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COMPARISON OF MARKETING APPROACHES IN BUSINESS AND NONPROFIT SECTOR

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[https:// 10.31734/agrarecon2025.01-02.128](https://10.31734/agrarecon2025.01-02.128)**Brukh O., Khirivskiy R. Comparison of marketing approaches in business and nonprofit sector**

Marketing within the nonprofit sector is crucial for establishing trust, attracting resources, and cultivating a positive image for the organization. This article compares marketing strategies employed in both the business and nonprofit sectors, illuminating their significance in the contemporary economy amid ongoing social changes. It examines the key differences in the goals and motivations driving the marketing activities of commercial versus nonprofit organizations, along with the effectiveness of various marketing tools. Theoretical aspects related to the application of marketing and its tools in the nonprofit sector are also analyzed. The article identifies the primary benefits of utilizing marketing in nonprofit organizations and classifies the categories of consumers, understood in this context as stakeholders who are directly engaged in the organization's activities. Additionally, it delves into the role of ethical marketing principles in attracting the target audience. Key principles guiding marketing practices in nonprofit organizations are outlined, revealing characteristics such as social orientation, defined target audiences, distinctive financing methods, and a commitment to achieving socially significant outcomes.

The findings of this study underscore the importance of adapting business marketing strategies to the specific conditions of nonprofit organizations, highlighting the need for further exploration in this domain to enhance public trust and improve communication and engagement with stakeholders.

In conclusion, the article emphasizes that the primary measure of success for marketing activities in the nonprofit sector is their ability to drive social change, raise public awareness, and actively engage citizens in addressing pressing issues. Therefore, marketing serves as an essential tool for ensuring the effectiveness and sustainable development of nonprofit organizations.

Keywords: marketing, marketing tools, nonprofit sector, social impact, target audience.

Брух О., Хірівський Р. Порівняння маркетингових підходів у бізнесі та неприбутковому секторі

Маркетинг у неприбутковому секторі відіграє ключову роль у побудові довіри, залученні ресурсів та формуванні позитивного іміджу організації. Порівняно маркетингові підходи в бізнесі та неприбутковому секторі, що є актуальним в умовах сучасної економіки та соціальних змін. Проаналізовано ключові відмінності у цілях і мотивації маркетингової діяльності комерційних і неприбуткових організацій, а також ефективності застосування різноманітних маркетингових інструментів. Розглянуто теоретичні аспекти, пов'язані з використанням маркетингу, його інструментарію в неприбутковому секторі. Визначено основні переваги використання маркетингу в неприбуткових організаціях. Означено категорії споживачів, які у неприбуткового сектору можна трактувати як стейкхолдерів, що безпосередньо залучені до діяльності організації. Досліджено роль етичних принципів маркетингу при залученні цільової аудиторії. Виокремлено ключові принципи маркетингової діяльності неприбуткових організацій та встановлено, що їхні особливості полягають у соціальній спрямованості, специфічній цільовій аудиторії, специфіці фінансування та пріоритетній орієнтації на досягнення суспільно значущих результатів.

Результати дослідження свідчать про важливість адаптації бізнесових маркетингових підходів до умов неприбуткових організацій, а також про необхідність подальшого вивчення цієї теми для зміцнення громадської довіри, підвищення ефективності комунікацій та взаємодії із зацікавленими сторонами.

Акцентовано на головному критерії успішності маркетингової діяльності в неприбутковому секторі – досягнення соціальних змін, підвищення рівня обізнаності суспільства та залучення громадян до вирішення нагальних проблем. Саме тому маркетинг у неприбуткових організаціях – важливий інструмент для забезпечення їхньої ефективності та сталого розвитку.

Ключові слова: маркетинг, інструменти маркетингу, неприбутковий сектор, соціальний вплив, цільова аудиторія.

Problem setting. Marketing approaches are essential in establishing competitive advantages in both the business and nonprofit sectors. Although marketing strategies share some common features, notable differences exist between these areas, influenced by factors such as goals, motivations, target audiences, and sources of funding. In the commercial sector, the primary focus of marketing is to maximize profits, attract customers, and maintain a competitive market position. Conversely, in the nonprofit sector, marketing efforts are oriented towards promoting social, cultural, or educational initiatives, attracting donors and volunteers, and supporting the public interest.

