

**A STUDY ON  
APPLICATION OF NON-PROFIT MARKETING CONCEPTS TO KOREA'S  
CIVIL SOCIETY ORGANIZATIONS**

**By  
Park Byung Ok**

**THESIS**

**Submitted to  
School of Public Policy and Management, KDI  
in partial fulfillment of the requirements  
for the degree of**

**Master of Economics & Public Policy**

**2000**

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## **ABSTRACT**

This thesis examines how nonprofit marketing concepts can be applied to the Korean situation, and how Korean CSOs can learn from nonprofit marketing to improve their performance.

The marketing concept can be applied to all sorts of exchange behaviors. Korean CSOs can gain many useful insights from nonprofit marketing concepts in order to improve the efficiency and effectiveness of their activities.

Korean civil organizations have unique characteristics different from the service-oriented NPOs or society-enlightening groups, which have been the main objects of previous studies of nonprofit marketing. It is also important to pay attention to the facts that they have been developed through very different historical process. Therefore, Korean CSOs should understand their unique characteristics and develop marketing strategies and tools that fit the Korean situation.

The application of nonprofit marketing will meet strong resistance from most existing CSOs. Korean activists have a negative perception of marketing, regarding it as a manipulative tool applicable only for profit-seeking enterprises. Serious debate related to the concepts of efficiency, customer-orientation, competition, and to some of the ethical issues will be raised. Additional studies on these problems will be needed in the future.

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## **. Introduction**

### **1. Background and Purpose of the Study**

Civil society organizations (CSOs) have developed very rapidly in terms of their activities and social influence. The Citizens' Coalition for Economic Justice (CCEJ) has been a model of Korean civil movement with the principles of "reasonable alternatives", "consensus-building among citizens" and "legal and peaceful approaches". It is based on a strategy of gradual and peaceful problem-solving through the formation of public consensus, and utilizes publications and communications as part of its social influence programs. The spread of civil movement in CCEJ style has positively contributed to Korean society in terms of both quality and quantity.

However, with the passage of time, criticism of this type of civil movement has increased. The critics have called the CCEJ model "a civil movement without citizens", "department store-style civil movement" and "civil movement dependent on the mass media". These criticisms have proved to be true in some aspects, and many CSOs have made efforts to remedy these problems. Among the various criticisms, the charge of "civil movement without citizens" has strongly influenced CSO activists to reflect on the performance of their organizations.

Most activists and scholars participating in civil movements agree that the keyword of CSOs in the coming decade will be "citizens". The past decade's focus on "reform" will continue to be valid in the future. However, CSOs, through their various experiences over the last ten years, have learned the importance and necessity of the citizens' role as the critics and enablers to achieve social reform, and recognize citizens as the basis of CSOs' continuous and sound development.

One of the key questions that I will address in this thesis is: "Have CSOs precisely

grasped and represented the public interest, the needs and wants of citizens as a whole, without any biases or distortions?" The answer to this question, cannot be found only through a quantitative approach. Number of members and amounts of membership fees cannot absolutely guarantee the qualitative soundness of CSOs. It must be achieved first of all by clearly understanding and defining the public interest. In general, CSOs have employed analyses by conscientious experts to identify the public interest. The strength of this method lies in the fact that conscientious experts are not manipulated easily by various external variables, and that it is highly cost-efficient. But it can easily result in a supplier-driven approach that is distant from the citizens' perceptions. The first purpose of this thesis is to try to solve this problem.

The second question that will be addressed in this thesis is: "Are CSOs carrying out their activities efficiently?" Few critics or analysts have used the measure of "efficiency" to evaluate CSOs' performances, so far. They do not seem to understand that CSOs are organizations that should be operated efficiently. Efficiency is important for CSOs', however, for the following reasons. First, when the offers of CSOs - which are their responses to perceived public needs and wants - are delivered to citizens efficiently, this can maximize the citizens' acceptance and consequently their support and participation. Second, CSOs, which generally work under extremely tight budgets, can maximize the effects of their activities and improve the benefits to society as a whole by using limited resources "efficiently". Finally, the resources of CSOs ultimately belong to the citizens. Therefore, to use resources inefficiently means to waste citizens' valuable resources. Furthermore, inefficient usage of resources will threaten the credibility and morality of CSOs. The second purpose of the paper examines the issue of "efficiency"

Some of the concepts and principles of nonprofit marketing, which have been developed in western countries, but are not well known in Korea, are expected to be useful in finding the answers to this question. But nonprofit marketing concepts developed in the west should not be applied to the Korean situation without proper modification, as there are considerable historical, political, and socio-psychological

differences between Korea and western countries. Therefore, I will try to modify the existing concepts and principles of nonprofit marketing to better address the unique Korean situation.

## **2. Research Methodology and Organization of the Thesis**

The methods of the study include survey of existing literature, interviews with activists working for CSOs, and generalization from my own personal experiences in CSOs.

First, I examined international books and articles on nonprofit marketing and social marketing, in order to review the pre-existing studies. I also examined Korean books and articles, but there were few relevant materials, and most of them were at an introductory level or Korean translations of the originals. Second, I examined materials on CSO activities such as annual reports and magazines published by CCEJ and PSPD (People's Solidarity for Participatory Democracy). Third, I tried to grasp the strategic and tactical thinking of CSOs' core activities based on my personal experience at CCEJ, which could not be found in available materials.

Following the introductory chapter, in Chapter 2, I will examine how the main concepts and principles of marketing developed in the private sector have been applied into the nonprofit sector.

In Chapter 3, I will show, on an experimental basis, that the principles, concepts and techniques of nonprofit marketing can be applied to Korean CSOs' activities, by interpreting CCEJ's strategy at the beginning stage. And after identifying the unique aspects of Korean non-profit marketing, I will draw some implications that Korean CSOs should learn from the non-profit marketing concepts, and modify some part of nonprofit marketing concepts to increase their applicability to the Korean situation.

Chapter 4 summarizes the key findings of the thesis and highlight some basic



issues that Korean CSOs will face in the application of nonprofit marketing.

## **. LITERATURE REVIEW ON NON-PROFIT MARKETING**

In the late 1970s, a few nonprofit organizations first began to appreciate the value of applying marketing principles to achieve their objectives. They seldom called these activities marketing. Some organizations did not recognize the relationships among their various activities or appreciate the possible benefits of having a single marketing focus. Other groups recognized the distinction, but simply did not want to consider what they did as marketing, because marketing had too much negative connotations. In the late 1970s this began to change. Change came slowly at first, but gained momentum through the 1980s and into the 1990s. The marketing concept has now been widely accepted by almost all nonprofit organizations as essential to their success. <sup>1)</sup>

The idea of applying marketing to nonprofit organizations had its "birth" in a series of articles by Kotler and Levy,<sup>1)</sup> Kotler and Zaltman,<sup>1)</sup> and Shapiro<sup>1)</sup> between 1969 and 1973. These articles argued that marketing is a pervasive societal activity that goes considerably beyond the selling of toothpaste, soap, and steel. Political contests remind us that candidates are marketed as well as soap; student recruitment in colleges reminds us that higher education is marketed; and fundraising reminds us that "cause" are marketed.... [Yet no] attempt is made to examine whether the principles of "good" marketing in traditional product areas are transferable to the marketing of services,

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<sup>1)</sup> When I visited NGOs, mainly environmental organizations, in the U.S.A, 1997, I observed that many NGOs had marketing department in their organizations.

