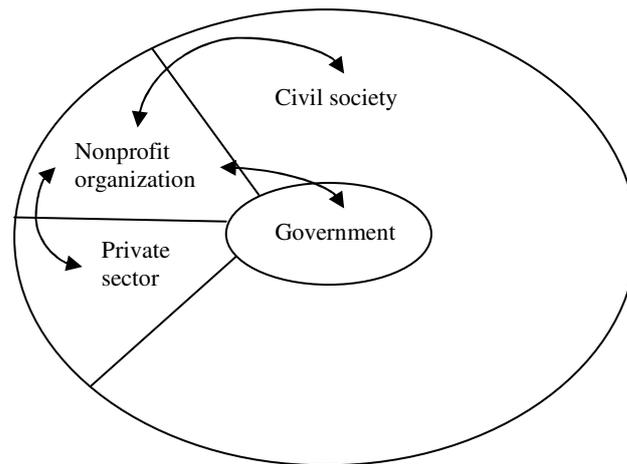
### **3.2.2 NGO Importance and Roles**

NGOs or CSOs play an important role in the economic and social development of one country. Peter Drucker indicated that civil society organizations are the engine toward progress ensuring the development of one country (Drucker, 2005).

In developing countries, the development is seen as process where government has to work for people rather than by people (HDR, 1993). Sometimes, government perceives civil society structures as competition or opposition. This behavior is partly as a result of socialist system, which implanted in peoples mind the idea that 'if you are not with them you are against them'. But it is obvious that governments cannot address all needs of the community that is why NGOs should be seen as partners in addressing the particular community need (Kotler and Murray, 1975). With time, people's perceptions and attitudes are changing.

In other words, NGOs are filling the gap 'between structures that lock people out and strategies that welcome people in' (Fazlon, 2007) by mobilizing the public to pressure government for fast-acting and decision making for a particular issue; increasing peoples' participations in decision making processes in central and local level; and raising awareness and addressing the needs in health, economical and social sector. The role of nonprofits in the society is figuratively explained by Sargeant (1999, p8), hence NGOs make the main node of the relationship between all sectors involved.

**Figure 1 The role of nonprofits in society (Fig1.2, Sargeant,)**



Although NGOs play an important role in this circle, they strive for survival and resources necessary to accomplish a purpose. In order to succeed organizations have to attract sufficient resources, convert them into goods and services, and distribute the outputs to various consuming public (Kotler and Murray (1975), since NGOs no longer compete just with one another for funds, but also with private companies (Sargeant, 1999), as a result of which, the ways for attracting resources changed from donations to commercial sales activity (Clarke and Mount, 2000).

### **3.3 What is marketing?**

As per Chartered Institute of Marketing (cited in Sargeant, 1999; Clarke and Mount, 2000), marketing is ‘a management process responsible for identifying, anticipating and satisfying customer requirements profitably’. The definition itself stipulates that marketing is perceived more as a task exercised by businesses (profit sector).

Along the years the marketing focus shifted “*from commodity focus (farms, products, goods and services); to institutional focus (producer, salesman, wholesaler); to a functional focus (buying, selling, promoting distributing, pricing, transporting); to a managerial focus (analyzing, planning, organizing, coordinating);* than in the end “*to a social focus (social impact, product quality, market efficiency)*” Kotler (1972).

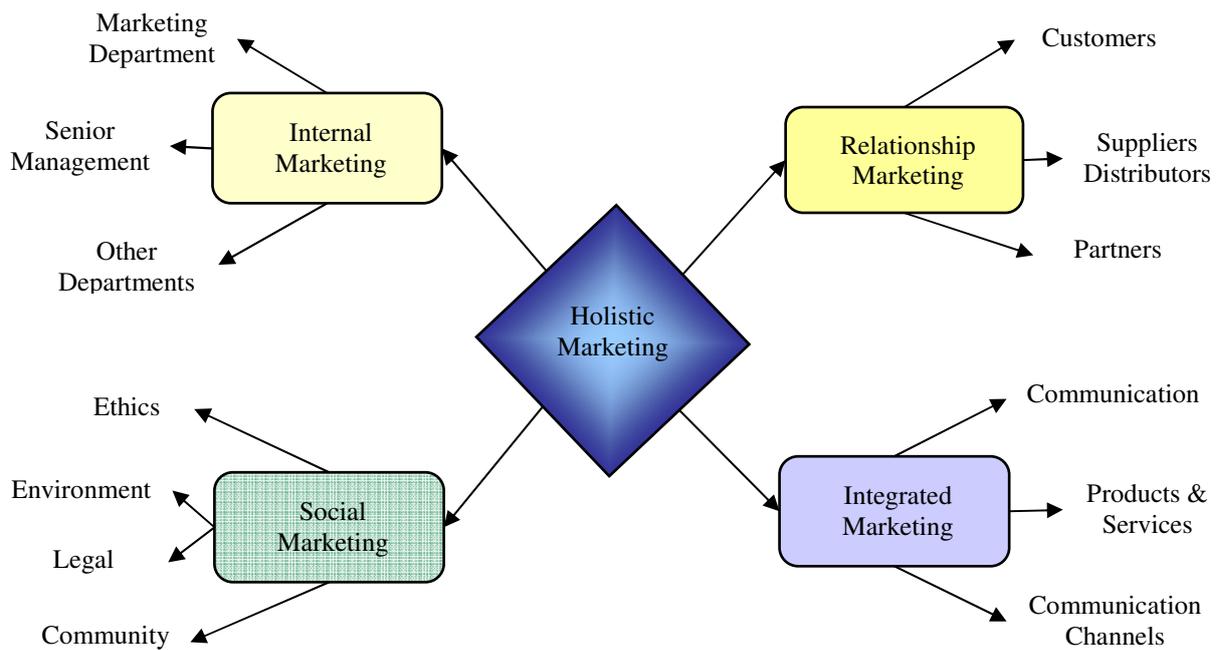
In general, Kotler (1972) argues that the disciplinary focus of marketing is both: the exchange of values including time, money, knowledge, energy, goods and services between two parties; and the process of creation, stimulation, facilitation and valuation of these transactions (Kotler and Keller, 2006).

According to Sargeant, (1999), marketing is not a departmental task but a general organizational approach towards its customers. The organization should place “customer’s rights at the center...” and develop products and services based on their needs.

Some organizations establish marketing department to hard sell their products or services (Sargeant, 1999) and not to ascertain, understand, and offer services as per customer needs with which begins and end the marketing concept. (Sargeant, 1999, Kotler and Keller, 2006).

But to succeed in highly competitive market and capture customer value, the organization has to consider the holistic marketing approach by “...integrating value exploration, value creation and value delivery activities with the purpose of building long-term, mutually satisfying relationships...among all stakeholders’ (Day,1994). The holistic marketing approach constitutes of four marketing components described in Fig2. (Kotler and Keller, 2006, p18):

- Relationship marketing – involves establishing and maintaining mutually satisfying relationships with all stakeholders (customers, suppliers, distributors, employees, investors, government) to outperform competition and ‘achieve a profitable growth’.
- Internal marketing – means hiring, training, and satisfying employees, who will offer satisfactory services to the end customer. The internal marketing happens in two levels: at the functional level where production, customer service, sales force work together; and at managerial level when management should have “customer center approach” (Kotler and Keller, 2006, p.20; Sargeant, 1999)
- Social responsibility marketing – requires by the organizations to consider organizational impact at the social welfare, because often company’s profits, customer’s satisfactions and public’s interest contradict one another. Social responsibility marketing aims to explore create and deliver value to customers without endangering social wellness (Kotler and Keller,2006).
- Integrated marketing – involves all marketing activities that create, communicate and deliver value to customers.



**Figure 2 Holistic Marketing Dimension (Kotler and Keller, 2006, Fig.1.3, p.18)**

The integrated marketing is achieved by utilizing **marketing mix** defined by McCarthy (cited in Kotler and Keller, 2006) as 4 sets (Ps) of marketing tool for pursuing marketing objective.

### **3.3.1.1 Marketing Mix**

The concept of marketing mix firstly was introduced by Neil Borden on 1950 then categorized (simplified) by McCarthy in 4 groups labeled as 4 Ps such as Product, Place, Promotion and Price (Grönroos, 1994; Waterschoot and Bulte, 1992).

The right mix (blending) of 4 Ps will give result toward achieving organizational goals.

- Product – indicating quality, form, design, features, packaging, size, warranties, brand name of the product etc. (Sargeant, 1999; Kotler and Keller, 2006)
- Price – indicating the cost of the product and organizations profits (Sargeant, 1999)
- Place – indicating to the location where the product will be placed and channels through which product/service will be transported, distributed; (Sargeant, 1999)
- Promotion – indicating sales promotion, advertising, sale agents, public relations, direct marketing (Sargeant, 1999; Kotler and Keller, 2006; Waterschoot and Bulte, 1992) and all other tools applied to inform the customer about product existence.

Although, marketing mix became universal marketing model (or paradigm) Grönroos (1994) argued that the mix is more from seller's view point (product oriented) and does not cover services nor fit to every market situation.

Thereupon to cover the aspect of intangible goods (services), Booms and Bitner (1981, cited in Sargeant, 1999) proposed 3 additional Ps.:

- Physical evidence – that refers to the environment where services are provided;
- Process – that refers to the flow of the activities where customer involvement for service delivery is necessary;
- People – as the most important aspect of service marketing mix, refers to employees who are in direct contact with the customers. Some extant literature defines people with “the face of the organization”.

### **3.3.2 How marketing relates to nonprofit sector**

The marketing definition itself “...satisfying customer needs profitably” excluded nonprofit sector. In this regard, Kotler and Levy (1969) were the first to point out the social aspect of marketing and indicate that nonprofit organizations exercise marketing activities (Denney, 1998) even though marketing is considered inappropriate for their needs (Brennan and Brady, 1999). From the societal perspective marketing is a process through which individuals and groups satisfy their needs through ‘creating, offering and freely exchanging products and services of value with others’ (Kotler and Keller, 2006, p6). Thus, marketing facilitates the *exchange process* between organizations and the society for fulfilling the community needs.

Many authors have criticized this concept because marketing is concerned with markets characterized by buying-and-selling whilst this exchange is not practiced at nonprofit sector, therefore according to him marketing concept was stretched ‘to far’ Luck (1969).

Nevertheless, all organizations, be it profitable or non-profitable perform: financial function (raising and managing money); production function (use inputs to produce outputs); personnel function (hiring, training, assigning promoting and firing people); purchasing functions (selecting sources of suppliers), in one word perform business functions.

If NGOs perform these functions then they also perform marketing functions, although NGOs do not acknowledge it (Kotler and Levy,1969). The only difference of the marketing function at the nonprofit sector is that there is ‘clear distinction between resource attraction (donors) and resource allocation (beneficiaries)’ (Sargeant, 1999).

Every NGO has its customers or market (Kotler,1972) otherwise why attract resources if not able to allocate them. Depending on type, function, and influence of the organization different authors (Sargeant, 1999; Brennan and Brady, 1999) identified different categories of customers with less formal relationships compared to for-profit sector (Gwin, 1990). IN the

other hand Brennan and Brady (1999) re-conceptualized NGO customers', by using the 'six-markets model':

- Customer market – comprises of recipients (beneficiaries) of the product/service and donors;
- Referral market – comprises of people and/organizations who refer potential users to the organization (i.e. current customers, suppliers friends and family);
- Influential market – comprising of influential people who are able to influence others with word of mouth (artists, football players, singers etc);
- Suppliers market – are people and/or organizations which supply the goods and services, ideas for customer markets (intermediaries, funding agencies);
- Internal market – are current employees, volunteers, board members of the organization who are directly involved in service provisioning;
- Recruitment market – are potential employees, volunteers, and board members who are interested to contribute to the community.

For the sake of simplicity in my report NGO markets are categorized in three broader groups: *Volunteers*, or internal market, who offer their time, knowledge, and experience for the benefit of the society but at the same time indirectly benefit themselves (Brennan and Brady,1999);

*Beneficiaries* (customer market) who benefit directly from the reception of goods or services provided by the organization; and

*Donors* (suppliers markets) comprising of all donors including individual donors, corporate donors, government funders.

### **3.3.3 Marketing challenges for nonprofits**

Although, nonprofits *per se* are not concerned with “profit”, they are becoming more and more commercially aware (Clarke and Mount, 2000). However, the marketing concept is still misunderstood since they adopt trappings instead of the substance of marketing, (Brennan and Brady, 1999).

Since nonprofits are not concerned with ‘profits’ the objectives and the expected result are stated in terms people served (benefited). The “non-financial objective” against which performance is monitored and measured, is a challenge during the process of marketing management (Drucker, 1990; Brennan and Brady, 1999).

The second challenge is that nonprofits mostly offer services that compared to material goods (Zeithaml *et al*, 1985, cited by Sargeant, 1999) differ per their: Intangibility; Inseparability; Heterogeneity; and Perishability..

Moreover, attracting, managing and motivating volunteers, who are cause-related advocates like sales agents for business sector, is a great challenge because these people commit their valuable time and knowledge free of charge.

Other challenges facing nonprofits are: the uncertainty what their future upholds for them due to unpredictable changes in the environment; facing the strict control (scrutiny) from public; pressure between accomplishing mission, what donors are interested and customer satisfaction, while sometimes customer satisfaction (short-term goals) is sacrificed for the benefit of society (long –term goals) (Sargeant, 1999); not having duly resources (financial and marketing experts) to perform marketing.

Nonprofits also face the challenge of changing peoples’ attitudes, convincing beneficiaries about an issue and then convincing them to do something about it (Brennan and Brady, 1999) i.e. through non –smoking campaigns, indicate the consequences from smoking then ask smokers not to smoke or also advocate for laws against smoking.