Despite the increasing significance of marketing technologies in the nonprofit sector, there is a lack of comprehensive scientific research analyzing the specific use of marketing tools across various fields. Additionally, the adaptation of business marketing strategies to suit nonprofit organizations, along with the identification of tailored approaches that enhance the effectiveness of marketing in this sector, remains relevant.

Therefore, a thorough analysis and comparison of marketing approaches in both the business and nonprofit sectors is needed, alongside the identification of key features and trends in their application. This serves as the central focus of this study.

Analysis of recent research and publications. Recent research and publications have extensively explored the role of marketing in the nonprofit sector, with contributions from both domestic and international scholars. Key figures in this field include F. Kotler, A. Andreasen, S. Levy, B. Shapiro, and P. Drucker, whose work has significantly shaped the conceptual and substantive aspects of nonprofit marketing. Their studies address various topics, including the unique features of marketing strategies, resource attraction mechanisms, brand building for nonprofit

organizations, and the effectiveness of communication with target audiences.

F. Kotler and A. Andreasen (Andreasen and Kotler, 2013) made a substantial contribution to understanding marketing approaches in the nonprofit sector. In their works, they highlighted the importance of social marketing and the adaptation of commercial tools to meet the needs of public organizations. They identified key elements of a nonprofit organization's marketing strategy, such as understanding audience needs, building trust, and fostering long-term relationships with stakeholders.

The author of the study "Nonprofit Resistance to Marketing: A Case Study" (Urbina Elena Luisa, 2015) examines marketing issues in nonprofit organizations, as well as sectoral trends related to marketing. The main emphasis is placed on identifying the issue of resistance in the nonprofit sector regarding reducing resources allocated to marketing efforts.

The results of this study highlight new opportunities for applying marketing in nonprofit organizations, particularly through the active use of marketing tools in achieving strategic goals. T. Borysova, in her work, examines the theoretical foundations of the formation and development of the nonprofit sector from a marketing perspective. She focuses on various areas of activity, including culture and leisure, education and research, health care, social services, environmental protection, law, advocacy and politics, as well as charitable, volunteer, international, and religious organizations, along with business and professional organizations and unions (Borysova, 2015).

Authors H. Radchenko, O. Kazanska, and M. Sokolova (Radchenko, ... 2023) highlight the essence of modern trends in the marketing development of nonprofit organizations. Their work emphasizes new approaches and strategies designed to effectively engage the public and achieve organizational goals.

The analysis of recent studies and publications indicates that the effective use of marketing in the nonprofit sector is crucial for successfully promoting social initiatives, attracting resources, building long-term relationships with the public, and enhancing trust in the organization.

Objective. The goal of the study is to analyze theoretical and scientific approaches to understanding the essence of marketing and its application in the nonprofit sector. The article aims to identify the features, trends, and effective tools for promoting nonprofit organizations operating in social, educational, cultural, and charitable domains.

Methodology of the research and materials. To achieve the stated objective, theoretical analysis and generalization were applied, along with methods of analysis, synthesis, deduction, and comparison of marketing strategies in business and the nonprofit sector. The research is based on the generalization and systematization of literature sources, enabling an evaluation of the key differences in the implementation of marketing in these areas.

The primary sources of information include scientific studies, articles, analytical reports, and other publications related to the research topic. To conduct a comparative analysis of the differences between commercial and nonprofit marketing, a criteria-based system was used. This approach allows for an assessment of objectives, strategic approaches, funding mechanisms, and the effectiveness of marketing tools that impact the respective sectors. Additionally, it focuses on the advantages that each sector gains from implementing specific marketing approaches.

A tabular method was employed to structure the key characteristics of marketing activities in the commercial and nonprofit sectors, assessing their efficiency and the adaptation of marketing tools to achieve socially significant results.

Main material. The essence of modern marketing extends beyond merely promoting goods and services for profit. It seeks to address the needs of consumers and society as a whole. Therefore, marketing can be viewed as a versatile tool for achieving a variety of goals, both in the business sector and in nonprofit organizations. In this context, the use of marketing tools presents unique characteristics.