<sup>2)</sup> Philip Kotler and Sidney J. Levy, "Broadening the Concept of Marketing," *Journal of Marketing*, January 1969, pp 10-15

<sup>3)</sup> Philip Kotler and Gerald Zaltman, "Social Marketing: An Approach to Planned Social Change," *Journal of Marketing*, July 1971, pp. 3-12

<sup>4)</sup> Benson Shapiro, "Marketing for Nonprofit Organizations," *Harvard Business Review*, September-October, 1973, pp. 223-232

persons, and ideas.<sup>1)</sup>

Three forces were accelerating the spread of nonprofit marketing in the late 1980s. First was the extensive privatization by the U.S. government. As seen in Korea these days, the U.S. government gave increasing attention to privatization in order to increase the efficiency of the public sector. Privatization put greater pressure on public agencies, who now had to learn to market their services in what was once a monopoly market. Non-profit organizations also had to learn to market public services in an environment where the major outcome was not profit but social welfare. Second, in the face of increasingly tight budgets due to the so-called twin deficits, U.S. government support for nonprofit activities declined. Furthermore, corporate donations leveled off because many corporations shifted their priorities back to the bottom-line. Nonprofit organizations, facing decreased support, had to find new means to finance their activities.

## **1. Concept of Non-Profit Marketing**

### **1) Marketing Involves Exchanges, Which Is a Key Part of NPO Activities.**

Most definitions of marketing refer to marketing as an exchange process. From the business standpoint, this process involves at least two parties - buyer and seller. Each party gives up something of value and receives something of value. As exchange necessarily takes place in almost all areas of life as well as the market place, marketing is a fundamental human activity and marketing decisions affect everyone's welfare. The definition of the American Marketing Association provides a description of marketing in its broader context:

"Marketing is the process of planning and executing the conception, pricing,

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<sup>5)</sup> Philip Kotler and Alan R. Andreasen, "Strategic Marketing for Nonprofit Organizations", 5th edition, pp.3-4

promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals"

While it includes exchange as a key part, this definition expands the marketing process to include all types of organizations, including nonprofit organizations. Target audience members are asked to exchange something they value for something beneficial provided by the nonprofit organizations. As seen from the target consumer's perspective, he or she is being asked to incur costs or to make some sacrifices in return for some promised benefits. In general, the kinds of costs consumers are asked to pay by nonprofit marketers are one of four types:

1. Economic costs - for example, to give up money or goods to a charity, or simply to buy a product or service.
2. Sacrifices of old ideas, values, or views of the world - for example, to give up believing that women are inferior, or that abortion is evil (or not evil)
3. Sacrifices of old patterns of behavior - for example, to start to wear seat belts or to quit smoking
4. Sacrifices of time and energy - for example, to perform a voluntary service or give blood to a hospital or the Red Cross

In return for these kinds of sacrifices, consumers in nonprofit organizations receive benefits of three kinds: economic (both goods and services), social, and psychological.<sup>1)</sup>

## **2) Non-Profit Marketing Means Shifting Organizational Philosophy to Market/Customer-Oriented**

In order for nonprofit organizations to carry out their marketing activities successfully, they should shift their organizational philosophy and conceptual

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<sup>6)</sup> P. Kotler & A. R. Andreason, "Strategic Marketing for Nonprofit Organization" 5th edition, pp. 25-26

framework, making them more market- or customer-oriented. Kotler and Andreason (1991) call this the "marketing mind-set" or "customer-centered mind-set". They point out that a nonprofit organization's directors and managers must have a clear appreciation of what marketing is and what it can do for the organization. Most importantly, they should put the customer, or client, at the center of everything the organization does. Having the marketing mind-set means that the organizational philosophy is based on three major propositions.

First is client orientation. Nonprofit managers must shift from an internal organizational perspective to the client's viewpoint. Successful marketing in a nonprofit organization requires a complete understanding of the organization's clients - their needs, attitudes, and buying behavior. A nonprofit organization must never forget that it exists to serve the needs of its clients. Exhibit 2.1 suggests how some nonprofit organizations have redefined their orientation to reflect the clients' viewpoint.

### **Figure 2.1 Organizational versus Marketing Orientation**

Nonprofit Organization	Organizational Orientation	Marketing Orientation
Urban transit authority	We run a bus system.	We provide transportation services.
Art museum	We display art objects.	We offer artistic experiences.
Child-care center	We take care of children	We provide security for children and their parents.
Community theater	We put on plays	We offer entertainment.
Family planning center	We give family-planning information.	We offer solution to family-planning problems.

Source: Eugene M. Johnson, "Marketing", in Tracy Daniel Connors, ed. "The Nonprofit Handbook: Management", 2nd edition, John Wiley & Sons, Inc, 1997, p.383

Second is coordination of all client-related activities. For marketing to be effective in a nonprofit organization, there must be coordination of all elements of the marketing program. Because these elements, known as the "marketing mix", constitute an

interrelated system, the program must be viewed and planned as a whole.

Third is goal direction. The marketing concept stresses that the only way an organization can achieve its own goals is by satisfying the needs of its clients.

### **3) Key Concept of Nonprofit Marketing**

This part will focus on how the basic concepts of marketing have been applied to the nonprofit sector.

#### **(1) A Market**

A market can be defined as "a group of people or organizations who have a common need or share a common problem."<sup>1)</sup> Their common need or problem requires them to seek a product or service to satisfy their need or to resolve their problem. In some cases, almost everyone is part of the market for a particular nonprofit organization. For example, there are very few people who have not been affected in some way by the impact of air-pollution. As a result, nonprofit organizations for environmental conservation receive widespread interest in their activities and programs. In contrast, the market for a local organization focusing on a particular issue is limited to the people in a community who have similar interests.

#### **(2) Competition in the Non-Profit Sector**

A significant characteristic of the nonprofit marketplace in the 1990s is the extent of competition. Unfortunately, many nonprofit organizations still deny the existence of such competition, feeling that this is only a characteristic of the private-sector market. In contrast, competition has become an important concern for many nonprofit organizations in recent years. Not only must an organization be concerned about competition from other nonprofits, but it is also likely to be facing competitive

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<sup>1)</sup> Eugene M. Johnson, "Marketing" p. 386

challenges from business organizations. For example, public hospitals compete with for-profit hospitals for patients, staff, and financial supporters. Citizens' Coalition for Economic Justice competes with the Federation of Korean Industries(FKI) and other organizations whose opinions on particular issues are different from CCEJ's.

Kotler<sup>1)</sup> says "A marketer can face up to four major types of competitors in trying to serve a target market". They are

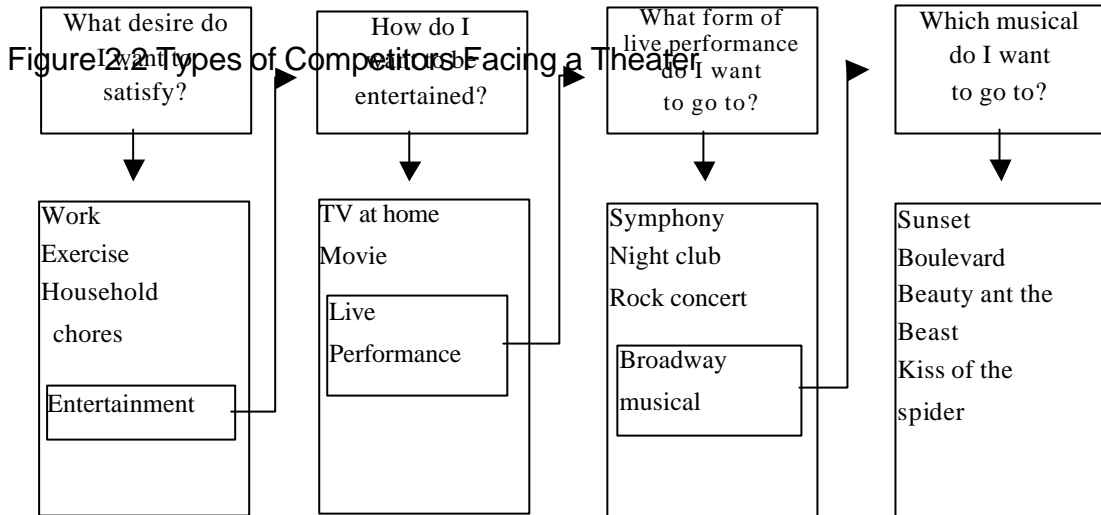
- a. Desire competitors - other immediate desires that the consumer might want to satisfy.
- b. Generic competitors - other basic ways in which the consumer can satisfy a particular desire.
- c. Service form competitors - other service forms that can satisfy the consumer's particular desire.
- d. Enterprise competitors - other enterprises offering the same service form that can satisfy the consumer's particular desire.