On the other hand they risk ‘losing their soul’ (Hollander, quote) and reputation when advocating to government and working with business community. This is the case with some NGOs in Kosovo.

### **3.3.4 Why marketing is relevant for nonprofit sector?**

Although nonprofits perceive marketing as not necessary, distrustive (invading privacy), immoral (misusing marketing tools), and as something that stifles innovation (Sargeant, 1999). Nevertheless, marketing is becoming very important for nonprofit sector, due to globalization, deregulation, boosting of information technology and increased competition as a result of large number of registered NGOs, while affecting the sustainability of the NGOs. .

In view of the above circumstances NGOs more and more are employing marketing instruments thus becoming more like private firms (Clarke and Mount, 2000).

The advantages of employing marketing are: improved level of customer satisfaction; assistance in resource attraction and allocation; identifying organization’s competitive advantage; defining the framework in order to minimize the marketing resources (Sargeant 1999; Kotler and Murray, 1975).

### **3.4 The Marketing management for non-profit sector**

There is no doubt to the point, if, nonprofit organizations should market their products/services or not, but the issue is how to effectively manage marketing. Marketing at nonprofits is not always the same as at for-profits. Rothschild (1979) argued that marketing mix elements such as product and price are not applied with same efficiency as in for-profit sector, due to the fact that NGOs should retain the core message of the product in order not to lose their integrity (Brennan and Brady, 1999) while the price is subject to donor approval due to subsidized resources. Thus, the only element which could be modified in order to best communicate to customer is *Promotion*.

For the sake of simplicity the report will elaborate some of the main tools and techniques of the marketing management process, serving as basis for analyzing the collected data, although I understand that the process itself involves many other techniques.

#### **3.4.1 Marketing orientation**

Different authors (Doyle, 1987; Go and Pine, 1995; Palmer, 1994; cited in Sargeant 1999) depict marketing orientation as “organization’s focus on its customers”. Being market oriented implies understanding the needs/requirements of the people who decide to purchase the product/service and permeating the same approach in all departments (Shapiro,1988).

According to Kohli and Jaworski (1990, cited in Sargeant, 1999) marketing orientation is:

‘the generation of appropriate market intelligence pertaining to current and future customers’ needs and the relative abilities of competitive entities to satisfy these needs; the integration and dissemination of such intelligence across departments; the coordinated design and execution of the organization’s strategic response to market opportunities”.

The definition was deciphered by Nartel and Slater (1990, cited in Sargeant, 1999) as working with three levels of orientations: Customer orientation; Competition orientation and inter-functional co-ordination. Modified by Kotler and Keller (2006, p40) as holistic marketing orientation showing the interaction between customers, companies and collaborators in one side and value exploration, value creation and delivery in the other side.

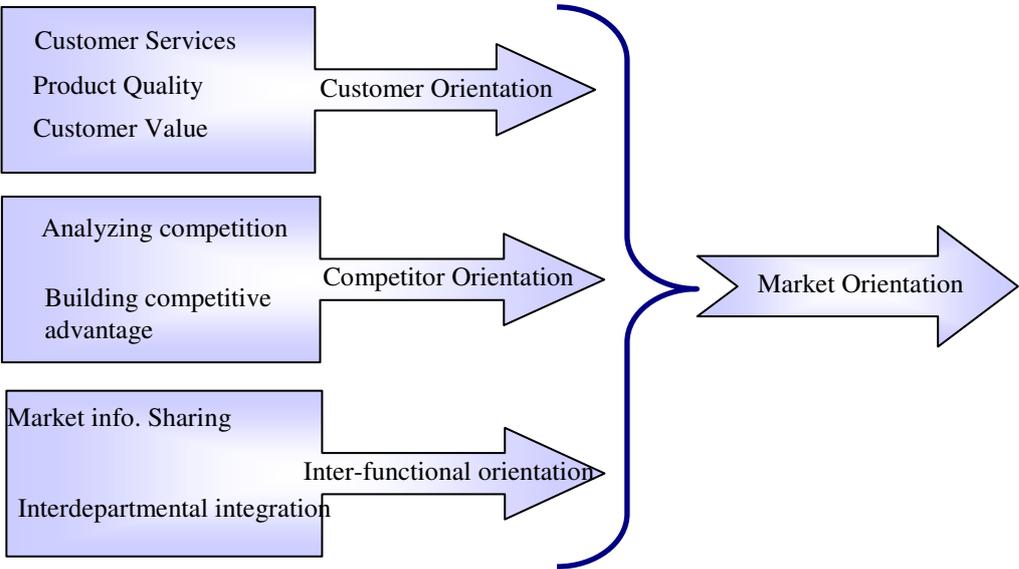
According to Sargeant (1999) *Customer orientation*, involves understanding the needs of the target market while through customer services and product quality, create, communicate and deliver customer value. Customers in nonprofit sector are those who supply funding (donors) and time (volunteers and employees) and those who demand it (recipients). Ensuring customer satisfaction means keeping the promise for delivering qualitative services as per customer’s expectations.

*Competition orientation* refers to the organizations’ capabilities to analyze and understand strengths/weaknesses of the current and potential competitors; create competitive advantage to overcome the competition; and optimize resource utilization to the benefit of the society. (Sargeant, 1999)

*Inter-functional orientation* refers to market information sharing and market functions becoming an integral part of all departments.

In existing literature (Kotler and Keller, 2006, Dolincar and Randle, 2007, and Sargeant, 1999) employees and volunteers are considered as internal market, hence marketing tools and techniques should be used with volunteers and employees to have successful inter-functional orientation (Sargeant, 1999).

In the Fig 3 below Deng and Dart (1994, by Sargeant 1999), emphasized the importance of interaction between three components for an effective marketing orientation. As described in the figure, to be customer oriented an organization should offer products and services to match customer expectations; market orientation also involves analyzing competitions to build competitive advantage could be achieved only if there is interdepartmental approach.



**Figure 3 Marketing Orientation (adopted from Deng and Dart, 1994, by Sargeant)**

**3.4.2 Market segmentation**

Once market orientation is attained, the next step of the process is to determine targeted marketing segment. It is impossible to satisfy the needs of the general public, thus the standardized approach becomes obsolete because it presents high risk of failure. Hence,

NGOs are embracing the concept of market segment – which consists of a group of customers who share a *similar set of needs and wants* (Kotler and Keller, 2006, p240).

NGOs face the challenge of having diverse customers with diverse needs and wants, making it difficult to maximize the benefits for mass markets. In this regard it is important to determine if there exists a distinct pattern of customer needs (identifying segments), then tailor unique marketing mix for each segment (Sargeant, 1999).

While some authors argue that dealing with specific segments requires additional time, raises cost for service delivery, others argue that segmentation minimizes wastage, reduces advertising cost in mass media and creates a pool of loyal customers, not price sensitive.

Green (1977) noted that researchers employ two approaches to segmentation that is: *A priori segmentation* is when the cluster is chosen in advance based on projected custom pattern then further examined for other mutual characteristics (demographics, or product benefits) to identify the attractiveness of each segment.

*Post hoc segmentation* involves the initial research on the benefits sought, problems faced with product, attributes of the product then defining the clusters. Subsequent to this each cluster will be analyzed based on other characteristics which are not used in the original profile. During this process the number clusters is not known. This method is useful when the organization plans to offer the present service to new markets (market development) or offers new products in new market segment (diversification).

#### **3.4.2.1 Criteria for market segmentation**

The basic segmentation criteria utilized by marketers are categorized by: Geographic, Demographic, Psychographic and Behavioral factors (Sargeant, 1999; Kotler and Keller 2006)

***Geographic segmentation*** – refers to dividing the market based on geographical units such as neighborhoods, cities, regions, countries, states, and nations.

***Demographic segmentation*** – segmenting the market based on age group, gender, family size, life cycle, income, occupation, education, religion, race, generation, nationality, and social class.

***Psychographic segmentation*** – segmenting the market based on psychology and demographic variables. SRI consulting Business Intelligences introduced VALS (Value and Lifestyle Segmentation) attempting to measure and segment customers based on their motivations, goals and values (Sargeant, 1999; Kotler and Keller 2006)

**Behavioral segmentation** – divides markets based on their knowledge, attitude and response towards the product. In this regard behavioral variables are employed: *occasions* (how often the customer buys the product); *benefits* (what customers seek); *user-status* and *usage rate* (how frequently the product is used); *loyalty status* (how loyal customers are); *buyer-readiness stage* (awareness of customers about the product), and *attitude* (how customers feel for the product) (Kotler and Keller, 2006, p247-257). Some of the variables cannot be applied in nonprofit sector (Sargeant, 1999). Hence, the *A priori* segmentation is more appropriate for NGOs since clusters are defined in advance (Beneficiaries, Volunteers and Donors) further examined other mutual variables (demographic, geographic, behavioral, and psychographic). When identifying market segment, it is necessary to evaluate each segment if it is worth pursuing, by using 7 criteria such as: *Measurable* – the information about the market segment should be easily obtainable and cost effective; *Accessible* – it should be possible to design a specific marketing mix to target the segment effectively; *Substantial* – the segment should be large enough in terms of service provisioning (or sales volume), because the segment should justify the expenses occurred during product/service development; *Stable* – segment is a precondition to ensure future developments of a marketing mix or planning process; *Appropriate* – the segment should fit to the organization’s mission and objectives; *Unique (Differentiable)* – the segment should distinguish from other segments in terms of response and to increase donors’ interest; *Sustainable* – segment refers to the extent that customer’s categories can be sustained by the organization (Sargeant, 1999; Kotler and Keller, 2006,p262).

### **3.4.3 Marketing planning process**

Marketing plan is an important part of strategic plan to identify marketing opportunities, setting up marketing objectives and suggesting strategies to achieve them. Therefore, it should be incorporated into the organizations’ overall planning and budgeting process. Marketing plan is a central instrument that indicates methods for resource optimization (financial and human) to achieve the organizational goal (Westewood, 1997, p.5; Kotler and Keller, 2006,p27).

Once market orientation is determined, market segment is identified and a feasibility study is made, the organization is then ready to start with the process of marketing planning.

As indicated by Sargeant marketing plan addresses three main questions:

- Where we are now?
- Where we want to be?

- How we are going to get there?

There are many schemes that indicate steps for marketing planning process but the one adopted by Sargeant with some modification taken from Westwood, can be easily adopted by the NGO sector. This scheme in Fig 4 provides useful (visual) information on the steps to be carried out by NGO executives in order to develop a marketing plan, but should not be considered as the only model for developing a marketing plan.

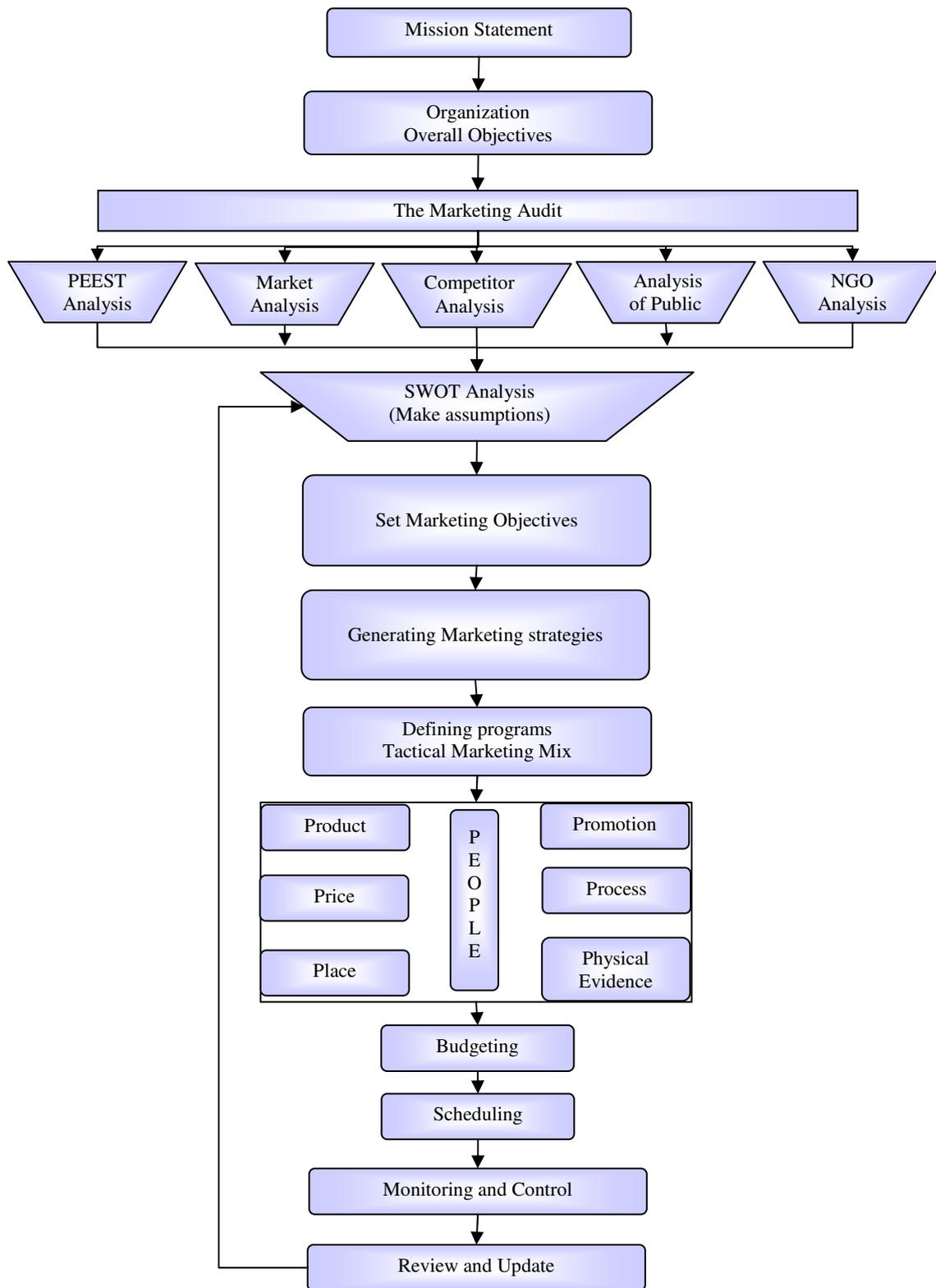


Figure 4 The marketing planning process (adopted by Sargeant, 1999, Fig.4.1 and Westwood, 1997, Fig1.1)

### 3.4.3.1 Mission Statement

Indicating mission statement at the beginning of the marketing plan keeps the organization focused and outlines aspects of organizations' roles which demand further exploration in the

detailed marketing audit (Sargeant, 1999). Mission statement emphasizes the major policies and values of the organization, it provides: “*shared purpose*” – where middle managers and employees feel as important part of the organization; “*directions*” – assisting middle managers in developing their operative plans to direct employees. Kotler&Keller (2006, p44); “*opportunities*” - to customers, employees and managers.