The primary focus is not on generating profit but on creating social impact, attracting donors, building trust within the target audience, encouraging volunteerism, and using resources effectively. Marketing strategies for nonprofit organizations must consider the specific nature of working with vulnerable groups, ethical communication, and the importance of collaborating with other organizations to achieve shared objectives and enhance social impact.

In a business environment, consumers are the individuals who purchase the goods and services offered by a company. However, in nonprofit sector marketing, the term «consumers» can refer to various stakeholders involved in the organization's activities, depending on its mission and target programs. These stakeholders may include (Sargeant, 2009. p. 59–61):

1. Donors – individuals or organizations that provide financial support for the activities.
2. Volunteers – people who contribute their time and effort to implement projects.
3. Beneficiaries – the target audience that directly benefits from the organization's programs.
4. Society as a whole – the broader audience affected by the organization's initiatives and outcomes.

The list of stakeholders for an organization may vary based on the nature of its work and can include additional groups. For instance, this could involve government agencies that collaborate with the organization to implement its programs, corporate partners that support various projects, or media representatives who share information about the organization's activities. Stakeholders are defined in alignment with the organization's mission, objectives, and goals.

In 1969, renowned marketers F. Kotler and S. Levy first explored the application of marketing in non-business organizations. They concluded that marketing tools and principles are also relevant for nonprofit organizations. Their key finding was to compare for-profit and nonprofit organizations, highlighting their common functions – both types engage in what can be categorized as “classic” business activities: financing, product development, recruiting personnel, and providing goods or services. A significant insight from the authors is that all organizations engage in marketing

activities, even if they do not specifically label them as such (Kotler and Levy, 1969, p. 11).

In one of his works, F. Kotler noted that nonprofit organizations utilize marketing plans to manage fundraising and disperse information (Kotler and Keller, 2012, p. 54). He argues that the primary objective of both commercial and nonprofit organizations is to “influence people to be successful” (Andreasen and Kotler, 2013, p. 7), meaning they aim to change the behaviour of specific groups of people. This involves persuading individuals to adopt certain actions while discouraging others. Kotler emphasizes that effective marketing plans should address the needs of the target audience rather than solely focusing on the organization itself. To execute such plans successfully, it is crucial to foster a mindset that prioritizes the needs of target consumers.

Nonprofit organizations have a significant impact on various facets of social life. They provide assistance to the poor, respond to disasters, organize cultural events, advocate for the rights of vulnerable groups, and create opportunities for spiritual development, among other activities. On an international scale, these organizations tackle crises such as environmental protection and access to education in regions with low literacy rates. Furthermore, the efforts of nonprofit organizations reflect the current needs of society and align with government policies (Andreasen and Kotler, 2013).

The key advantages of using marketing in nonprofit organizations include (Sargeant, 2009, p. 39):

1. Understanding needs. Marketing enables nonprofit organizations to better understand the needs of their beneficiaries and the interests of their donors. Through marketing research, organizations can assess how their programs align with the expectations and requirements of their audience.

2. Attracting resources. Marketing tools help attract donors, volunteers, grants, and other financial and non-financial resources essential for the organization’s activities.

3. Shaping unique propositions. Marketing assists organizations in defining their unique value proposition – what they can offer to society or their target audience that distinguishes them from other organizations.

4. Researching audience needs. Marketing approaches allow organizations to conduct a

qualitative analysis of their audience and its needs. Based on this information, they can set goals and develop effective strategies for their activities.

5. Raising awareness. Marketing activities increase public awareness of the organization's initiatives related to their area of focus.

6. Monitoring effectiveness. Through marketing, organizations can analyze and monitor the effectiveness of their programs, making necessary adaptations to enhance their impact on both target groups and society as a whole.

While marketing tools utilized in the business sector have affected the marketing strategies of nonprofit organizations, notable differences still exist between the two sectors. The main distinctions in marketing practices between for-profit and nonprofit organizations, considering their core components, are outlined in Table.