Kotler illustrates these four types of competitors as they were faced by a New York theater, the Minskoff, offering the musical 'Sunset Boulevard' with Glenn Close in the fall of 1994.

Many nonprofit organizations still think that competition among nonprofits is evil, and they have a tendency to deny competition that exists in reality. But competition may help rather than hurt the nonprofit marketer's performance in two important ways. First, the existence of two competitors in the marketplace, clamoring for attention, spending advertising budgets, commanding even more shelf space or media interest, can stimulate increases in the size of the total market. The second way is that it can sharpen the competitive skills of the embattled marketers.

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<sup>8)</sup> P. Kotler & A. R. Andreason, *ibid.*, pp. 85-91



### (3) Product

Product can be defined as "the bundle of satisfaction" provided, and as the services and ideas marketed to clients and supporters. The product component of most nonprofit organizations consists of services, ideas, experiences, and, in some cases, complementary goods. Albrecht and Zemke<sup>9)</sup> called this the service package - "the sum total of the goods, services and experiences offered to the customer." They pointed out that the service package consists of a core service or idea plus a cluster of supplementary goods and services. The core service or idea is the specific benefit the

<sup>9)</sup> Quoted in Eugene M. Johnson, "Marketing", p. 402

nonprofit customer wants. And, supplementary goods and services support, complement, and add value to the core service. Developing the appropriate service package requires a clear understanding of the nonprofit organization's mission and the needs of its clients and supporters.

#### **(4) Price**

Price is what is charged for the services and ideas provided by the nonprofit organization. A price may be money, time, or something else of value such as sacrifices of old ideas, values, or views of the world.

#### **(5) Place or Distribution**

Distribution is about where and how services are provided, and the delivery system responsible for getting services to clients.

#### **(6) Promotion**

No matter how excellent a nonprofit organization may be, or how worthwhile its purpose and services, all effort will be wasted unless people are informed and reminded about its availability and persuaded to use its services and support its activities. This is the task of promotion, which involves communication with a nonprofit organization's publics. The three primary goals of promotion are: to inform people about a nonprofit organization's existence, purpose, services, and capabilities, to persuade people to influence them to do something, to remind or keep an idea, service, or nonprofit organization's name in people's minds.<sup>1)</sup>

To accomplish these goals, advertising, personal selling, sales promotion, and public relations are combined to form a promotion mix.



## **2. Unique Aspects of Nonprofit Marketing**

Although there are many viewpoints on the difference of nonprofit marketing, I will focus on the following aspects.

### **1) Multiple Publics**

The marketing efforts of business organizations are concentrated on the firm's customers. This is not the case with nonprofit organizations, which must market to multiple publics. As defined by Kotler and Andreason, a public is "a distinct group of people, organizations, or both whose actual or potential needs must in some sense be served."<sup>1)</sup> They identify four types of publics for nonprofit organizations:

- input publics (e.g., donor, supplier, regulatory agency) provide resources
- internal publics (e.g., staff and volunteers) convert resources into useful goods and services
- intermediary publics (e.g., agents, facilitators, marketing firms) deliver goods and services
- consuming publics (e.g., clients, local residents) gain satisfaction from the goods and services provided.

Because the members of each of these publics have different needs and attitudes, marketing concepts must be applied differently.

### **2) Multiple Objectives**

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<sup>10)</sup> Eugene M. Johnson, *ibid.*, pp. 408-409

<sup>11)</sup> P. Kotler & A. R. Andreason, *ibid.*, p. 79

Business firms have long-run profitability as their overriding objective. Because they must serve multiple publics, nonprofit organizations have multiple objectives. Sometimes these objectives may not be consistent with one another. For many nonprofit organizations, the process of formulating objectives involves compromises and consensus building. This makes marketing more difficult than in business because more time must be spent in involving board members, staff, and volunteers, and convincing them to accept the objectives.

### **3) Products are Services**

The products of most nonprofit organizations are services, not tangible goods. A service is an activity performed for another person or organization. According to Johnson, Scheuing, and Gaida,<sup>1)</sup> a service has the following characteristics that make its marketing more challenging: intangibility, perishability, simultaneity, and heterogeneity. Services go out of existence at the very moment they are rendered, although their effects may last for some time. Services can not be stored. Services are produced and consumed at the same time. As a result, the service performer and service buyer usually have to interact and, accordingly, be in the same place at the same time. And the quality of service performance varies from one service organization to another, from one service performer to another, and from one occasion to another.

### **4) Public Scrutiny**

Many nonprofit organizations provide vital services for society. As a result, they are often subsidized by government and are given tax-exempt status. Their activities are closely watched by the government, news media, and the general public. Accordingly, they must be very careful to conduct their affairs in a way that does not result in public displeasure.

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<sup>12)</sup> Eugene M. Johnson, Eberhard E. Scheuing, and Kathleen A. Gaida, 1986, "Profitable Service

### **3. Social Marketing, Societal Marketing and Non-Profit Marketing**

Social marketing has been applied to market social causes such as family planning, energy conservation, smoking prevention, temperance, safe driving, prevention of drug abuse, protection of wild animals, etc.

According to Kotler<sup>1)</sup>, social marketing is defined as follows:

"Social marketing is the plan, implementation and control of a program that seeks to increase the target group's acceptance of a social ideology, a cause, or a habitual practice, and it uses market segmentation, customer survey, definition composition, communication, promotion, and stimulating activity or exchange theory to maximize the responsiveness of the target group."

In consideration of the above definition, social marketing can be interpreted as a method in which marketing concepts and techniques which have been developed for corporations are applied to market various ideas and causes for the public interest. Social marketing, therefore, is a concept similar to 'social cause marketing', 'social idea marketing', or 'public issue marketing'.

In defining the concept of social marketing, it is necessary to distinguish among social marketing, societal marketing, and nonprofit marketing.

Societal marketing means the social aspect of marketing, in other words, socially responsible marketing. The concept of societal marketing emerged in response to various problems - for example, air and water pollution - which were incidental to the rapid development of science and technology. As the social responsibility of profit-driven corporations became an issue, consumers came to prefer corporations that

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Marketing", Homewood, IL: Dow Jones-Irwin. Quoted in Eugene M. Jonson, "Marketing", p. 385  
<sup>13)</sup> Karen F.A. Fox & Philip Kotler, "The Marketing of Social Cause: The First 10 Years", Journal of

were healthy from the public standpoint as well as profitable. These changes in the corporate marketing environment led to the appearance of social marketing.

Societal marketing, must be distinguished from social marketing, which seeks to increase the target group's acceptance of a social ideology, a cause, or a habitual practice. Societal marketing is regarded as an activity that can be used by for-profit organizations as well as nonprofit organizations.<sup>14)</sup>

On the other hand, nonprofit marketing is a classification indicating that the subject of marketing is not a corporation or for-profit organization but a non-profit organization.

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Marketing, Fall 1980, pp. 24-33

<sup>14)</sup> Paul N. Bloom & William D. Novelli, "Problems and Challenges in Social Marketing," *Journal of Marketing* Spring 1981, p.79. Quoted in Hong Boo Gil, "Nonprofit Marketing and Social Marketing", p.295

## **. Application of Non-Profit Marketing to Korean Civil Organization**

In order to apply the existing nonprofit marketing concepts to Korean civil organizations, Korean activists should pay special attention to two aspects. First, we must consider the particularities of Korean civil organizations and society. Second, existing studies on nonprofit marketing have been focused on service-oriented NPOs such as educational institutions, hospitals, charity, etc. But these types of NPOs are different from advocacy-oriented NPOs, particularly Korean civil organizations, which are highly institutional reform-oriented in many aspects.