Developing a mission statement requires answers to these questions: Why does the organization exist? Who are groups of customers that will be served? What needs should be met? What strategies (technologies) will be employed in order to satisfy those needs? and What does the organization aim to achieve in 5 years? (Abell 1980, cited in Sargeant, 1999).

Based on answers to these questions, one has to keep in mind three major characteristics: to focus in limited number of goals; to stress the organizations policies and values; to define competitive advantage which makes the organization unique.

### **3.4.3.2 The Marketing Audit**

Marketing audit provides detailed review of any factors (internal and external) which could threaten/support the organization’s wellbeing. Marketing audit examines the organization’s customers and competitors in the PEEST context, and its reputation to the general public. (Westwood, 1997, p11).

#### **3.4.3.2.1 Political Economical Environmental Social Technological Analysis**

Organizations cannot perform in isolation but they operate in continuous interaction with external environment, customers and competition. The word ‘external’ itself indicates that factors influencing the organization are uncontrollable but can have a critical impact on its wellbeing (Sargeant, 1999). Therefore, environmental scanning is crucial to identify potential threats or opportunities that can be avoided or used to reduce or increase their impact on the organization (Bischoff, 2004).

PEEST (external environment) refers to: Political, Economic, Environmental, Socio-Cultural, and Technological factors:

**Political Factors** – comprise from *attitudes of the government* towards nonprofit (i.e. in Kosovo NGOs are seen as competition); *legal and fiscal framework* could either hinder or burst the progress of NGO community; *governmental contracts* the same could enforce quality in services provided from NGOs and *Activities of Pressure Groups*

**Economic Factors** – Kotler and Keller (2006, p.85) indicated that in the commercial sector the “purchasing” power and people are the main components, but in the nonprofit sector economy is emphasized in a different context i.e. ‘lack of the purchasing power’ as a result of *unemployment, GNP trends, Interest rates, Inflation* and *business cycles* (Sargeant, 1999).

**Environmental Factors** – Kotler and Keller, referred to it as ‘natural environment’, as a major global concern. The environmental factors in the NGO context differ from for-profit sector. While for-profit sector faces shortage of raw material and increased energy cost, nonprofit sector sees it as a high *level of environmental deterioration* as a result of *major polluters* (commercial companies).

**Social – Cultural Factors** – involves attitudes to recycling; awareness about environment; decay; customer lifestyles; demographic patterns; content of school education; major influences on consumers; behaviors and patterns of consumption (Sargeant, 1999).

**Technological Factors** – are having a large impact in shaping peoples’ lives (Kotler and Keller, 2006, p92), in this regards impacted the way how NGOs approach their beneficiaries, volunteers and donors.

### 3.4.3.2.2 Market Analysis

Market analysis means conducting a thorough research on target markets and how the organization is perceived by customers (Sargeant, 1999). At this stage the organization analyzes the primary and secondary data of its markets. Taking into consideration that NGOs have three types of markets (customer/beneficiaries, internal and influential), it is slightly complicated to monitor changes of each market; to pursue with decision on actions to be taken and evaluate results (Westwood, 1997, p11).

Table 1. indicates general categories of data which are useful at this stage for every NGO when examining the markets (Sargeant,1999). However market analysis varies as nature of the organization varies.

Resource Allocation (Beneficiaries)	Resource Attraction (Donors/Influential and Volunteers/internal)
Identify market size, growth and trends (by value and volume)	Identify market size, growth and trends (by value and volume)
Principle needs to be met	Needs and interests of potential supporters
Patterns of needs	Patterns of giving /Donor behavior
Geographic concentration of need	Ability to segment donor market
Physical resources available in market to meet the need	Current and future fundraising practices
Relevant collaborators – Associations volunteers, private firms,	Main channel of communication
Behaviors of other bodies/institutions	
Ability to contribute to general public	
Common methods of distribution	
Main methods of communication	

**Table 1 Market Analysis in NGO (Sargeant, 1999, Fig4.3)**

### 3.4.3.2.3 Competition Analysis

By Sargeant, competitors at nonprofit sector were categorized in three groups based on their approach towards resources. At this stage it is important for nonprofits to investigate: *Competitors for resource attraction* – meaning those NGOs that do fundraising from the same sources; *Competitors for resource allocation* – meaning those NGOs that provide same services and decide to compete for government service contracts; *Competitors with competing missions* – all organizations whose missions are opposite to NGOs mission when it comes to issues such as smoking or adopt new forms of smoking.

To be able to compete in the market, there is a need for detailed analysis to find out the competitor’s future strategies, strengths and weaknesses. Table 2. presents a checklist useful for analyzing competition in nonprofit sector (Sargeant, 1999)

Competition Analysis Checklist for each competitor group	Checked
Collect contact details for each competitor	<input type="checkbox"/>
Identify the size and geographical location where each competitor operates?	<input type="checkbox"/>
What is their financial performance?	<input type="checkbox"/>
What are their resource capabilities?	<input type="checkbox"/>
What were their past strategies?	<input type="checkbox"/>
Which tactical marketing mix was employed by them?	<input type="checkbox"/>
Did they form any alliances? With whom?	<input type="checkbox"/>
What are their strengths and weaknesses?	<input type="checkbox"/>

**Table 2 Competitor Analysis in NGO (adopted from Sargeant, 1999)**

### 3.4.3.2.4 Analysis of Public

The term ‘public’ is broader than just a customer term, since it includes all groups of people and organizations including donor organization, governmental institutions, general public, media, beneficiaries, volunteers, local communities etc (Sargeant, 1999).

Thus, marketing nonprofits takes a lot more effort than marketing commercial organization.

Table 3. presents a checklist very practical when the NGO is analyzing public needs.

Analysis of the public Checklist	Checked
Identify each group of public important to your organization?	<input type="checkbox"/>
What are the requirements/needs/interests of each group?	<input type="checkbox"/>
What are their giving habits or their approach when requesting services?	<input type="checkbox"/>
What are their attitudes?	<input type="checkbox"/>
How often is your organization exposed to media?	<input type="checkbox"/>
How is your organization perceived by each group?	<input type="checkbox"/>

**Table 3** Analysis of the public for NGO (adopted from Sargeant, 1999)

### 3.4.3.2.5 Organizational Analysis

After conducting a thorough analysis of the external organizational environment, it is always important to conduct an internal analysis regarding the organization's capabilities. Table 4. provides a check list of the relevant information to taken into considered while conducting internal analysis.

Resource Attraction Activities	Resource Allocation Activities
Divide the fundraising income as per source (individual, corporate and trust donors)	How do you manage your service provisioning (divide them by location, segment and service category)?
Divide the fundraising income as per employed methods for fundraising (through direct mail, direct contact, telemarketing, campaigns, fundraising events etc)	Conduct market share analysis. What is your market share compared to your competition?
Income from governmental contract	Cost effectiveness of services being provided
Income from service provisioning (sales) divided by regional offices channels	What are your marketing procedures?
How attractive are your services to the potential donor?	What is your marketing intelligence system? (How does your organization maintain data from its constituency/market and shared among all interested customers?)
What were your marketing procedures?	
What is your marketing intelligence system? (How does your organization maintain data from its constituency/market and shared among all interested customers?)	Was the applied marketing mix successful? What was its drawback? Should it be changed?
Was the applied marketing mix successful? What was its drawback? Should it be changed?	

**Table 4** Internal marketing analysis of the organization (adopted from Sargeant, 1999)

To follow up the trends in service demand and donors interest, market audit should be carried out systematically, not on ad-hoc basis because this information will be lost.

### 3.4.4 SWOT Analysis

Strengths Weaknesses Opportunities Threats analysis identifies and monitors internal and external factors that impact the strategic planning & management of the organization (Yüksel and Dağdeviren, 2007)

Hence the purpose of SWOT is to identify internal strengths, explore internal and external opportunities, avoid external threats and improve weaknesses in order for organizations to establish their competitive advantage. (Sargeant, 1999; Panagiotou, 2003).

Subsequently, SWOT analysis selects and categorizes key information retrieved from marketing audit in its four categories (S W O T). Thus SWOT analysis enables the organization “to find a fit between its internal capabilities, and opportunities and threats presented by the external environment”, develop necessary strategies and marketing objectives to maximize its impact and role in the community (Sargeant, 1999).

SWOT analysis also provides basis for developing appropriate marketing objective to achieve the overarching objectives.

### 3.4.5 Developing marketing objectives

Drucker (1990, cited by Sargeant, 1999) noted that if commercial sector fails to meet set objectives they waste their own money, but, if, nonprofits fail to do so they will waste donors money. Hence, marketing objective serve as benchmark for monitoring, evaluating and measuring the results of the organization. Objectives keep managers focused and provide the route towards success without wasting valuable resources (Sargeant, 1999).

In the case of setting up the objectives for nonprofits two issues should be addressed: specifying services that will be provided and to whom; the level of resources intended to attract to offer the service.

While developing objectives, be it organizational and/or marketing objectives, one should consider the SMART technique. The objectives should be *Specific*, related with a particular aspect of marketing activity (Sargeant, 1999); *Measurable*, to be able to quantify or measure results (Sargeant, 1999); *Achievable*, ambitious but attainable, otherwise it could have contra-effect by de-motivating managers, employees, volunteers and donors.

*Realistic* and *Relevant*-to keep the organization focused and lead it towards desired direction. Moreover, objectives should be relevant to donors and community in general as founders that give spirit to the objectives by financing the activities.

*Timely based* –donors are interested to see the results of their contribution. Hence, every objective should have assigned it’s time-frame when is expected to be accomplished.

### 3.4.6 Key marketing strategies

Once setting up the objectives, the next step is to identify key strategies for accomplishing them. For profit sector employs more than ten marketing strategies, however Sargeant (1999) pointed out that nonprofit organizations can use three categories of marketing strategies: Overall Direction, Segmentation Strategy, and Positioning Strategy.

#### 3.4.6.1 Overall marketing direction

Ansoff's Matrix known as planning for growth<sup>8</sup> is usually used by marketers who have growing objectives (Sargeant, 1999; Kotler and Keller, 2006). Depending from product and targeted markets, the matrix indicates four basic strategies that provide direction for the organization.

*Market Penetration strategy* considers the possibility of enlarging its market share at the existing markets with existing products, by price reduction, intensified marketing activities, and improved distribution channels<sup>8</sup>.

*Product/Service Development strategy* considers the possibility of enlarging market share by offering new service to the existing markets and conducting intensive promotion campaigns. This strategy involves high risk (Westwood, 1997, p29), since R&D and promotion expenses occurred whilst new service face uncertainty of being accepted by existing markets.

*Market Development strategy* looks for possibilities to expand its market share by offering the existing services to new markets (customers). This strategy involves high risk because it requires intensive promotion activities and establishing new distribution channels.

*Diversification strategy* is employed when the organization anticipates saturation of current markets with existing product. This strategy considers the possibility of developing new service for new market, hence represents high risk. The degree of risk depends to the diversification relatedness. The *related diversification* is when the organization offers new services to new markets but in same sector where the organization has experience. *Unrelated diversification* involves expansion of service provisioning beyond organizations experience to new target markets.

#### 3.4.6.2 Segmentation Strategy

If the organization decides to apply market development or diversification strategy then it is necessary to employ also segmentation strategy by determining the targeted market segments, as elaborated in the market segmentation paragraph.

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<sup>8</sup> Marketing Teacher, 2000, [http://www.marketingteacher.com/Lessonstore.htm#marketing\\_strategy](http://www.marketingteacher.com/Lessonstore.htm#marketing_strategy)

### 3.4.6.3 Positioning Strategy

Subsequently to marketing strategies, the positioning strategy aims to build and/or improve organization's image in minds of its target customers. Positioning is defined as "the act of designing the company's offering and image to occupy a distinctive place in the mind of the target market" Kotler and Keller (2006, p310). Positioning is about 'perception'<sup>8</sup>. Same services are perceived differently from one person to another therefore marketers have developed 'positioning map' which 'allows them to be compared and contrasted in relation to each other'<sup>8</sup>. The positioning map identifies two variables that organization considers important for its positioning (reputation), then compares its position with other suppliers. The positioning map is presented below.