The differences highlighted in Table 1 illustrate that nonprofit organizations focus on achieving social impact and addressing socially significant issues, which is central to their mission. In contrast, business organizations primarily aim to generate profit, as this is essential for their ongoing presence in the market and their ability to produce new goods and services. It is important to note that businesses can also engage in socially significant campaigns and initiatives that are not profit-oriented. However, the key distinction is that for nonprofit organizations, marketing efforts are integral to their long-term mission, whereas social campaigns by businesses may only serve as supplementary activities. Another crucial difference lies in the funding of these social campaigns: businesses typically finance them through marketing budgets that are integrated into their overall strategy, while nonprofit organizations seek external funding sources, such as grants and donations. As F. Kotler pointed out, “although some nonprofit organizations seek to influence the exchange of money for goods and services (similar to commercial organizations), what makes them unique is their focus on exchanges involving non-monetary costs on one side and social and psychological benefits on the other” (Andreasen and Kotler, 2013, p. 39).

Ethical principles are crucial in the marketing activities of organizations across all sectors. Following these principles during the implementation of marketing strategies and conducting marketing research reflects a sense

of responsibility and respect for the audience with whom the organization engages. This is especially important for nonprofit organizations that serve vulnerable populations, such as those from socially disadvantaged backgrounds. In these instances, marketing should be a tool for addressing social issues rather than exacerbating them. This includes conducting

market research – which can be sensitive – crafting key messages and advertisements, and managing the overall communication strategy. Marketing in this context should not only aim to achieve the organization’s objectives but also to uphold the rights and dignity of these groups, ensuring their integration and support.

Table

The main differences between marketing in the for-profit and nonprofit sectors*

Component	For-profit sector	Nonprofit sector
Goal of marketing activity	It is determined by the motivation to make a profit to continue the production cycle of goods and services.	Dissemination of the mission, social impact and behavioural change of target groups.
Goals and success assessment	Goals are usually measured by financial indicators (profitability, sales).	The results of activities and the scale of influence, changes in public opinion, etc., more often measure success.
Funding	Funding depends on sales revenue and investments.	Sources of income include donations, grants, and government funding.
Products	Goods and services subject to sale and purchase.	More often, services are products, with the main focus on the value of the products for society or a specific group of people (social services, ideas, educational programmes, support). Often provided free of charge.
Target audience	Consumers who buy goods and services.	The audience is wider, including consumers/beneficiaries, donors, volunteers, and society.

*Source: author's development

In his article on social marketing, Alan Andreasen emphasizes that a successful strategy for engaging vulnerable groups must consider the unique characteristics of the audience and ethical concerns, as social marketing has a direct impact on people's behavior and choices (Andreasen, 1994).

The following basic principles guide the marketing activities of nonprofit organizations:

1. Respect for dignity and human rights. All marketing activities should consider the interests and feelings of the audience and stakeholders. When addressing sensitive topics, it is crucial to avoid restricting the freedom of choice of the target audience and to steer clear of stereotypes. The interests of donors, partners, volunteers, and employees should also be taken into account (Brenkert, 2002).

2. Compliance with legal norms. The organization must adhere strictly to the legal regulations of the country in which it operates.

3. Mission orientation. Nonprofit organizations should align their marketing strategies with their mission and focus on

achieving social impact in accordance with their core purpose.

4. Confidentiality and informed consent. When conducting market research or developing campaigns, participants should be informed about how their data will be utilized. It is essential to protect participants' data (Hill, 1995, p. 144–145).

5. Respect for vulnerability and prevention of exploitation. Vulnerable groups require an ethical approach. Marketing campaigns should not exploit their life situations for profit or manipulate consumers (Shultz and Holbrook, 2009).

Conclusions. In the modern context, marketing extends beyond commercial objectives; in nonprofit organizations, it emphasizes achieving social impact, attracting donors, and building trust among stakeholders. Nonprofit organizations can adopt various effective marketing strategies used in the for-profit sector. In this context, marketing aims to promote the organization's mission and create social impact.

Marketing approaches in the nonprofit sector are characterized by their social focus, specific target audiences, unique funding methods, and a primary emphasis on achieving significant social outcomes. These features

render marketing in the nonprofit sector not just a tool for promoting products and services, but also a means to fulfill the organization's mission, vision, and goals.

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