I will show that the concepts of nonprofit marketing can be applied to Korean CSOs' activities, by interpreting CCEJ's strategy at its beginning stage. After identifying some of the unique aspects of Korean non-profit marketing, I will draw some implications for what Korean CSOs could learn from non-profit marketing concepts.

### **1. Case Study:**

#### **CCEJ's Strategy in Terms of Non-Profit Marketing**

When CCEJ started its activities in 1989, the social movement in Korea was dominated by "minjung group", in a socialism-oriented movement that was mainly composed of labor movement, student movement and social movement - the so-called "jaeya" movement. These groups, which enhanced their popularity through the "June Democratic Struggle" of 1987 and the "Democratic Union Movement" of 1988, selected

the reunification movement as a target market, and fully promoted it. This group launched the campaign to "Understand North-Korea", organized the visit of Lim Soo-Kyung to North Korea, and promoted a full-scale campaign to overthrow the South Korean dictatorship, which was viewed as an anti-reunification group.

The "minjung group" selected blue-collar workers, students, farmers and the urban poor as their target customers, and concentrated its marketing activities on them. Although many white-collar workers participated in the June Democratic Struggle, the "minjoong group" believed this participation to be temporary and unusual; in other words, their support of the minjung group's offers would not be maintained in the long-term as they basically had a low level of loyalty to the "minjung group" and its offers, and they would end their buying of "minjung-group" products if the conditions surrounding the social movement changed. The "minjung group" did not expect that white-collar workers or the middle class could become their target customers.

Under the military dictatorship, the "minjung group" had many loyal customers, who regularly participated even in illegal demonstrations, through continuous campaigns for democratization of the society. They also had a broad base of customers and potential customers who did not directly participate, but nevertheless supported their activities, and who were mainly composed of middle-class citizens. These citizens had the strong will to buy the minjung group's offers, but they could not do it because they were afraid of resultant political or social disadvantages. In other words, the price of the minjung group's product was too expensive.

CCEJ set a marketing strategy absolutely different from that of the minjung group. CCEJ recognized that the market situation of the social movement had changed greatly as a result of the change toward direct election of the president.

CCEJ paid attention mainly to the potential buying power of middle-class citizens and the market position that they would take in the near future. It was anticipated that

their buying power would rapidly increase, and that they would take the initiative in the social movement market. CCEJ therefore targeted the middle class, and concentrated its marketing activities on them. It established a strategy to enlarge the market toward lower-class citizens after occupying the middle-class market. In consideration of the perceptions and behavioral patterns of the middle class and of the main trends of political, economic and social changes due to gradual democratization, CCEJ conducted its marketing strategy as follows.

## **1) Marketing Mission, Objectives, and Goals**

CCEJ's basic mission was to contribute to democratization and development of Korean society, not by revolutionary methods but by legal and peaceful promotion of a gradual reformative movement. And it set up the objective to increase its market share in the social movement market which was dominated by the minjung group at that time.

## **2) Core Marketing Strategy.**

### **(1) Target Market**

CCEJ targeted the middle class who had emerged as an important force of social progress through the June Democratic Struggle of 1987. This segment was not the focus of "the minjung group" and were highly educated - those who were classified as "wobblers" with low loyalty to the minjung group and who preferred gradual progress to revolutionary change.

### **(2) Positioning**

CCEJ positioned its organization and products through "legal and peaceful methods" and "specialization" and "reasonableness". This successfully differentiated CCEJ and its products from the minjung group and its products. Many citizens came to

perceive the minjung group's offers as "demands without alternatives" and "illegal methods with legitimacy only under limited situations such as military dictatorship". CCEJ also positioned itself with the "reasonable median group". At that time, government-organized NPOs as well as the minjung group had offered their products in the social movement market. The offers of the latter were regarded as too radical, but on the other hand, those of the former were seen as no different from the government's. Because of this, most citizens including the mass media were seeking "new", "moderate and sound" offers. The positioning strategy of CCEJ was based on this market situation.

### (3) Product

According to this positioning strategy, CCEJ developed clearly differentiated new products compared to the minjung group's. CCEJ selected economic justice as the main theme, and developed successively new products related to economic problems. By choosing economic justice as its main theme, CCEJ differentiated itself from the minjung group, which had produced mainly politics-oriented products. Furthermore, this approach was exactly matched to the needs of the citizens, who were suffering from serious economic problems such as land speculation and skyrocketing inflation. As a result, CCEJ established its position in the market of economic issues, which was most important in the capitalist society.

The CCEJ's first product, a campaign for eradication of land speculation, became a major "hit". CCEJ increased its market share in the social movement by successively launching the "real name financial system", "independence of the Bank of Korea", "campaign to protect tenants' rights", etc., all needed by consumers in their everyday lives. By this successive development of new products, CCEJ succeeded in maintaining consumers' attention.

### (4) Price

Consumers buy some products when they think that their benefit is larger than their



cost or price. Basically the price of CCEJ's products is lower than that of the minjung group. Citizens who participated in minjung group activities, through for instance illegal demonstrations, had to risk arrest and imprisonment. They did not have to endure these disadvantages when participating in CCEJ's activities because it pursued legal methods. In addition, CCEJ made efforts to lower the price felt by consumers when participating in its activities. For example, CCEJ intentionally led old persons and women with babies to participate in its demonstrations in order to show the public that its activities were conducted legally and peacefully, so citizens were not afraid to take part in it.

Furthermore, CCEJ's offers seemed more beneficial to citizens, because they could feel the necessity of those offers in their daily lives.

#### (5) Place

CCEJ used the mass media as its most important distribution channel. In contrast to the minjung group's antagonism toward the mass media and its ignorance of how to use it, CCEJ regarded the mass media as a channel to inform its activities to the people. CCEJ grasped the double-faced character of the Korean mass media, their combination of conservatism and liberal attitude, and tried to appeal to the latter.

The mass media also preferred reporting CCEJ's activities to those of the minjung group or government-supported NPOs, as they wanted news to which citizens could pay attention.

#### (6) Promotion

Considering its positioning strategy and the characteristics of its products and distribution channels, CCEJ concentrated on developing new promotion techniques for publicity including news conferences, meetings with reporters, public hearings, seminars and symposiums, which could maximize its communications with the people and contribute to consensus-building. In the case of demonstrations, CCEJ tried to maximize the image of peace and legality by developing new approaches compared to

the minjung group's.

### **3) Evaluation**

By developing a new marketing strategy fitting the changed market environment, CCEJ first developed a new social movement market. Second, it increased dramatically its market share and secured a strong leading position. Third, it secured huge monopolistic benefit from the market in the form of its reputation, social influence, etc. Last, CCEJ engraved upon the citizens' mind the concepts of economic justice and civil movement, and furthermore the equality of "economic justice = CCEJ" and "civil movement = CCEJ".

## **2. Unique Aspects of Korean Nonprofit Marketing**

### **1) The Exchange Process is More Complex.**

In the case of service-oriented NPOs or society-enlightening NPOs, the process of exchange is simple: they give clients their causes or ideas and try to have them accept these. As clients replace their old habits or values with new ones, the exchange between NPO and clients takes place. As a consequence, clients can gain benefits from behavioral changes due to changes of values or awareness.

But in the case of advocacy-oriented NPOs, particularly Korean civil organizations, the exchange process with their clients is more complex because they pursue social change (including clients' behavioral changes) through institutional reform.

In the first stage, exchange between AONPOs (Advocacy-Oriented NPOs) and their target groups happens as they communicate their causes to target audiences, and persuade audiences to accept them. While clients may gain primarily psychological benefits through this exchange, the AONPOs can secure support and participation in its

activities.

In the second stage, the AONPOs begin to operate various action programs to influence government agencies and enterprises to accept their opinions, alternative policies and ideas, and the agencies respond to their activities in various forms. The AONPOs come to acquire some sort of social image through these interactions. Additional exchanges may happen as clients buy these images, or - strictly speaking - the causes which these images signify. Clients may also benefit psychologically from these exchanges.