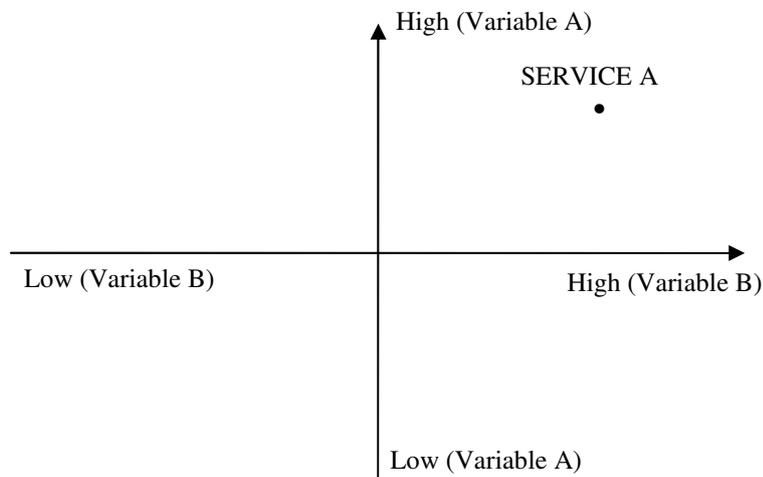


Figure 5. Positioning Map (taken from [www.MarketingTeacher.com](http://www.MarketingTeacher.com))

### 3.4.7 Defining Programs – Tactical marketing mix

Marketing tactics involve converting strategies into marketing mix or 7 Ps of service provisioning (Product, Place, Price, Promotion, People, Processes and Physical goods).

#### 3.4.7.1 Product/Service

**Service components** - The organization has to acknowledge the fact that customers see the product/service 'as complex bundle of benefits that satisfy their needs', thus when developing a product/service, first should be 'identified the *core needs* that the product/service will satisfy, then design the *actual product* and finally create the bundle of benefits that will best satisfy the customers' (Kotler et al, 1999).

Although, services *per se* are intangible George and Berry (1981) indicated that there are tangibles associated with service provisioning (i.e. the environment where services are

performed). Hence, advertising services by using tangibles can reduce perceived customers' risk, enhance customer's satisfaction and loyalty towards organization i.e. health services could be advertised by showing clean and warm facilities, real life examples how employees treat patients and personalizing the information by including patients statements.

**Service life cycle** – Sargeant pointed out that understanding 4 stages (Introduction, Growth, Maturity and Declining) is relevant for creating appropriate tactics for a successful marketing management. Also, Wilson et al (1994, cited in Sargeant) indicated that services have finite life cycle and pass through each stage (as product) while at the same time present a challenge for service provider since each stage requires different marketing tactics and different management styles.

### **3.4.7.2 Price**

In a nonprofit sector when price is indicated it means service charges, contributions, registration and tuition fee etc. When the service is offered to beneficiaries (people in need) it usually is offered at minimum price or free of charge since expenses for service provisioning are subsidized by donors. As indicated by Sargeant, there are 4 ways to set up the price per service: *Cost plus* – where the price includes cost plus profit margin; *What they can afford* – setting up the price as per beneficiaries expectations; *Matching competitors' price* – investigating what is competitor's price per similar services then set up the price; At the nonprofit sector, same as in business sector the organization chooses to offer different prices depending on: market segment, place, time, service category, but in many times price is subject to donor approval due to subsidized resources.

### **3.4.7.3 Place**

The place identifies the channels through which services will be offered and are accessible to different market segments. Sargeant 1999 pointed out that nonprofits have to indicate the location appropriately for the sake of resource providers and resource consumers.

The appropriate location is important when the organization relies on volunteers (i.e. being near to volunteer's means no additional cost for them to travel); when the organization wants to attract individual and corporate donors of specific geographical area, it should make available collection boxes in all possible locations (in retail stores, sport halls, department stores etc) (Sargeant, 1999). Considering technological developments, organizations should make use of virtual locations. Nowadays many organizations utilize internet services (How to Donate? - location), through which they attract broad range of individual donors.

The appropriate location is also important when the organization wants to make services available to a wide range of beneficiaries (i.e. the organization should open offices nearer to their neighborhoods).

#### **3.4.7.4 Promotion**

The purpose of promotion is namely: to inform and persuade current and potential customers regarding benefits from the existing or new services; to inform customers about the service uniqueness or to differentiate its services from other organizations (Sargeant, 1999).

Promotion involves all instruments employed to convey the right message, to the right group of constituency, at the right time.

Many factors (noise, inappropriate media or person, vague message etc) can distort the message (Sargeant, 1999), thus before developing and conveying the message these factors should be taken into consideration because poorly conveyed message is counter-effective.

Hence, communicating clarity and consistently to have maximum impact (Kotler and Keller, 2006) a promotion mix is used which is known as integrated marketing communication “(Kotler,1999, p766). Promotion mix involves:

*Advertising* which is ‘any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor’ (Kotler, 1999, p766);

*Sales/Benefit Promotion* known as ‘short-term incentives to encourage purchase (Kotler, 1999, p766; Sargeant, 1999) or in the context of nonprofits changes in the attitudes. This could be achieved through gifts, discounts, premiums, contests, leaflets or product demonstration, that give immediate results in terms of fundraising and service provisioning Sargeant (1999);

The *public relation* is defined as relation building activity ‘with various stakeholders by obtaining favorable publicity ...’ Kotler (1999, p766), through press releases, publicity, NGO bulletins, provisioning of expert speakers, lobbying and counseling tools (Sargeant, 1999);

*Direct Marketing* is customized message prepared quickly to appeal to the individual customer; moreover the message can be changed as per received response (Kotler and Keller, 2006, p 556); it is conducted through direct mail and e-mail (during holiday seasons or when organizing any events) tele-marketing (providing toll-free number for donors and clients to contact the organization), door-to-door and personal selling.

### **3.4.7.5 People**

People are the core element of the marketing mix at the nonprofit sector, because they are in direct contact with customers and donors. People are the face of the organization. To indicate its importance, Sasser and Arbeit (cited in George and Berry, 1981) noted that ‘the company first has to sell a job to employees before it can sell its service to customers’.

It is important to remember that ‘People buy from people that they like’<sup>8</sup> thus organizations have to recruit, train, motivate and stimulate individuals (either paid employees or volunteers) that are friendly to customers and have pleasant nature, who reflect good image for organization itself and for its services.

### **3.4.7.6 Processes**

Processes are perceived as means to achieving the outcome, but in the context ‘marketing mix processes is an element of services that sees the customer experiencing an organization’s offering’<sup>8</sup>. Processes comprise from every little step of the customer interaction with organization.

### **3.4.7.7 Physical evidence**

As a final element of the marketing mix ‘is the material part of service’<sup>8</sup>. As indicated previously service is intangible with no physical attributes. Thus, marketers in their effort to make services more attractive to customers are using different physical evidence to convey the message about service quality, promptness and benefits i.e. the environment where services are performed, create a good impression about the organization, brochures, uniforms, business cards, paperwork, packaging, WebPages, etc.

### **3.4.8 Budget**

Having a detailed plan about marketing objectives, marketing strategies and tactics, marketer in cooperation with other department can easily calculate the marketing budget, as per extant literature is referred to as ‘task method’ which rarely applies, due to financial constraints that nonprofits face. The usual methods for setting marketing budget are: percentage of last’s year donations/sales; percentage of projected budget from donations/sales; matching with competitors budget; and what the organization can afford (Sargeant,1999).

### **3.4.9 Action Plans**

After determining marketing tactics, the yearly activities can be specified in Gantt charts. All marketing activities such as fundraising, attracting volunteers and training employees; organizing promotion events etc have to be indicated in the chart (Sargeant, 1999).

### **3.4.10 Monitoring and Controlling**

Monitoring and controlling should follow up after every marketing activity and process. Managers should set up controlling mechanisms, to evaluate if marketing and organizational objectives are achieved. If, monitoring and controlling is done correctly/properly it will optimize the utilization of valuable resources, and will hence organizations' reputation.

## **3.5 Fundraising**

The importance of having the marketing plan as a tool for communicating the right message to three market levels including supply market (donors) was emphasized throughout. The aim of marketing is to gain new donors while retaining old donors. Thus, the expenditures for recruiting new donors should be considered a long term investment of the organization (Sargeant, 1999).

Michael Hohner, fundraising consultant and president of Hohner & Company (cited in Peri, 2007, p114) said that 'fundraising is never easy, since thousands of NGOs pursue the same donors'. Nevertheless, the right contacts in the community, effective networking and marketing (Peri, 2007, p113), induced the fundraising cause (Sargeant, 1999) and increased chances for a successful fundraising.

Williams (1999) in the course of her research with 30 charities came to the conclusion that 'fundraising has its life cycle that not necessarily runs in the steps of developments of charity'. She identified five stages of fundraising which have 'to do with sources of funding, the status of the fundraisers and percentage of voluntarily income in total income' and whilst the transition from one stage to another is done by decision from board of directors.

**Five stages of fundraising** identified by Williams (1999) are spread within three phases.

*Phase I -The Appeal* includes: stage one (the passionate appeal); stage two (we need more money);

*Phase II – The Fundraising* includes: stages three (we need more help) and four (leave it to us). Both stages mark the transition from passionate fundraising (relying in volunteers) into professional fundraising (establishment of fundraising department). Although at stage four

was established fundraising department, the organization not yet has the holistic marketing orientation to fundraising.

*Phase III- The Marketing* includes stage five (lets all work on this together) indicates that organizations 'have learnt to harness the tools and techniques of marketing to the benefit of fundraising, but also incorporated the ethos of marketing for the benefits of the organization as a whole' (Williams, 1999).

At this stage marketing becomes integral part of the organization where all departments work together to achieve the final organizational goal. Moreover, the fifth stage 'lifts an organization onto a new level of effectiveness' (Williams, 1999)

The quest to recruiting donors (fundraising) requires different approaches for different types of donors (individual, corporate, governmental donors and volunteers). Recruiting donors is an investment and they should be viewed as partners to achieving the mission (Sargeant *et al*, 2007)

The organization can use the same marketing segmentation techniques on donor recruitment process, that is;

*A priori approach* is applied in cases when the organization does not have already developed donor network therefore determines the donor recruitment activities before hand. Sargeant and Bater (1996, cited at Sargeant, 1999) during their research concluded that donor segmentation on the basis of their lifestyle variable, and nature of the cause gives better results in fundraising activity.

*Post-hoc approach* applied in cases when donor network is established therefore the organization analyzes their profiles and selects the future prospects. Sargeant indicated potential donors categories such as: donors connected to the cause; geographical location; known donor to other organization; income; lifestyle; age; magazine readership; gender; match to database profile etc (Sargeant,1999).

Moreover, there are other variables to categorize the existing donors those are: original source of gift; the highest amount; most recent donation; date of most recent donation; frequency of donation; preferred timing of donation; what kind of relationship is required to with specific donor (i.e. direct mail, direct contact, events, etc) (Sargeant,1999). The categorization is useful for the organization because it provides information how to treat different individual donors depending from their sum of money donated per year.

Some of these criteria are useful to be applied by Kosovo NGOs when establishing databases of potential and existing donors.

Once recruiting donors it is important that the organization maintains and develops the relationship to the stage of loyalty. Sargeant (1999) pointed out another aspect of fundraising such as donor recognition through organization's newsletters, invitations to the events; citation in organization literature; certificates of acknowledgments, personalized communication.

### **3.5.1 Fundraising from individual donors**

Until now donor segmentation approaches were indicated but it is worth mentioning briefly the marketing techniques when dealing with individual, corporate donors, trusts and foundations.

Halfpenny and Lowe's research with UK charities (cited at Sargeant, 1999) indicated specific modes of how individual donors donate. They also pointed out that revenues generated by charity collection activities are low alike with its minimal cost since the collection is done by volunteers -'devise for fundraising'. The individual modes of giving are: *Door-to-door collection; street collection; sponsoring someone in an event; pub and shop collection; subscription/ membership fees; collection at work; television, email and telephone appeal; appeal letters and advertising*. There are many other 'giving modes' indicated by Halfpenny and Lowe, but I've referred to some of which are more important and applicable by nonprofit sector in Kosovo .

### **3.5.2 Fundraising from corporate donors**

The most applied methodologies of fundraising from corporate donors are: cash support; sponsorship (through supporting different events); secondment (asking from their staff to work as volunteers); training (paying for start-up cost and training staff); in-kind support (donating equipment, or other things that help the cause); and joint promotions.

One reason for corporate donations are cause or issue related with corporate and with community or called corporate social responsibility (i.e. the cooperation between Fujitsu Siemens and Swedish Society for Nature and Conservation namely creating win/win partnerships). Cause related marketing is defined as:

'process of formulating and implementing marketing activities that are characterized by an offer from the firm to contribute a specified amount to a designated cause when customers engage in revenue providing exchanges that satisfy organizational and individual objectives' (Varadarajan and Menon, 1988, cited in Sargeant, 1999).

As suggested by Sargeant, the steps to be followed when raising funds from corporate donors are:

- 1) Defining what kind of support it need from a potential donor; be careful when creating links with corporate since there could be win/loss situations for the organization, if this partnership is not perceived well by other constituencies; the organization should be cautious for not “loosing their soul/cause”;
- 2) Creating the list of potential corporate donors; understanding corporate criteria for donations, some of which are mentioned by Sargeant and Stenphenson (1997): local cause, relevant to employees, relevant to business (creates good reputation for corporate), size of organization (because they like for their funds to have larger outreach);
- 3) Categorizing the list of donors based on two variables (corporate interest potential and corporate giving potential) categorized at three levels; high, medium and low (Kotler and Andreasen, 1996, cited in Sargeant, 1999) (i.e. if possible corporate interest potential is high and corporate giving potential is high then the corporate is identified as potential supporter of organization’s cause);
- 4) Defining communication strategies or tactics for communicating with them;
- 5) Monitoring and evaluating the process if it is giving the expected results or if actions are not appropriate then the process should be revised and addressed properly (Sargeant, 1999);

### **3.5.3 Fundraising from Trust and Foundations**

Sargeant defines Trusts as organizations established to manage funds donated from an individual/organization for some groups of beneficiaries, usually are specified by donor.