At last, if government and enterprises accept their ideas, all consumers including their clients may enjoy political, economic or social benefits incurred from institutional changes toward better directions. Exchanges between the AONPOs and clients may occur in this stage as consumers come to know that AONPOs' activities are beneficial to themselves.

As AONPOs' offerings vary continuously, exchanges with clients happen successively. Exchanges between AONPOs and clients are characteristically dynamic, procedural and complicated.

## **2) The Range of Product is Very Broad**

While the products of service-oriented NPOs are produced in the form of service, and the products of society-enlightening NPOs are provided in the form of idea or causes, the range of the AONPOs' products can be enlarged into action programs to be carried out to achieve their causes. Social images are formed in the process of interactions with agencies of government as well as in the marketing of their ideas or social causes. Because of this enlargement of product concept, the products of AONPOs take on characteristics that make marketing more difficult.

The first is that the products contain contingency or uncertainty as a basic factor. In case that the government readily accepts an NPO's opinion in the beginning stage, the NPO will lose the opportunity to attract its target group's concern. This means that marketing of the issues cannot come into being, and that clients' buying behavior cannot

happen. In this case, therefore, while it can gain credibility from the government, the NPO fails to increase its market share or its degree of client recognition. As a result, the NPO might fail to gain enough benefits to offset the costs of R&D and production of the idea.

Second, the products are process-oriented, or variable over time. The typical products are related to conflict resolution, such as the issue of separation of pharmacies from medical practice. The final result is important, but what is more important is the efforts, techniques and attitudes that have been demonstrated to clients in the process of conflict resolution. The process itself may be the more important core of the products.

Third is that maintaining the integrity of the products, which is a critical factor for achieving the focused marketing goal, is very difficult. Integrity includes philosophical and social integrity among policies, strategies, tactics, and implementation programs. There are two dimensions of integrity: in the product, and between the organization and the product provided by it. The difficulty of maintaining the integrity of the product was demonstrated in the case of the separation of pharmacies from medical practice. The integrity between the content of the product and the implementation programs should be carefully considered in terms of the organization's philosophy, and social image.

### **3) Products are Very Often Complicated and Difficult to Understand.**

Under a situation in which there are no political parties or social institutions that were credible to citizens, Korean civil organizations' activities have been very policy-oriented. Almost all products of civil organizations have been related to national policies. As Korean society has become more specialized and complicated, the sorts of issues and policy alternatives that civil organizations deal with, have become too complicated for ordinary citizens to understand. Furthermore, the speed of change is too high that civil organizations, in most cases, do not have enough opportunities to

communicate with citizens, due to the lack of time, energy, etc.

#### **4) Product Life-Cycle is Generally Very Short.**

Like the products of profit-seeking enterprises, those of civil organizations also have a life-cycle of birth, growth, maturity and decline. But compared with service-oriented NPOs or society-enlightening NPOs, AONPOs have very short product life-cycles. This characteristic comes mainly from three facts.

First, because there are too many political, economic and social problems in Korean society, social concern for a particular problem or issue can not be maintained for a long time. Each issue is soon covered up by a another that follows it. Citizens' concern, therefore, can not be maintained for a sufficient length of time.

Second, is the sensationalism of the Korean mass media. The media share the common characteristics that they do not address any social issue with accountability. They are extremely populist and driven by sales volume, so are extremely sensationalistic. They search out news items for the sake of arousing interest, and write articles from the viewpoint of interest. Very often they do not follow up even on serious issues. They always travel in search of "new" and "interesting" news items.

Third, in relation to mass media sensationalism, civil organizations lack strong tools to turn their causes into main social issues to attract public concern and to keep their issue hot for the needed length of time. So they have developed the strategy of spreading out their ideas by connecting them with the "hot" current issues.

#### **5) The Variety of Products is Very Important.**

This is, first, because it is really difficult for Korean CSOs to increase or keep their market share due to the very short life-cycle of their products. Furthermore, it is very difficult to anticipate which products social concerns might be focused on, due to the uncertainty and volatility of CSOs' market.

But most importantly, equipping one's organization with a comprehensive product

line is necessary in order to monitor and check the government's various policies and to produce carefully thought-out alternative policies which are relevant to the issue. By studying a particular problem from only one approach, for example, the economic approach, CSO will not be able to produce alternative policies better than the government's.

Some Korean CSOs with relatively strong influence, such as CCEJ or PSPD (People's Solidarity for Participatory Democracy), have various product lines. Even the Korean Federation of Environmental Movement, which functions as a specialized environmental organization, provides various environment-related products.

But, equipping oneself with a variety of products leads to pitfall. It can bring division of core competence and finally not succeed in any area. It can lead NPOs to populism in the pursuit of citizens' interest or superficial concerns rather than their basic mission.

At this point, the marketing principle of selection and concentration should be considered as a principle of CSO activities. But in reality, harmonizing "variety of products" and "selection and concentration" is very difficult to implement.

## **6) Modification of Offerings is Extremely Restricted.**

CSOs' opinions are produced by conscientious voluntary experts who participate in their activities, through long-time collective studies and debates. Their products require a long time and huge effort to build up, and contain the integrated beliefs of academic experts and the organization's philosophy; therefore, changing the contents of policies - in other words, modifying offerings - is almost impossible even if consumers do not accept them. Even if it is possible, it requires a long time and immense energy.

## **7) The Expert- and Opinion Leader-Market is Very Important.**

The market segmentation of CSOs can be carried out in various ways, but a useful way to segment the Korean market is to distinguish the expert- and opinion leader-market from the common market that is mainly composed of ordinary citizens.

There are several reasons for this. First, because CSOs' offerings are very complicated and difficult to understand, it is primarily experts or knowledgeable persons who buy them. Second, experts' active buying increases the social credibility of the offerings, and as a result, stimulates common people's buying. Finally, the experts' and opinion leaders' wide support to the offerings may have a key role in influencing the government to accept them. Actually, experts and knowledgeable persons comprise a large percentage of many CSOs' memberships.

#### **8) The Mass Media has Special Position in Nonprofit Marketing.**

First of all, the mass media function as the only channel that can distribute CSOs' offerings nationwide.

Korean CSOs do not yet have large-scale mass media and the number of members they can reach through their newsletters are very small compared to their social influence. The internet is appearing as an alternative communication channel with members and citizens, but the senior group, which occupies a large percentage of CSO members, is not comfortable using the internet. Because of budget constraints, they cannot use commercial advertisements. Therefore, in contrast to service-oriented NPOs or grassroots organizations that use personal selling and face-to-face contacts as the main methods to spread their offerings, AONPOs must use the mass media to address nationwide issues that change very fast.

Second, the mass media hold the position of being the most important influencer for buyers.

However, the Korean mass media execute their influence in ways that are different from their counterparts in other developed countries. Because independence of editorial rights against the media owners has not been achieved, articles are often influenced by the owners' political orientation or economic interests. Due to lack of fairness and objectivity, the media frequently function not as a public institution, but as a particular interest group. Some conservative mass media often distort progressive CSOs' opinions and criticize CSOs' activities merely for the reason that CSOs' opinions are different

from theirs.

Finally, the mass media function as a public scrutiny mechanism.

This function of the mass media is becoming stronger these days. This could be good in that it is necessary to monitor and check NPOs' bad performance. But, as mentioned above, in case the mass media are inclined to serve their own interests, the distorted function of public scrutiny may impede the sound development of NPOs.

### **9) Competition among Korean Civil Organizations is Restricted by the Spirit of Cooperation**

Although competition among Korean CSOs has become more active over time, cooperative relationships among them have been much stronger. For instance, CCEJ and PSPD, which have the most competitive relationship among Korean NPOs, have held many joint campaigns, such as the campaign for separation of pharmacies from medical practice, monitoring of the National Assembly's inspection of the government, and campaigns for enactment of anti-corruption laws and laws to secure a national minimum level of livelihood. There are permanent types of joint organizations such as the Korea Council of Civil Movements (KCCM), as well as temporary issue-based joint organizations. According to the characteristics of the issue, the range of these cooperation may vary from a particular local community to nationwide movement, such as the Citizens' Movement for Fair Elections or the 2000 General Election Citizens' Solidarity, which is composed of more than one thousand organizations. Such cooperative relationships among NPOs may exist in other countries, but the degree, range and frequency of cooperation among NPOs in Korea are thought to be exceptionally strong.

What is most important is the fact that Korean civil movements have succeeded in the anti-military democratization movement of the past. When they were severely oppressed under the military governments, the highest virtue and morality they pursued was "unity and cooperation". Although the military dictatorships have ended, a positive



environment for social movement has developed and the virtue of unity and cooperation continues to influence the current civil movements.

Second is that Korean CSOs have strong homogeneity in their pursuit of social reform.

Third is the difficulty of social reform because of strong resistance from the conservative groups. Because the conservative group's power is stronger than the progressive group, it is almost impossible for an individual CSO to achieve social reform through its efforts alone. Therefore, securing other CSOs' cooperation is critical to achieve its goals.

Last is the close personal relationships among civil organization activists. Most civil activists around the age of forty shared the same experiences and sufferings under the military dictatorships, and many worked in the same areas. As a consequence, they have very strong ideological and emotional homogeneity, and very close personal relationships.

Competition among Korean CSOs is, therefore, restricted by the spirit of cooperation.

First, it is very difficult to suggest different opinions on a particular issue. Such behavior is regarded as improper, dividing civil movements in front of the conservative group, and benefitting the latter. This argument may be true in many cases. When there are different opinions among Korean CSOs on a particular reform issue, some National Assembly members frequently refuse to deal with the issue under the pretext that there is a division of public opinion.

Second, over-competition among CSOs may be checked by themselves or other CSOs. The negative opinion prevailing in the society with regard to competition among CSOs functions as a strong socio-psychological mechanism to regulate competition.

Third, there are some sorts of entry barriers in the civil movement. A new entrant, especially in the case that it produces very similar offerings to those of existing CSOs, may be seriously criticized for the reason that this would incur the waste of socially limited resources and cause unnecessary competition among CSOs. In order to avoid this criticism, the newcomer should develop new offers, or develop new areas. Recently,

the entry barriers are becoming weaker and weaker.

These restrictions on competition among CSOs may bring many advantages in certain areas, while at the same time checking sound competition, thus impeding the positive development of CSOs. In an increasingly diversifying society, one united opinion may not always be correct. If it is proved to be false, all CSOs may be damaged seriously. And because of the rigid insistence on a united opinion, CSOs may fail to reflect the variety of citizens' needs and wants, and thereby fail to maximize citizens' support and participation in CSOs' activities.

#### **10) There is Pervasive Negative Thinking about Marketing**

As mentioned before, Korean CSOs tend to respond extremely negatively to the term "marketing". This is a universal phenomenon that can be seen in other countries. But Korean CSOs' dislike may be more serious than others'. That is partly due to the legacy of socialism-oriented movements of the past. In any event, this attitude should be overcome for the effective development of Korean CSOs.

#### **11) Korean Consumers are Reluctant to Buy AONPOs' Products**

First, Korean citizens have negative experiences in their support and participation in AONPOs' activities. During the long period of military dictatorship, those who took part in AONPO activities, suffered from political and social suppression by the intelligence agency, police, and other agencies of the government. As democratization progressed, this suppression has continuously weakened, but, it is still making citizens feel reluctant to participate in AONPO activities.

Second, there has been no civic education on citizenship and desirable behavioral patterns in democratic society. As a result, people are not familiar with concepts of participation in NPO activities, or with the execution of their basic rights. Even those

who acknowledge the necessity and importance of NPOs' activities, rarely participate in civil movements.

### **3. Implications of Non-Profit Marketing for Korean Civil Organization**

#### **1) Analyzing the Internal Situation**

##### **(1) Setting Clear Organizational Mission, Objectives and Goals**

Most Korean CSOs do not have a separate mission statement. In general, they describe their mission in their prospectus, but in most cases, this is too comprehensive and abstract to meet the three basic factors of feasibility, motivation and distinctiveness, which a good mission should have. Furthermore, Korean CSOs use the terms "mission", "objective" and "goal" without appropriate distinction, and they are especially weak in setting special goals. Because of these weak functions, they have the following problems: weak resource distribution, weak linkage among programs, and an inadequate evaluation and feed-back function.

Therefore, CSOs need to establish a clear mission, objectives and goals, and should develop strategies to be able to carry them out cost-efficiently.

Kotler distinguishes the three terms as follows:

- Mission: the basic purpose of an organization, that is, what it is trying to accomplish.
- Objective: a major variable that the organization will emphasize, such as market share, profitability, reputation.
- Goal: an objective of the organization that is made specific with respect to magnitude, time, and responsibility.

##### **(2) Setting Strategy Based on Organizational Strengths and**

## **Weaknesses**

In order to meet the given mission, objectives and goals, the organization should carry out a precise analysis of its resources and capabilities. Such analysis will contribute to the establishment of a marketing strategy that maximizes its strengths and minimizes its weaknesses by revealing what these are.

Cold-blooded analysis of its internal resources and capabilities may inform the organization what are or should be its core competencies and competitive advantages. Knowing its competitive advantage, an individual organization can be a winner in the market by concentrating its resources on items or areas with which they can perform best. This may result in the maximization of the social benefits that the CSO produces. Prof. Lee Seung-Joo says<sup>1)</sup>,

"The source of the corporate enterprise's continuous competitive advantage is its core competence. This core competence not only gives it the competitive advantage that leads to success, but also differentiates it from its rivals, through its internal capability. The core competence of an enterprise is based on various visible and invisible resources and organizational capabilities. Core competence will not decrease even if it is used, and it can be improved by continuous studies and sharing."

Comparative analysis of CCEJ and PSPD may shed light on the meaning of core competence and competitive advantage. PSPD has young lawyers and progressive professors of social welfare as its main human resources, and furthermore has strong organizational capabilities. PSPD develops programs to secure civic rights by using existing institutional mechanisms, the expertise of its human resources and its organizational capability, all of which comprise the core competence of the organization. Its substantial activities, such as public-interest lawsuits, campaigns to secure minority civil rights, the small-stockholders movement, etc., have been developed based on this

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<sup>15)</sup> Lee Seung-Joo, 'Corporate Strategy', 1999, p. 77

core competence.

Compared with PSPD, CCEJ's range of professors and expert areas - especially economics - is much more comprehensive, and it has a stronger organizational capability to develop comprehensive alternative policies on all sorts of social problems and government policies. The core competence of CCEJ consists of these human resources and capabilities. CCEJ maintains the position of champion in government policy-monitoring and in the production of reasonable alternatives.