There are seven stages to approach Trust/Foundation:

- 1) *Reviewing potential projects* – this stage involves drafting projects proposals for targeted beneficiaries;
- 2) *Searching the initial trust* – once drafting the project, the next step is establishing the listing and identifying potential trusts that are interested for this project and group of beneficiaries;
- 3) *Networking search* – the organization has to search for informal or formal connections/links with identified Trusts (i.e. this link could be members of board or other donors who have very good experience with you service provisioning);
- 4) *Prioritizing and matching the Trust limits*- the organization has to keep in mind and match the donor criteria for application and stick to deadlines;

- 5) *Selection of Contact strategy* – networking and establishing personal contact with trustee, since these approaches could be more fruitful and ‘can generate a response’;
- 6) *The written application* – should be drafted carefully, professionally, no language mistakes, sticking to donor criteria and clearly indicating the expected results;
- 7) *Following up* – means monitoring all successes and failures to improve in the future.

Although some methods are very successful in the quest of fundraising, Nichols (2003) still argues that these old methods can not function in a new century, because of the fundraising paradigm shift in four areas:

*From methodology driven to donor driven* – before organization drafted the fundraising plan and specified activities, nowadays donors are the initiator of the process.

*From homogenous audience to niche audience* – before the organization targeted homogeneous groups of beneficiaries nowadays due to increased competition, NGOs find their niche ‘market’ and offer specific services for a specific target segment (defined by ethnic group, race, gender).

*From pre-second World War donors, to post-second World War donors* – the former group of donor was keen to donating due to the spirit of solidarity after the war, whilst the latter does not donate at the same extend because they have to thing for their livelihood (longevity).

*From mass marketing to one-on-one marketing* – as indicated above donors have their communication preferences. In this regard they organization have to change their mass communication to individual communication.

Information technology has a great impact in fundraising methodology. Sargeant et al (2007) study indicated that although many charities in UK raised a significant income by using e-marketing, others are in the phase of build donor relationships whilst experiencing problems with cost from web-maintenance. Sargeant et al, came to the conclusion that e-philanthropy in UK is in its first stage of development.

In Kosovo’s case e-philanthropy is applied and yet cannot be applied because people/corporates in Kosovo mostly apply bank transfers, personal donations (physically), partly because they still do not trust the system and partly because NGOs in Kosovo did not reach that level of trust and sophistication.

## **4 EMPIRICAL FINDINGS**

### **4.1 Introduction to the empirical findings**

The first part of the empirical section presents the situation of local NGO's in Kosovo, their development and role in community development in post-war period. These data are collected from secondary sources such as local and international donor's surveys and reports, and the main findings of this report are the primary data collected from the three months research with 71 local NGOs in Kosovo. The research was based in previously developed questionnaire comprising of 43 questions structured in 5 sections: general information about the respondent and the organization; organizational structure; funding source and beneficiaries; the planning process at the organization; the evaluation process for both services and employees.

The questionnaire first was tested with a couple of NGOs then it was distributed to previously determined sample frame. At first the aim was to conduct the research via-email but due to low response rate, the rest of the research was carried out through telephone and face to face interviews. Although Kosovo has only 10,887 sq km<sup>9</sup>, it comprised of 5 specific administrative regions<sup>10</sup> (Prishtina, Prizren, Peja, Gjilan and Mitrovica), thereupon the research was conducted in 5 regions, in order to have more comprehensive data.

### **4.2 The situation of local NGOs in Kosovo**

When Kosovo was a communist country it had the same faith as other communistic countries: everything was regulated by state (one party – the Socialist League). Moreover, from 1981 until 1999, the Kosovo society faced different forms of repression from Serbian regime which directly affected the lives of every citizen in Kosovo. This period is also known as the breakthrough period for civil society initiatives, whilst first initiatives were promoting and advocating for basic human rights and helping people in need due to deterioration of the economic and political situation. These were more community based organizations (not registered – the Serbian regime labeled them as ‘illegal) operating under difficult circumstances. Although there was no possibility to conduct marketing CBOs were well-known among the community in general and diaspora<sup>11</sup>. USAID assessment on civil society also indicates one important fact that the established CBOs focused in their agendas with no

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<sup>9</sup> See: <http://www.fco.gov.uk/en/about-the-fco/country-profiles/europe/kosovo>

<sup>10</sup> See: [http://www.geocities.com/eugjilani/Kosovo\\_Map1.jpg](http://www.geocities.com/eugjilani/Kosovo_Map1.jpg)

<sup>11</sup> Albanians' who are living and working abroad

fundraising opportunities while after the war most of the NGOs were donor driven, and justifying their missions based on donor agendas<sup>12</sup>.

For the sake of simplicity the report will elaborate the civil society development at the post-war period, known as a period when civil society bloomed. From 1999 until 2008 there are more than 4070 registered NGOs. Although the number of registered ones is so large, most of NGOs are inactive, partly due to lack of funding as a result of donor withdrawal<sup>2</sup> and partly because NGOs still did not reach the fourth and fifth stage of fundraising.

The KCSF report<sup>2</sup> indicates that approximately 600 (or 14 %) are active, while this percentage is falling every year.

The registration of the NGOs is regulated with UNMIK regulation 1999/22<sup>6</sup>, which is implemented by NGO Registration Office under the auspices of the Ministry of Public Affairs. The Regulation is evaluated as most 'permissive'<sup>12</sup> in the region offering an opportunity to all people of good will to establish an NGO. The Regulation foresees the establishment of only two structures: association (three founders to be established) and foundation (one founder). The simple registration process and no monitoring and evaluation from NGO Registration Office, and complicated closure procedures (requiring all reports and at least 10 signatures from its members that the NGO will be closed) are additional reasons for a huge number of registered NGOs and a large percentage of inactive ones.

Anyway, some donors evaluated, that the NGO community in Kosovo is community organized compared to other regions, because strong networks and ad-hoc coalitions that achieved to compel specific changes<sup>12</sup> were established.

On the other hand, the KCSF report indicates that civil society organizations are "moribund or dormant or lacking sufficient capacity to carry out meaningful activities"<sup>2</sup>, and the NGO community is uncoordinated thus failing to attract the attention of the government and UNMIK whilst losing the trust of the community.

The NGO community in Kosovo has a crucial role in promoting democracy and human rights, holding accountable authorities; promoting civil participation in decision making process and playing 'watchdog' of our fragile democracy.<sup>2</sup>

#### **4.2.1 Activities of the NGOs**

Most NGOs in Kosovo are not cause and/or mission oriented but donor driven. Therefore, due to lack of funding many NGOs carry out activities that are not in line with their mission nor with immediate community needs but with donor agendas. This is maybe due to high

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<sup>12</sup> USAID Kosovo, Civil Society Sector Assessment, May 2004

rates of unemployment, around 44% especially among youth (70% of whole population)<sup>13</sup>, where are seen as job creation opportunity not to say that by community at large the NGOs are considered like 'profitable business'.

Moreover, there are NGOs who carry out quite a broad range of activities starting from education, humanitarian work; community building; psychosocial; cultural; economic development; youth and gender issues<sup>2</sup>, without having necessary human and financial resources or without needs assessment. In fact there are rare cases when NGOs conduct a research in order to assess the needs of the community and then develop a project fit to the community needs. In most of the time is vice versa projects are developed and implemented because there are money available (donor money).

Some NGOs have a clear mission statement but do not abide by it or there are even cases when mission statements are changed as donor agendas change. Nichol's (2003) indicated shifts in paradigm 'from methodology driven to donor driven' not in the sense of changing the organization's mission to fit the donor's agenda but in a sense donor-grantee relationship building.

The NGO community in Kosovo is still fragile in a sense that it does not have strong foundations upon which their capacities are developed and maintained. The majority of them do not have a clear vision nor action plans on how to achieve their vision (if they have one).

The majority of NGOs in Kosovo are struggling for survival on daily basis but to my surprise, most interviewed NGOs (not to say all) do not have clear plans to support their fundraising efforts which directly could contribute to their sustainability and achieving their final goal.

To my bigger surprise, donors are investing heavily in increasing capacities of local NGOs, through trainings and workshops such as communication with media, public relations, managing NGO, advocacy and lobbying, project proposal writing, fundraising but never a comprehensive training on NGO marketing. NGO sustainability is the most interested area, attracting many donors but not much is done in this field.

There are many research papers on civil society's role in community development, their role with media, their role in advocating or lobbying for a cause but there was no research on how marketing is employed by NGOs (if employed) as a platform for creating, communicating and delivering value to its customers including beneficiaries, volunteers and donors.

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<sup>13</sup> UNDP Kosovo, Youth Human Development Report, 2006, [http://www.ks.undp.org/repository/docs/hdr\\_eng.pdf](http://www.ks.undp.org/repository/docs/hdr_eng.pdf)

During my 10 years of experience working for and with NGOs, I have been in a position to practice both roles, from the civil society point of view (while leading an NGO) and from the donor point of view while working for UNDP and USAID Kosovo Private Enterprise Program. My observations during all these years are that some NGOs are in an unfavorable situation because they want to stick to their mission but due to lack of financial resources they sacrifice their long term goal for short term achievements and finances. This fact has an impact in their effort to specialize (be profiled) in the specific field and become sustainable. Moreover, NGOs doing project on behalf of another does not allow them prepare their strategic or action plans and work towards their sustainability.

From my experience NGOs that were specialized were more successful and sustainable because their activities are planed and marketed to individual, corporate donors and trusts.

That is why I saw it necessary to conduct the research in the field of marketing, and develop a marketing plan guide for NGOs in order to increase chances for their sustainability.

### ***4.3 Marketing application by local NGOs in Kosovo***

The research was conducted with 71 local NGOs from 5 regions. The questionnaire had 5 sections: general information about the respondent and the organization; organizational structure; sources of funds and beneficiaries; the planning process at the organization; the evaluation process of service and staff that provides necessary information regarding how much marketing is employed by local NGO's in Kosovo. Collected data was processed with SPSS and the results from the interviews will be presented from different angles starting from organizational structure, utilization of volunteer services, do they conduct Marketing Audit, SWOT, how employees are evaluated, do NGOs have marketing plan/strategic plan, do they have planned budget for marketing, how promotion is conducted and other information indicating their attitudes towards marketing.

#### **4.3.1 Basic information about NGOs - type of NGOs interviewed structures, frequencies by gender, age, position and years of experience in civil society**

This section presents basic respondents information broken down by type of NGOs, available structures of the organization, age and years of experience with civil society, which to some extent could be indicative variables in the context of planning and managing process. The research was conducted with 71 NGOs from which 96% are Associations and only 4% are Foundations. The percentage could not be compared with the total number of registered associations and foundations as the main database of the NGO Registration Office - Ministry

of Public Affairs does not have data broken down based on their status. All registered entities are recorded only as NGOs. Appendix 1, Table 1.1, indicates the percentages and number of NGOs per their status.

According to UNMIK Regulation, the highest governing body of the Association is the Member's Assembly while the Board of Directors serves the Foundation. The results of the survey indicate that from 68 Associations only 49 have Members' Assemblies (28%) which is a clear indicator that the associations are not correctly structured or that NGOs lack awareness regarding the associations' legal structure, although 70% of respondents had high level positions (Executive Directors and Presidents of the Board) and have extensive experience (7-9 years) working with the NGO community (80%). (Appendix 1, Table 1.2. and Table 1.3.)

Maybe the reason for not well structured NGOs is the lack of a controlling mechanism from the government, which could obligate NGOs to establish their structures.

#### **4.3.2 Resource attraction and Resource allocation**

On the question, which are your main funding sources (donors) the NGOs could choose three key funding sources and also had an option to specify any other source of funding other than those mentioned in the questionnaire.

This question provides information about who are the targeted donors for local NGOs.

The research indicates that 40.4% of NGOs target and use funds from international donors; while 25% apply for funds to local donors (who manage international donor funds) (KCSF, KFOS, FDI)<sup>14</sup>, in general the percentage of utilization of international donor funds (directly or indirectly) is more than 65%; 16.7% of respondents have income from their services which impacts their sustainable development; only 11.5% of NGOs utilize funds from corporate donors. As specified by local NGOs, other funding sources are membership fee; and local government. (Appendix 1, Table 1.5).

The NGOs were also asked to indicate the resource allocation, by specifying their primary and secondary beneficiaries and any other targeted beneficiary (if not indicated in the questionnaire). The results indicate that primary beneficiaries targeted by the NGOs, are young people (56.3%), women (12.7 %) and community in general (16,9%).(Appendix 1, Table 1.6).

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<sup>14</sup> Kosovo Foundation for Open Society (KFOS) ; FDI (Foundation for Democratic Institute)

On the other hand the results for secondary beneficiaries indicate that NGOs target the general community (35.2%), while again youth makes the largest percent of secondary beneficiaries with 14.1%. (Appendix 1, Table 1.7)

If results from both tables are collected, by far youth is the target group that more than 70% of respondents are interested to work with and provide services for them. This is partly because Kosovo has the youngest population in Europe where more than 50% of population is aged between 15-24 (70% unemployed)<sup>13</sup> and partly because donors interest is in youth unemployment.

Whilst, only 10% of respondents specified other groups of secondary beneficiaries that are: NGO community, agribusiness, business associations, students, local institution, refugees etc.

**4.3.3 Research and planning process in the organization**

This is the main section of the research because it provides data regarding how NGOs conduct marketing audit and SWOT before their planning process. If NGOs have marketing plans, what are their main tools for conducting promotion, do they have budget for conducting marketing as compared to last year how the budget changed? In addition, the results of the interview indicate, whether the marketing plan is perceived as an important tool for fundraising by executives of the NGOs.

**4.3.3.1 Marketing plan importance and bodies responsible for drafting and implementing it**

Table 5 indicates how many NGOs (broken-down by their legal status) have marketing plans. As it is presented only 25% (17) organizations have marketing plans (not complete), while out of three foundations interviewed, two of them have marketing plans.

		Does your organization have marketing plan?				Total	
		No		Yes			
Type of NGO	Association	51	75.0%	17	25.0%	68	100.0%
	Foundation	1	33.3%	2	66.7%	3	100.0%
Total		52	73.2%	19	26.8%	71	100.0%

**Table 5 The application of the Marketing plan by Type of NGO**

The results from Table 6 indicate that more than 73% of respondents do not have marketing plans, while the majority 66.7% them find marketing plans as very important tools for fundraising and 23.5% as important tools for fundraising. (see Table11.1)

		Marketing plan is:				Total
		Very important	Important	Neither important nor unimportant	Somehow important	
Does your organization have marketing plan?	No	66.7%	23.5%	7.8%	2.0%	100.0%
	Yes	73.7%	26.3%			100.0%
Total		68.6%	24.3%	5.7%	1.4%	100.0%

**Table 6 Marketing plan possession vs Importance**

It is very odd that the majority of respondents around 92.9% of total respondents find marketing plans as a very important tool but only 26% of them have it.

With the purpose of finding whether NGOs perceive marketing as one person responsibility; departmental process; or organizational goal, the NGOs were asked who is involved in the planning process. The respondents were able to choose all structures involved in the planning and implementation process of marketing. The results indicate that the Board of Directors (68%) and Assembly members (42.1%) are the main bodies involved at marketing plan preparation, but there is also involvement of other structures such as Executive Directors, experts and employees. Regarding involvement at the implementation stage it was obvious that the executive director is in charge (57.9%) in cooperation with employees (5.3%) with directions of BoD (42.1%). (Appendix 1, Table 1.8 and Table 1.9).

While more than 72% of respondents indicated that the marketing plan or action plans are updated in yearly basis, although the results should be taken with reservation (Appendix 1. Table 1.10).

#### **4.3.3.2 Marketing Audit**

There are cases when NGOs do not have marketing plans but have conducted market research to analyze competition and beneficiaries' needs. The tables below indicate the frequency of market analysis conducted by NGOs: 42.1 % of NGOs stated that they analyze their competition every quarter while 50% of respondents analyze customer needs every quarter.

In this regard it is worth mentioning that during telephone and face to face interviews there was a need for explanation what is meant with competition because the immediate answer was 'they do not have competition'. These were some indicators that NGOs conduct informal marketing research but they do not see it through.

**Table 7 How often NGO's analyze the competition**

	How often you analyze your competition?				Total
	Once per quarter	Once per six months	Once a year	Once in two years	
Did you conduct market research ? Yes	42.1%	39.5%	15.8%	2.6%	100.0%
Total	42.1%	39.5%	15.8%	2.6%	100.0%

	How often you survey changes in community (beneficiaries) needs?				Total
	Once per quarter	Once per six months	Once a year	Once in two years	
Did you conduct market research ? Yes	50.0%	34.2%	13.2%	2.6%	100.0%
Total	50.0%	34.2%	13.2%	2.6%	100.0%

**Table 8 How often NGO's analyze customer's needs**

Even though NGOs do not have marketing plan, in one way or another they carry out market research and promotion. The results from the research indicate that NGOs employ different tools to analyze customer need. The majority of the respondents indicated that the main tool assessing the needs of their beneficiaries was through direct interviews (64.1%), questionnaires (12.8%), while the other percentages do not pose any relevance.

	No answer	Direct interview	Donor reports	Unofficial convers	Focus groups	Telephone convers	Questionnaires	Direct e-mail	Total
Primary tools	1	25	2	2	2	1	5	1	39
Total by percentage (%)	2.6%	64.1%	5.1%	5.1%	5.1%	2.6%	12.8%	2.6%	100.0
Secondary tools	2	3	5	5	5	3	15	1	39
Total by percentage (%)	5.1%	7.7%	12.8%	12.8%	12.8%	7.7%	38.5%	2.6%	100.0

**Table 9 Primary and Secondary tools for analyzing customer needs**

The research also indicates that to some extent NGOs perform environmental scanning, while some factors weigh more and others less. The table below indicates the primary and secondary factors determining organizational direction.

The results indicate that social (42%) and political factors (37.2%) are the primary factors that impact organizational direction, while economic factors (20.9%) are weighed as secondary factors leading the organization. (Appendix 1 Table 1.11)

#### **4.3.3.3 SWOT Analysis**

The respondents were also asked if they conduct SWOT analysis to identify organizational strength, weaknesses, opportunities and threats. Respondents identified and weighted their Strengths (main, medium and satisfactory); Weaknesses (serious, improvable, small-time); Opportunities (attractive in near future; attractive and realistic; attractive hardly achievable); and Threats (very serious, serious but avoidable; not so serious). The analysis includes results of all respondents who stated that they performed SWOT analysis.

The most important strengths identified by NGOs are: professional management (52%); organization's experience (32.7%); and special expertise (31%). As their serious weaknesses they listed: lack of regional offices (47.3%); and lack of expertise in the specific field. It is worth mentioning that NGOs, when identifying their strengths/weaknesses, were very subjective by overestimating their capacities and by failing to respond honestly when identifying their weakness (in most of cases they did not provide answers).

However, the attractive and realistic opportunity that impacts the sustainability of the NGOs are: approval of the Law on Sponsorship (23.6%) and Fundraising by using Marketing Plan (23.6%). On the other hand threats that are risking the wellbeing of the NGOs (identified as very serious/ avoidable threat) are: NGOs are being politicized (47.3%); lack of funds (32.7%) and NGOs are perceived as opposition by government (14.5%). (Appendix1. Table 1.12; 1.13 ; 1.14; 1.15).

#### **4.3.3.4 Promotion Mix**

Although only 26.7% of NGOs had marketing plans, all of them employ mixed promotional tools to achieve their project objectives. Based on the interviews, the NGOs do not promote the organization as a whole but only projects that are in due course of implementation. That is as a result of their limited (or no) budget for promoting the organization. The results of the research indicated that most of NGOs do not have a separate budget line to conduct marketing (see Table 11).

The results of the research indicate that most frequently used instruments of local NGOs are: brochures (45.1%), direct contacts with donors (32.4%); website (15.5%); direct contacts with beneficiaries (14.1%) and employees and volunteers (12.7% and 9.9%). (Appendix 1. Table 1.16)

### 4.3.3.5 Marketing budget

Around 26.7% of NGOs indicated the existence of the marketing plan or action plan, neither of them had separate budget line (planned) for implementing the plan. Around 73% of the respondents indicated that marketing (promotion) is conducted on project basis, while 11.7% through direct contacts with donors and beneficiaries.

		Marketing is conducted through				Total
		Projects	Direct contacts with donors	Direct contacts with beneficiaries	Other specify	
Does your organization have a separate budget for marketing?	No	73.3%	11.7%	11.7%	3.3%	100.0%
	Yes	0.0%	0.0%	0.0%	0.0%	
Total		73.3%	11.7%	11.7%	3.3%	100.0%

**Table 10 Budget for conducting Marketing**

### 4.3.3.6 Evaluation and monitoring

The last section of the questionnaire involved questions regarding monitoring and evaluation process and tools used for evaluating their staff, services, and their level of satisfaction regarding the organization's achievements.

The results indicate that the quality of their services quality is evaluated by using direct interviews with beneficiaries (39.4%); evaluation forms filled by customers (28.2%) and conducting site visit to their beneficiaries (16.9 %) (Appendix 1 Table 1.17).

The respondents were also asked if staff performance is evaluated because the dissatisfaction of the employees could directly impact customer/beneficiaries satisfaction, especially in service provisioning organizations. The results indicate that staff is evaluated on monthly basis (32 %) while monthly reports (25% ) are the tools used to evaluate the progress of their staff. (Appendix 1 Table 1.18)

Although, it was apparent (during interviews) that NGOs are lacking financial and human resources, and are facing constrains in the process of achieving organizational objectives, more than 60% of the respondents were satisfied and around 24% were very satisfied with the performance of the organization . This is another indicator that most of the respondents were subjective when answering questions such their weaknesses and performance. (Appendix 1 Table 1.19).

## **5 ANALYSIS and REFLECTION**

### ***5.1 Introduction to the analysis and reflection***

The empirical findings of the local NGOs in Kosovo are analyzed based on theories and concepts of the marketing management.

Initially, we discuss the role of local NGOs in Kosovo (ex-communist country) and how communism affected the community perceptions about civil engagement and social trust.

That is followed by concepts and marketing management aspects which are correlated with local NGOs in Kosovo. Moreover, this section will analyze NGO structures; perception of NGOs about marketing; what marketing instruments are mostly used by NGOs and how successfully implemented marketing plan correlates with fundraising.

In conclusion, this section emphasizes the importance of marketing for NGOs sustainability.

### ***5.2 The role of NGO community and how they are perceived by the community in Kosovo***

No matter how developed a country is, no state can address all needs of the community. The NGOs are established to fill in the gap ‘between structures that lock people out and strategies that welcome people in’ (Fazlon, 2007). Although the NGOs fulfill their role in a good way they still cannot and should not perform the task of a government (even in countries in transition). But their role is crucial in consolidating democracies and economic development by addressing the needs in health, economical and social sector and by mobilizing and engaging civil society to pressure government for fast-acting and decision making for a particular issue.

The best practice of civil engagement which demonstrates the importance of social networks for job placement; and many other economic outcomes and performance of representatives of government is United States (Putnam, 1995).

Putnam’s research with 35 countries indicated that the civil engagement and social trust as aspects of social capital<sup>15</sup>, are strongly related. During last two decades, trends have indicated that social capital is eroding even in countries known as ‘civil’ countries i.e. political scandals of the 60’s decreased social trust of American people towards their government, have resulted with lack of citizen’s participation in elections and social life (Putnam, 1995).

I must say that correlation between “civil engagement” and social trust at ex-communist countries did not exist, because even if there was not social trust (taking the case of Kosovo

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<sup>15</sup> Social capital refers to networks, norms and social trust that facilitate the coordination and cooperation for the mutual benefit (Putnam, 1995)

in ex-Yugoslavia), “civil engagement” was regulated by the state. The concept civil engagement in communist countries was contradictory in terms because participation into social activities was mandatory not from the free volition. Kosovo was one of the countries that faced the same fate. “Volunteer” and “social” activities were regulated by YCP. In one way or another people were forced to conduct “volunteer” work (see chapter Motivation and Background).

In post communist countries including Kosovo, it is evident the absence of civil engagement spirit, because for years every thing was regulated by state including “volunteer” work. Therefore, even now the community passively relies on the state to regulate their lives. On the other hand, government officials have a tendency (following the communist tradition) to control everything including associations and/or ‘autonomous’ agencies, whilst the community does not take any action.

Still after 10 years, local NGOs do not take their role very seriously, some of them are politicized, some are biased, some change their mission very often (according to political agendas or donor interest), and are not social oriented. NGOs also face the problem of attracting volunteers. The problem persists partly because people are not willing to volunteer due to their previous experience and partly because post war volunteers were ‘misused’ by NGOs since there was no legal infrastructure, which regulated the volunteer work.

Besides, by general public NGOs are seen as a perfect way to attract donor funds (either international donors or governmental money) or job creation structure, and are risking ‘to lose their soul’ and community trust.

### ***5.3 Marketing management and local NGOs in Kosovo***

Local NGOs in Kosovo perceive marketing management as an activity that involves only for-profit sector. The first remark by some NGOs was “we are nonprofit sector we do not conduct marketing”, while some them identified marketing with promotion. Although in one way or another NGOs were conducting marketing activities they still were not aware that marketing has to do with identifying community (customer) needs; developing, communicating and delivering services/products based on these needs.

#### **5.3.1 Application of market orientation and market segmentation by Local NGO**

While international NGOs are embracing marketing strategies and market orientation in order to create competitive advantage and serve best their customers. LNGOs in Kosovo still do not consider marketing as important tool where they should invest human resources.

Although around 71% of local NGOs (LNGO) analyze their competition and 84% of them analyzed customer needs on quarterly/ six month bases, only 26.8% of LNGOs have marketing plans, and no organizational structures (human resources) to implement it.

From 19 NGOs who have marketing plans, only 21.1% have indicated that marketing planning process is a joint effort which involved all structures, while 57% of them indicated that marketing plan is implemented by the Executive Director and 47.4% indicated that the marketing plan is implemented by employees. It could be concluded that approximately 42% of 19 LNGOs involved all structures in market planning while the implementation is mostly seen executive director's and employee's responsibility.

Market orientation works in three levels of orientation: customer, competition and inter-functional orientation. The research indicates that LNGOs to some extent are working on customers' orientation since they are using different research methods and tools to identify customer needs including beneficiaries, donors and volunteers. But there is no follow up to the findings of the research with regards to creating, communicating and delivering customer value.

Moreover, although 71% of the LNGOs indicated that they analyze strengths and weaknesses of the competition, there is no competition orientation since the information is not used to create competitive advantage to overcome competition, but just copying what competition is doing. As a result of which many LNGOs are doing the same thing or are donor driven.

Inter-functional orientation which refers to market information sharing and integration of the market functions into organizational structures its non existent at the LNGO structures. Although, the research indicates that all 71 LNGO executive's/manager's carry out staff performance evaluation, there is no motivation for successful employees/volunteers. Employees/volunteers are not seen as internal customers', besides when personally interviewed employees/volunteers it was obvious their dissatisfaction. LNGO executives/managers should be aware that unsatisfied employee is equal to unsatisfied customers including beneficiary and client (donor), resulting with decreased chances.

In order to compete more effectively LNGOs have to embrace the concept of the market segment by identifying the groups of customers who have similar sets of needs.