## 2) Analyzing the External Situation

### (1) Profound Understanding of Various Publics

The public environment consists of groups and organizations that take an interest in the activities of the focal organization. The public environment consists of local publics, activist publics, general publics, media publics, and regulatory agencies whose actions can affect the welfare of the focal organization. The public environment of the Korean civil organization generally includes the following:

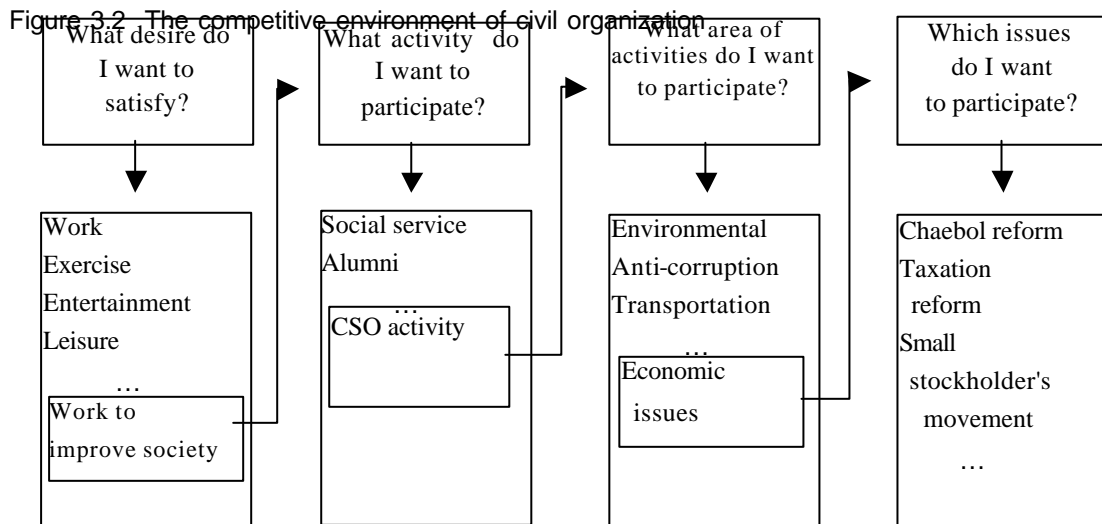
Figure 3.1 The main publics of a Korean civil organization

Input Publics	Internal Publics	Intermediary Publics	Consuming Publics
Donor Publics in some cases.	Board Staff	Media Agents.	Clients Local Publics
Regulatory. Publics.	Volunteer Experts Members		Activist Publics General Publics Media Publics related Interest Groups

Publics come about because the organization's activities and policies can draw support or criticism from outside groups. As a definition, their actual or potential needs must in some sense be served. NPOs therefore should develop marketing programs enabling them to discover and meet their various needs, in order to maximize their support and minimize their criticism. Not all publics are equally active or important to an organization. Sometimes their needs are incompatible. Korean CSOs have a tendency to overlook the fact that the publics are composed of various interest groups.

## (2) Understanding of Competition and Cooperation

The competitive environment consists of groups and organizations that compete for attention and loyalty from the audiences of the focal organization. The competitive environment of a civil organization includes desire competitors, generic competitors, form competitors, and organization competitors. The intensity of competition, in general, is in inverse proportion to this sequence.



But this figure shows an inversely cooperative environment. While CSOs whose offers are related to political reform have competitive relations with each other, they cannot help but cooperate with each other for the increase of citizens' concern for political reform, that is, the market. CSOs who are promoting environmental conservation, urban reform, economic justice and other issues, must cooperate with each other in order to attract more citizens' concern for civil movements in general. In the case of the environmental movement area, where there are the greatest numbers of CSOs, while the most serious competition among them occurs because of the similarity of their offers, they generally demonstrate active joint actions on various issues related to the environment. A new organization might be checked by other existing organizations, but can also be helped by them. Therefore, it is necessary to analyze cooperative and competitive environments at the same time.

### **(3) More Attention to Demographic and Socio-Psychological Change**

The macro-environment consists of large-scale fundamental forces that shape opportunities and pose threats to the focal organization. The main macro-environmental forces that have to be watched are the demographic, economic, technological, political, and social forces. While Korean CSOs in general are very responsive to the political, economic and social changes around them, they tend to overlook demographic and socio-psychological changes. This seems to come from their task- or product-orientation, the result of their past. When military governments ruled the country, they always tried to develop ways to use political, economic and social changes or incidents to bring about the collapse of the military dictatorship. Inversely, they rarely had chances to think seriously about changing consumers' attitudes and behavioral patterns. Today, CSOs must pay more attention to demographic and socio-psychological changes. The failure to do so might distance them from their consumers.

### **3) Specification of Marketing Goals**

Goals turn the objectives into specific numerical benchmarks. The benchmarks, in turn, imply some sort of measurement system that will allow management to assess goal achievement. Goals should also have specific time deadlines attached to them.

Most Korean CSOs are very weak in setting specific goals. They describe relatively well their program's purpose, but don't indicate clear goals in their plans. Of course, it is basically difficult to set numerical goals related to CSOs' activities, and to evaluate their performance. They have no budget to conduct the kind of surveys necessary for setting goals or evaluating performance. They tend to think it is more useful to use the money that would be needed for evaluating finished activities, to carry out other meaningful activities instead.

Despite these limitations, civil movements' efforts to set clear goals are expected to increase their efficiency and effectiveness. And while the attempt to evaluate their performance objectively might be regarded as a less-important task in the short term, in the long term it will bring about many positive effects as well as precise evaluation of the program, and will contribute to continuous organizational growth.

#### **4) STP (Market Segmentation, Target Marketing and Positioning)**

##### **(1) Developing Methods of Market Segmentation and Target Marketing**

The first element to be set out in the core marketing strategy is the organization's approach toward the market target. Customers to be targeted in a particular kind of exchange relationship can vary in dozens, perhaps hundreds, of ways.

But it seems almost impossible that Korean CSOs, which suffer from tight budgets and have no experts, can execute market segmentation methods which are used in the business sector. Therefore, it is necessary to develop an alternative method that can be implemented in the Korean situation. I have tried to develop the "Problem-Based Market Segmentation" method on an experimental basis.



Korean CSOs basically pursue social progress by leading their constituents toward behavioral changes institutionally, through remedying current social problems. They try to create alternative policies that can remedy the problems, and then try to attract citizens' support. The social problem can be defined as something that decreases the life-quality of the constituents, or that obstructs the increase of their life-quality. Thus, the resolution of these social problems must be the basic need and want of the constituents, whether their need is active or potential. As far as the social problem is shared by some groups, classes, or many and unspecified persons, or at least not by one particular individual, as the definition of market, the existence of a social problem means that there are one or more markets relevant to the problem, whether it is active or not. In other words, social problems are linked with one or more markets, so the marketer can acknowledge the existence of the market, and can segment markets through identifying all sorts of social problems.

The volume and marketability of a (active or potential) market are dependent upon the characteristics of the social problem. Marketers, therefore, can grasp the volume and growth-possibility of the market, and consumers' buying patterns, etc., to a meaningful degree, by precise analysis of the social problem such as the range of interest-groups, the intensity of the interests, the distribution channels of the interests, and the range and the intensity of benefits and costs likely to be incurred by the remedy of the problem. It is, therefore, possible to analyze the attractiveness of market to some degree through analysis of the characteristics of the social problem.

What should be added in assessment of the segments' attractiveness, is the analysis of when the market may be actualized. All social problems cannot be actualized within a particular period. The social problem will be quickly aggravated when internal complaints accumulate to some critical degree or external incidents trigger its explosion. Therefore, analysis of the macro-environment and of the internal pressure of consumers' complaints should be conducted in order to have a precise anticipation of the time of the market's actualization.

After selecting candidates for the target market by using the problem-based market segmentation, marketers can establish the target market through focused research on it.

The model of problem-based segmentation was developed with the perception that consumers' needs linked with civil movement must take problem-solving forms. What I want to emphasize is that the analysis of the social problems should be conducted in consideration of consumers' viewpoints as well as experts'. The marketability of the social problem, which depends on consumers' perception, is not less important than its objective importance, which is generally analyzed well by experts. Most Korean CSOs tend to put relatively strong emphasis on the latter.

## **(2) Positioning Organization and Product**

Positioning is the act of designing the organization's image and value offer so that the organization's customers understand and appreciate what the organization stands for in relation to its competitors.<sup>1)</sup>

Civil organizations are in competition. Nonprofit marketing objectives always involve influencing the behavior of target consumers, and consumers always have something else they can do. In any case, there are alternatives in the mind of the target consumer, and this is where the marketer must compete. To be successful, marketers must position their offerings as superior to those of their competition. In many cases, positioning first requires that the organization become different. Many nonprofit organizations fail to succeed because target consumers do not really know who they are or how they are different from their competitors.