LNGOs in Kosovo defined their market segment by using *A priori segmentation* where segments are identified in advance then examined for mutual characteristics. The research shows that more than 90 % of LNGOs have youth as their primary/secondary beneficiaries; 16.7% have women as primary/secondary beneficiaries; while 16.9% have indicated that community in general is their primary beneficiary (segment) and 35.2% indicated that

community in general is their secondary beneficiary. Only a small percentage of NGOs (10%) have more specific target groups such as agribusiness, NGO community, wood processing companies, local institutions etc.

As indicated above LNGOs used *A priori segmentation* but the exercise for examining the mutual characteristics (demographic, behavioral and physiographic) are done in project bases not as a general approach of the organization. This approach weakens LNGO position and reputation because this makes them donor driven, and not sustainable. This also indicates that NGO's are established not because the need is there but because of donor funding.

### **5.3.2 Market planning process at LNGOs**

Planning is an important tool for every process and organization. The same applies for marketing. Marketing planning is very important because the organization identifies objectives and target markets, designs marketing strategies, develops marketing programs and assigns resources (human and financial) to achieve these objectives.

Although organizations do not have a written marketing plan around 90% of them view it as an important tool for achieving their objectives. Nevertheless, organizations perform marketing audit and analysis, SWOT Analysis, develop organizational objectives, but lack defining their marketing strategies, defining marketing tactics although they use some elements of marketing mix. Moreover, no LNGO had separate marketing budget, including those who had written marketing plan, which oppugns the existence of the marketing plan and implementation.

#### **5.3.2.1 Environmental scanning at LNGO level**

Environmental scanning is practiced by LNGOs in Kosovo. The research indicates that social factors (76.8%) and political factors (53.5%) have greater impact in determining organizational direction although Kosovo as declared its independence. One observation, although Kosovo is facing high level of unemployment as a result of low level of economic development, economic factors are less (34.9%) influential to the NGO's direction.

As mentioned above LNGOs in Kosovo employ limited market analysis. Customer market is analyzed but not in depth. NGOs have three different levels of customers (beneficiaries, donors and volunteers) needs to identify, understand and create value as per their interest. LNGOs in Kosovo are not aware of their competition. LNGOs do not understand that nonprofit sector faces three levels of competition (competition for resource attraction, resource allocation, and competing missions).

### **5.3.2.2 SWOT analysis at LNGOs level**

Nonprofit sector has to evaluate/analyze resource allocation and resource allocation activities in order to identify in which sphere the organization should improve.

SWOT analysis – Identifying strengths and weakness, exploring opportunities and avoiding threats requires all staff efforts. The research reveals that LNGOs in Kosovo performed SWOT and identified their strengths (sometimes overestimating their capacities), weaknesses (were not sincere); opportunities and threats.

An observation during the research, NGOs were reluctant to select their (three most serious) weaknesses, which implies that LNGOs are not mature enough and do not understand the purpose of SWOT because identifying weaknesses gives them advantage to do something about it before competition.

The research points out that LNGOs consider that professional management (72.7%), organizational experience (61.7%), clear programs (48.2%) and special expertise (43.6%) are their most important/medium strengths. This raises the issue of NGO sustainability and viable programs. If NGOs have professional management and organizational experience then why is there no NGO sustainability, why more than 80% of registered NGOs are not functional?

On the other hand, LNGOs identified that lack of regional offices (58.2%), lack of experience in the specific field (25.4%), untrained personnel and lack of managerial experience with (9.9%) are their serious/improvable weaknesses. KPEP (2009) research indicated that 43% (of 16 business association) have low institutional capacity, understaffed and lack financial resources to achieve organizational goal. The report also indicates that associations are unable to raise funds therefore they rely only on membership dues and donor funds.

These results again raise sustainability issue. The question is: if NGOs are struggling to sustain one office (one person), how they can sustain 5 other regional offices? Increasing running cost is not a solution, because they rely heavily on donor funding.

It could be concluded that LNGOs in Kosovo conduct SWOT analysis but the findings are not elaborated to improve their weaknesses, emphasize their strengths in order to create their competitive advantage to use the potential opportunities.

Opportunities selected by LNGO have different levels of actualization and attractiveness, but although NGOs selected as an attractive and realistic opportunity they are not committed or working out to utilize these opportunities to the best of their interest.

Threats are categorized according to the level of seriousness and the research indicates that NGO politicizing is anticipated as a very serious threat (with 47.3%) and serious but avoidable (with 23.6%); lack of funding is also anticipated as a serious threat (with 32.7%)

and serious but avoidable (with 34.5%); most NGOs are identified with one person NGOs which is also perceived as a threat for NGO community but not so serious (21.8%).

The most serious threat for NGOs, is their negligence to competition, the results of the research indicate NGOs do not perceive competition as very serious threat (0%), furthermore only 7% indicated that it could be avoided and 9% indicated that competition is not serious threat. In the other hand they are complaining for lack of funding (more than 66%).

### **5.3.2.3 Application of Marketing strategies and Marketing mix by LNGO**

As indicated by Sargeant (1999), nonprofit sector can employ three different strategies: overall marketing direction, segmentation and positioning strategy.

The fact that only 26% of NGOs have marketing plan, and none of them have budget for its implementation, is an indicator that LNGOs do not have viable marketing strategy. Mostly NGOs employ market development tactics whereby they try to expand their market share in other regions, and to some extent product/service development strategy when NGOs forecast saturation of existing services or if its foreseen donor's shift of interest from one service (or target group) to another .

Converting strategies into tactics by using marketing mix is another step that NGOs should employ during their process of marketing plan. Marketing mix at nonprofit sector involves 7 P of Marketing (Price, Promotion, Product, Place, Processes, People and Physical goods). The research indicates that LNGOs in Kosovo mostly employ promotion; product and some extend people whilst other marketing mix elements are used once in awhile.

Promotion involves all instruments employed to inform and persuade current and prospect customers about the benefits they will experience from utilizing a service (Sargeant, 1999). There are different instruments to be used in order to convey the right message, to right customers at the right time.

The research indicates that elements of the promotion mix interlock very well when promoting a project. LNGOs indicated that they use brochures (45.1%); direct contacts with donors (32.4%); Website (15.5%); and direct contacts with beneficiaries (14.1%).

It is important to emphasize that 73.3% of NGOs practice promotion on project basis, due to lack of marketing budget. Hence, this hinders LNGO to achieve their marketing objective because the right message is not conveyed at the right time to right customers.

People are crucial in nonprofit sector because they are in direct contact with beneficiaries and donors. The research indicated that employees and volunteers (12.7% and 9.9%) are involved

at the promotion mix but not as it should. Moreover, during my working experience with UNDP, volunteers (including employees) have indicated that their services and capacities are misused.

#### ***5.4 The role of marketing for fundraising***

As indicated in literature marketing plan is a road map that keeps the organization focused, moreover it serves as a tool for gaining new donors while retaining old ones. Most NGOs including business association cannot survive without donor funding. The research done by KPEP (2009) with 16 business association concluded that although 80% of business associations have strategic plans (which include marketing activities), they have no capacity to implement it.

Moreover, the research (KPEP, 2009) indicates that business associations do not apply marketing or brand image. Resulting with low income due to their incapability to create, communicate and deliver value (services/products) to their membership.

KPEP research also indicates that business associations rely heavily at international expertise offered by donors but don't use the opportunity to create local expertise which could contribute to the NGO sustainability, while only 16.7% generate income by selling their services (Mullatahiri research, 2008).

In addition to it business associations overestimate their capabilities for fundraising but external evaluation points out different figures compared to their self-evaluation.

That said, I would like to stress once again Michael Hohne's statement "fundraising is never easy, since thousands of NGOs pursue the same donor." This means that only NGOs that are mature, SMART and capable to get donors commitment can survive.

Williams (1999) pointed out that fundraising has life cycle consisting of five stages spread out in three phases varying based on "sources of funding, status of fundraiser and percentage of voluntarily income in total income"

The Appeal (phase one) includes the first stage when the NGO is established because the founders are passionate about the cause therefore use all available resources and bring a lot of effort to achieve the organizational; than comes the second stage when the passion starts to fade and there is a need for more money.

For LNGOs in Kosovo, the first stage was encountered before the war and after the war until 2000-2001. Beginning of year 2001, LNGOs entered the second stage (we need more money).

Then comes the Fundraising (phase two) is transition phase from passionate volunteers to

professional fundraisers. This phase comprises from stage three when NGOs need help and support from donors to increase human capacities capable of management and create services which contribute towards sustainability; then comes stage four when NGOs are ready to take over and become self-sustainable. At this stage NGOs are aware about the importance of establishing fundraising and communication departments.

The research indicates that depending on the NGOs experience, LNGOs in Kosovo are still struggling between second and third stage. The same was indicated by KPEP research (2009). The Marketing (phase three) is the phase when NGOs become aware of marketing as integral part of the organization where all teams work together to achieving the overall goal.

Most of LNGOs in Kosovo are far beyond this stage, it could be said that only nine or ten (0.2%) LNGOs that have international experience have reached this stage.

Hence, marketing is the highest stage or maturity stage (sustainability) for the NGOs.

It is obvious that NGOs have to raise fund in order to be sustainable, but fundraising should be done in organized way. Sargeant (1999) indicates that with donors, NGOs should use the same marketing segmentation (a priori approach and post-hoc approach) as with any other customers. Sargeant (1999) also categorized donors in three groups: individual, corporate and Trusts/Foundations, hence each group requires different marketing techniques.

The research points out that NGO resource in 54.9% of cases come from local donors (local foundations and individual donors). Thus, LNGOs in Kosovo are using some of the individual fundraising techniques such as membership fees, sponsoring someone in the event, pub and shop collection, but as indicated by Halfpenny and Lowe these fundraising techniques do not generate big revenues. Therefore, NGOs should establish solid marketing strategies and fundraising techniques in order to ensure sustainability.

The research also indicates that only in 25.4% of cases the NGO resources come from local businesses or corporate donors. Hence, in order to be successful, NGOs should define the type of support needed by corporate donor, understand the corporate donor interest/cause, categorize donors based on their *Interest potential* and *Giving potential*, define the communication strategy, and monitor/ evaluate the activities (Sargeant, 1999), but at the same time should be very careful not to lose public trust. Sometimes, corporate donors have a tendency to create their 'social responsibility' reputation through sponsoring associations but if organizational cause is in contradiction with corporate cause, the NGO will loose it reputation.

In this regard, due to lack of funding, some LNGOs in Kosovo are not taking into consideration the threat of damaging their reputation. Moreover there is no categorization of

the corporate donor interest and giving potential, sometimes LNGOs do not bother to establish good communication tactics with donors. The research also indicates that only 11.7% of LNGOs communicate directly with donors, which indicates that LNGOs are not client oriented. This is a clear indication that institutional relationship marketing is not applied by LNGO.

Taking into consideration that in Kosovo during these 10 years many foundations were present, raising funds from Trusts/Foundation was general approach of Kosovo's LNGOs (88.7% of cases). In order to be successful in this process, Sargeant indicated 7 steps, but sometimes Kosovo's LNGOs skip some steps or develop project as per the Foundation's criteria whilst surpassing organization's mission.

Thus, marketing is an important tool in the process of raising funds from different donors because if used correctly ensures sustainability and increases organization's reputation.

## **6 RECOMMENDATIONS AND CONCLUSIONS**

### **Recapitulation**

As a summary it can be pointed out that a comprehensive research in the area of how marketing management is utilized by local NGOs in Kosovo. The project report comprises of 6 chapters, starting with introduction of the topic and presentation of the research objectives and questions at the first chapter, following with presentation of the research methodology at the second chapter. Subsequently, the third chapter provides a thorough review of the extant literature regarding marketing management at the business and nonprofit sector, including the fundraising techniques for sustainability. The following chapter provides a detailed report of the empirical data about the situation and structure of the local NGOs in Kosovo, and how marketing is managed by LNGOs as an effort for fundraising and being sustainable. The process of data collection was interesting yet very hard since the research involved LNGOs from 5 regions. The fifth chapter presents the analysis of the empirical findings based on the theoretical data. The empirical findings were examined step by step based on marketing planning steps. At this stage it was established that LNGOs in Kosovo are partially in line with what the existing literature indicates. Secondly, as a result of this project the marketing plan guide will be presented. The guide will serve as model to support nonprofit sector in their effort to perform marketing and will be distributed to all NGOs who contributed to this report with their information. The research indicates that the theory on marketing management does not give answers to all issues encountered in the real life. Different

countries have different particularities which impact civil society development with it, the effectiveness of doing marketing by using different marketing techniques.

### **Theoretical and practical implications**

The objective of this research was to identify how marketing is utilized by LNGOs in Kosovo and to what extent; understand Strengths, Weaknesses, Opportunities and Threats facing the NGO community; and based on findings develop the marketing plan guide for the nonprofit sector in Kosovo.

Basically, the results of the research indicate that the marketing management at non-profit sector is still unexplored in Kosovo, because NGOs perceive marketing as promotion. Since 1999, many studies and surveys were carried out by different institutions (including donors) with regard to analyzing civil society development in the field of advocacy & lobbying, education and training, relations and influences with government etc.

Every study report indicates that LNGOs in Kosovo are not sustainable because they heavily depend on donor funding. Hence, as soon as donor funding ends, they will cease to exist or change their mission (very often) as per donor agendas.

Maybe the research and my thesis will not make a great contribute to the state of art but it definitely contribute to the increased awareness regarding the NGO marketing management in Kosovo, as one area that should be developed further. I've been working for and with nonprofit sector since 10 years now, but until today no study research was done in the field of non-profit marketing management. Hence, this paper is highly valuable for NGO community and for marketing practitioners because it emphasizes the importance marketing at the nonprofit sector for establishing better relationships based in trust with all stakeholders involved as a starting point for a successful planning and implementation, and sustainability of the NGOs in Kosovo.

I must say that civic society development differs from one country to another every country. Even in countries of ex-Yugoslavia, which came out from the same socialistic system, civic society development has its particularities. Therefore, the findings of the research are analyzed and commented based on my experience with this sector, which emphasizes the fact that for NGOs in Kosovo, marketing entails dialogue, better communication channels and commitment to build trustful relationships between all parties involved.

Thus, marketing plan guide (practical model) distributed to all 71 NGOs, will be a tool to educate nonprofit sector about the benefit of having a holistic marketing approach (focusing more in relationship and internal marketing); and will also serve as basis for marketing

research, environmental scanning, conducting SWOT, and preparing a plan, feasible enough to be implemented by LNGO.

As a follow up to this paper a focus group discussion with NGOs (71 interviewed) can be conducted within a period of two years, in order to evaluate the results of this paper by addressing questions such as: Did your NGO use marketing plan guide and did they prepare an NGO marketing plan? Where they successful? How did the marketing plan formulation and implementation support their endeavors to fundraising? How did it affect NGO sustainability?

### **Concluding remarks**

During my research I found out that the local NGOs in Kosovo face communications problems with their customers, including donors, beneficiaries, employees and volunteers. Moreover, the research indicated that nonprofits perceive marketing as not necessary. This is partly because there is no tradition of holistic marketing approach, as a result of the communist system that regulated the level of production, markets and the market price, and therefore nobody deemed it necessary to market products/services. Therefore, both for profit and non-profit organizations have a lot to learn as far as marketing is concerned, to ensure use of appropriate marketing techniques and achieve sustainability.

To achieve this, LNGOs should be aware that certain services should be individualized and tailored to customer needs.

Furthermore, local NGOs that are using marketing face many challenges with regards to marketing planning and implementation, meaning that: marketing objectives are stated in terms of beneficiaries (non-financial); motivating volunteers; facing strict control from public; NGO mission accomplishment vs. donor interest; threat for losing their soul etc

To overcome these challenges NGOs should define and clarify their mission and objectives, develop and deliver services as per customer (beneficiaries) needs, identify marketing orientation, identifying their marketing segment, have straight forward marketing strategies and tactics which are apparent for all involved in marketing implementation.

These activities are a pre requisite for NGO functionality and for fulfilling their role in good way.

Therefore, the NGO Marketing plan guide was developed to provide a useful tool for NGOs and fill in the gap existing in the marketing management theory in Albanian language. By using marketing plan guide and applying the recommended steps, LNGOs will improve their marketing strategies and will increase their chances for being sustainable.

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## APPENDIX 1. Tables from the primary data collection

**Table 1.1** Indicates the break down per legal structures (Association and Foundation), regulated by UNMIK Regulation 1999/22.

	Frequency	Percentage
Association	68	96%
Foundation	3	4%
Total	71	100%

**Table1. 1** NGO's indicated by Type

**Table 1.2.** Indicates the structure of NGOs as per their status.

Organizational structure as per legal status		Type of NGO		Total
		Association	Foundation	
Structure of the Organization(a)	Members' Assembly	49	0	49
	Board of Directors	57	3	60
	Executive Director	50	1	51
	President	16	2	18
	Total	68	3	71

Percentages and totals are based on respondents.

a. Dichotomy group tabulated at value 1.

**Table1. 2** Organizational structure as per legal status

**Table 1.3.** Indicates the break down results of the respondents by years of the experience and the position at the NGO.

		Years of the experience with NGO				
		1 - 3	4 - 6	7 - 9	over 9	Total
Position in the NGO	Executive Director	2 28.6%	10 47.6%	22 78.6%	7 46.7%	41 57.7%
	President of the Board	3 42.9%	3 14.3%	1 3.6%	2 13.3%	9 12.7%
	Board Member	.0%	2 9.5%	.0%	2 13.3%	4 5.6%
	Project Manager	1 14.3%	4 19.0%	3 10.7%	1 6.7%	9 12.7%
	Program Manager	1 14.3%	2 9.5%	2 7.1%	3 20.0%	8 11.3%
Total		7 100.0%	21 100.0%	28 100.0%	15 100.0%	71 100.0%

**Table1. 3** Break down by Position in the NGO \* Years of the experience with NGO

**Table 1.4.** Indicates break-down by position and age.

		Age				Total
		18-25	25-35	35-45	over 45	
Position in the NGO	Executive Director	4 33.3%	16 61.5%	13 68.4%	8 57.1%	41 57.7%
	President of the Board	5 41.7%	3 11.5%	.0%	1 7.1%	9 12.7%
	Board Member	1 8.3%	1 3.8%	.0%	2 14.3%	4 5.6%
	Project Manager	1 8.3%	4 15.4%	4 21.1%	.0%	9 12.7%
	Program Manager	1 8.3%	2 7.7%	2 10.5%	3 21.4%	8 11.3%
Total		12 100.0%	26 100.0%	19 100.0%	14 100.0%	71 100.0%

**Table1. 4 Break down by Position in the NGO \* Age**

**Table 1.5.** Indicates the focus of NGOs with regards to resource attraction or donors.

		Responses		Percent of Cases
		Number	Percent	
NGO Resources come from (a)	International Donors Funds	63	40.4%	88.7%
	Local Donors Funds	39	25.0%	54.9%
	Local businesses Funds	18	11.5%	25.4%
	Income from services	26	16.7%	36.6%
	Other Funds (specify)	10	6.4%	14.1%
	Total	156	100.0%	219.7%

a. Dichotomy group tabulated at value 1.

**Table1. 5 Key funding sources targeted by local NGOs**

**Table 1.6.** Indicates the focus of NGOs with regards to resource allocation/primary beneficiaries.

		Frequency	Percentage
Primary beneficiaries	Youth	40	56.3%
	Women	9	12.7%
	Minorities	1	1.4%
	Children	1	1.4%
	Persons with special needs	4	5.6%
	Community in general	12	16.9%
	Business community	3	4.2%
	No answer	1	1.4%
Total		71	100.0%

**Table1. 6 Resource allocation according to its priority - primary beneficiaries**

**Table 1.7.** Indicates the focus of NGOs with regards to resource allocation to secondary beneficiaries.

		Frequency	Percentage
<b>Secondary beneficiaries</b>	Youth	10	14.1%
	Women	3	4.2%
	Minorities	9	12.7%
	Children	9	12.7%
	Persons with special needs	6	8.5%
	Community in general	25	35.2%
	Business community	2	2.8%
	No answer	7	9.9%
	Total	71	100.0%

**Table1. 7 Resource allocation according to its priority - secondary beneficiaries**

**Table 1.8; 1.9; 1.10.** Indicates the correlation between marketing plan and structures involved in the planning process and the frequency of updating the marketing plan.

		Bodies involved in Marketing planning(a)						Total	
		Assembly members	Board of Directors	Executive Director	President	Expert	Employees		I don't know
Does your organization have marketing plan?	Y	8 42.1%	13 68.4%	7 36.8%	7 36.8%	8 42.1%	4 21.1%	3 15.8%	19
Total		8	13	7	7	8	4	3	19

Percentages and totals are based on respondents. a. Dichotomy group tabulated at value 1.

**Table1. 8 Marketing Plan and Body involved in planning**

		Who is responsible for Market Plan implementation (a)					Total	
		Board of Directors	Executive Director	President	Marketing Manager i	Employees		Others
Does your organization have marketing plan?	Y	8 42.1%	11 57.9%	2 10.5%	3 15.8%	9 47.4%	1 5.3%	19
Total		8	11	2	3	9	1	19

Percentages and totals are based on respondents. a. Dichotomy group tabulated at value 1.

**Table1. 9 Marketing plan and People involved in implementation**

		Marketing plan is updated				Total
		Once a year	Twice a year	Every second year	Every fifth year	
Does your organization have marketing plan?	Y	13 72.2%	2 11.1%	2 11.1%	1 5.6%	18
Total		13	2	2	1	18

Percentages and totals are based on respondents.

**Table1. 10 How often Marketing plan is updated**

**Table 1.11.** Presents primary and secondary factors for determining organizational directions.

		Primary factors	Secondary factors
Environmental scanning was conducted	Political Factors	37.2%	16.3%
	Economical Factors	14.0%	20.9%
	Social Factor	41.9%	34.9%
	Technological Factor	2.3%	7.0%
	Environmental	4.7%	14.0%
Total		100.0%	100.0%

**Table1. 11 Primary and Secondary factors determining the direction of the organization**

**Table 1.12; 1.13; 1.14; 1.15:** Specify strengths, weaknesses, opportunities and threats that NGOs weighted as important, serious and attractive.

	Special expertise	Professional management	Organization's experience	Clear Programs	Having Marketing Plan	Quality/ Services	Low fee/Services	Full equip office	Regional Offices
Important Strength	30.9%	52.7%	32.7%	16.4%	0%	12.7%	3.6%	7.3%	5.5%
Medium Strength	12.7%	20.0%	29.1%	21.8%	1.8%	14.5%	3.6%	9.1%	1.8%
Satisfactory strength	5.5%	1.8%	16.4%	10.9%	10.9%	14.5%	12.7%	27.3%	5.5%
No Answer	50.9%	25.5%	21.8%	50.9%	87.3%	58.2%	80.0%	56.4%	87.3%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: 1.8% responded 'don't know'

**Table1. 12 Strengths categorized by their level of importance**

	Untrained personnel	Lack of expertise in specific field	Lack of Managerial experience	Lack of regional offices	Lack of organiz.. experience	Unclear programs	Unqualitative services	Lack of equipmen
Serious weakness	1.8%	14.5%	3.6%	47.3%	0%	0.0%	0.0%	14.5%
Improvable weakness	9.1%	10.9%	7.3%	10.9%	3.6%	7.3%	3.6%	14.5%
Low time	9.1%	9.1%	1.8%	7.3%	3.6%	9.1%	3.6%	9.1%
No Answer	80.0%	65.5%	87.3%	34.5%	92.7%	83.6%	92.7%	61.8%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: 12.7% responded 'don't know'

**Table 1. 13 Weaknesses categorized by their level of seriousness**

	Approval of the Law on Sponsorship	Establishing local & international networks	Fundraising through Marketing Plan	NGO - specialization	Opening regional offices
Attractive in near future	21.8%	20.0%	9.1%	5.5%	3.6%
Attractive and realistic	23.6%	14.5%	23.6%	10.9%	5.5%
Attractive hardly achievable	20.0%	25.5%	7.3%	21.8%	3.6%
No answer	34.5%	40.0%	60.0%	61.8%	87.3%
	100.0%	100.0%	100.0%	100.0%	100.0%

**Table1. 14 Opportunities categorized by their level of attractiveness**

	NGO politicized	Lack of funds	One person = One NGO	Lack of cooperation among NGO's	Perceived as opposite by Instit..	Large Competition
Very serious	47.3%	32.7%	9.1%	5.5%	10.9%	0.0%
Serious but avoidable	23.6%	34.5%	21.8%	10.9%	14.5%	7.3%
Not so serious	12.7%	7.3%	12.7%	21.8%	27.3%	9.1%
No answer	16.4%	25.5%	56.4%	61.8%	47.3%	83.6%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Note: 1.8% responded 'don't know'

**Table1. 15 Threats categorized by their level of seriousness**

**Table 1.16.** Presents the correlation between promotion mix tools and the frequency of utilization.

Values are indicated by percentage		Very often	Time after time	Sometimes	Once	No Answer	Total
Promotion Mix	Brochures	45.1	11.3	7.0	9.9	26.8	100.0
	Website	15.5	14.1	4.2	5.6	60.6	100.0
	Direct contact with donors	32.4	18.3	18.3	1.4	29.6	100.0
	Direct contact w/t beneficiaries	14.1	29.6	19.7	4.2	32.4	100.0
	Daily Newspapers	7.0	5.6	11.3	4.2	71.8	100.0
	Media TV	8.5	7.0	11.3	9.9	63.4	100.0
	Bulletins	2.8	4.2	4.2	7.0	81.7	100.0
	Posters	5.6	2.8	7.0	8.5	76.1	100.0
	Billboards	2.8	-	-	-	97.2	100.0
	Commercials at e-tonic Media	4.2	1.4	5.6	2.8	85.9	100.0
	Employees	12.7	8.5	1.4	8.5	69.0	100.0
	Direct mail	2.8	1.4	1.4	1.4	93.0	100.0
	Electronic mail	4.2	4.2	7.0	5.6	78.9	100.0
	Professional Agencies	1.4	1.4	0.0	1.4	95.8	100.0
Volunteers	9.9	5.6	21.1	8.5	54.9	100.0	

**Table1. 16 Promotion Mix and the frequency of utilization of different promotional tools.**

**Table 1.17; 1.18; 1.19** Present evaluation tools for services, staff and level of satisfaction used by NGOs.

	Evaluation tools	Percentage
Services are evaluated through	Evaluation forms	28.2%
	Direct interviews with beneficiaries	39.4%
	Visits to beneficiaries	16.9%
	Telephone calls	1.4%
	Evaluations through web	2.8%
	Donor evaluations	9.9%
	I don't know	1.4%
	Total	100.0%

**Table1. 17 Service evaluation**

	Evaluation tools	Percentage
Staff's performance is evaluated through	Monthly evaluations	32.4%
	Evaluations based in contract	12.7%
	Joint visits in the field	14.1%
	Weekly reports	15.5%
	Monthly reports	25.4%
	Total	100.0%

**Table1. 18 Staff evaluation**

	Level of satisfaction	Percentage
Satisfaction with performance of the organization	Very satisfied	23.9%
	Satisfied	60.6%
	Neither satisfied nor unsatisfied	12.7%
	Unsatisfied	1.4%
	Very unsatisfied	1.4%
	Total	100.0%

**Table1. 19 Level of satisfaction**