CCEJ offered the product of "citizens' monitoring of government's policies and budgeting for the unemployed" after deciding upon the policies market as a target market, in 1998. At that time, CCEJ set up a positioning strategy that emphasized the characteristics of the monitoring: it would concentrate on the collection and

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<sup>16)</sup> P. Kotler & A. R. Andreason, *ibid*, p. 191

representation of "the voices of the unemployed themselves on the ground" with "transparency". This positioning strategy was aimed at Korea Labor Institute's monitoring program which was identical with CCEJ's. While KLI had enormous human and financial resources compared with CCEJ, KLI had essential limits as a government-organized institution. No one thought a government agency was capable of reporting disadvantageous information to the government. Furthermore, it conducted its surveys through experts and temporary researchers who had not lived "near the ground", so they could not grasp the real situation in which unemployed persons were suffering.

Compared with KLI, CCEJ had a competitive advantages in two aspects. First, CCEJ did not have to try to read government officials' minds. Second, CCEJ had a nationwide network of CSOs working to overcome mass unemployment around the country, and therefore could continuously share almost all the information that they collected on the ground. The positioning strategy was developed on the bases of its competitive advantages and its differences with KLI, a main rival.

## **5) Marketing Mix (4Ps)**

### **(1) Changing Marketing Strategy Based on Product Life-Cycle**

The product of a CSO has a life cycle like ordinary products, but that life cycle, in general, is very short compared with an ordinary product. In addition, while it is really difficult to revive a common product after its decline, the products of CSOs repeat, irregularly and many times, their life cycle from birth to decline, as long as they are not accepted by the government.

During the introductory portion of the product life cycle, the marketer's major task is to create demand. Potential clients and supporters must be told about the cause or service, the need must be demonstrated, and they must be persuaded to make a commitment.

What is important in the introduction of the products is to pinpoint the best time of their offering. If CSOs make an offer too early, it may be very difficult to attract social concern, and gaining social concern will require huge costs even if it is possible. If they make an offer too late, their competitors will pre-occupy the market. The best CSO will offer just before social concern is formed. For this, CSOs should keep track of consumers' trends and understand the direction of trends. The second best way is to make the offer as early as possible after social concern has been actualized about it. This is possible only by thorough preparation and a responsive attitude by CSOs.

In the growth stage, these efforts begin to take effect as support for the nonprofit cause or service increases. However, competitors also emerge during the growth stage. As the product moves into maturity, support begins to level off as competition becomes more intense.

In this stage, the agreement and support of citizens for the CSO's offer will increase. The CSO, therefore, should carry out various activities to elicit citizens' agreement for their support and participation. The main object of marketing activities, which have been focused on ordinary citizens, will need to be moved to agencies of government or to enterprises as the key institutions in resolving the social problem relevant to its offer. While the objective is to have many citizens accept the CSO offer in the birth stage, the marketing objective in the growth and maturity stages should be to increase the amounts and the frequency of citizens' buying by actively promoting various activities to translate the offer into reality.

Finally, as the stage of decline is reached, the nonprofit cause or service will become out-of-date and may be eliminated.

The decline of CSO's products may happen in two ways; in the few cases that its offer has been accepted by the government, of course, and in almost all cases when social concern has moved to other issues although the offer has not been accepted. In the case of the former, the CSO should develop a strategy that gathers the harvest of its efforts immediately. For instance, when the government announced the introduction of the real-name financial system, CCEJ celebrated the government's announcement by

itself with champagne that same evening in its auditorium. And CCEJ made known to the mass media how much effort it had made to introduce the real-name financial system during the previous five years. The event was broadcast on TV, and successfully showed citizens that the introduction of the real-name financial system was achieved mainly by the efforts of CCEJ.

In the case of the latter, withdrawing at the proper time is very important. While too-early withdrawal can be appear as not having done one's best, too-late withdrawal can be seen as "waving one's hand after the bus has passed", and can incur the increase of marketing costs. What should be added is the effort to establish a beachhead in consumers' perception, in order to facilitate the next marketing of the same offer, which will be repeated in the future, e.g., the image that the CSO has really made efforts to achieve it, or reminding the public that this serious problem has not been resolved because of a particular conservative group, etc.

## **(2) Developing Marketing Strategy Based on Types of Product**

Products can be categorized into certain groups according to their core values. A CSO can maximize its marketing effects by developing a marketing strategy that exactly fits the values of its product.

**a. Policy-oriented Product:** products whose speciality and reasonableness are the most important in marketing, such as the introduction of an anti-corruption law, or amendment of an unreasonable law.

**b. Action-oriented Product:** products whose social images to be formed through strong successive actions are the most important in marketing, such as an anti-campaign against the construction of a dam, nuclear power plant, or incinerator, or the voting-out campaign in Korea's sixteenth general election period.

**c. Information-oriented Product:** products which are marketed mainly by informing citizens about certain facts, data or information which has been hidden, such as all sorts of civic monitoring, e.g., National Assembly members' performance, the government's budgeting, enterprises' performance, or the candidates' information-sharing campaign in

the sixteenth general election period.

**d. Participation-oriented Product:** products which put more emphasis on citizens' participation and their self-satisfaction rather than on the realization of certain policies.

In addition to this classification, distinguishing "products for all" from "products for some" may be very useful in developing a marketing strategy. While the former means that the products are expected to be beneficial to many and unspecified people, the latter will be beneficial to a particular group, for example, tenants in a particular region, the unemployed, etc. Even in the case of the latter, the range of marketing should be enlarged to citizens as a whole in order to attract their support for these activities and for the organization.

The products of CSOs may, in general, have more than one value. They generally have two or more of the values mentioned above. But this cannot decrease the importance of the classification of CSOs' products. CSOs may carry out marketing of the product very effectively by grasping its basic values, by distinguishing core value from secondary value, and by developing a marketing strategy to focus on the core value with consideration of the secondary value. CSOs therefore should understand in the designing stage, what should be the core value of the product.

### **(3) Differentiating Its Products from Others**

Many nonprofit organizations use various marketing techniques to differentiate their service offerings. The development of a unique name, symbol or design, a process known as branding, is one approach. Like business brands, these provide a means of identifying and differentiating one offer or nonprofit organization from another.

Product differentiation has long been neglected in civil movement. This neglect has often been a critical factor leading CSOs' activities to failure. For example, CCEJ offered strengthening of the real-name financial system, the introduction of laws to prevent money-laundering and to protect whistleblowers, and a special prosecutor in

order to prevent corruption in society. A few years after this, PSPD offered the "Special Anti-corruption Law", which was not so different from CCEJ's. Although its contents were so similar, PSPD succeeded in attracting citizens' eyes. This success seems to have resulted mainly from the simple and easy brand of the anti-corruption law. Comparing to it, the brands of CCEJ's products were too complicated and difficult to attract ordinary citizens' attention.

Products may also be modified, or supplementary programs may be provided to differentiate one organization's product from others. In addition, the nonprofit organization's clients or supporters may receive added value from the packaging of several services and programs. For instance, CSOs can modify the National Assembly Monitoring program, which has been promoted mainly by experts and activists, into a program in which ordinary citizens can participate. Of course, different methods to maintain the credibility of the program should be employed in this case. In addition, CSOs can increase the satisfaction of participants in the program by providing other additional programs such as education related to the program.

#### **(4) Setting Proper Price and Improving Benefits**

Citizens who have been involved in civil movement in any form should pay the costs, which can be understood as the price of CSO activities. There are two dimensions of costs of CSO activities. First, clients who are engaged in these activities generally may pay the price in monetary form such as fee or donation, or in the non-monetary form of time or energy. Many CSOs have moved to a membership-based structure. If this is done, it is important that membership fees be reasonably priced for the marketplace. A too-low price setting may result in many citizens' participation, while making it so difficult to manage the members and establish a close co-relationship between organization and members that members may leave, complaining about the low quality of service. A too-high price setting would yield the opposite results. The price, therefore, should be set at the proper level, in consideration of the organizational purpose and strategies.

The second dimension of the price is the difficulty that citizens may feel in accepting the CSO's offers and changing their perceptions and behavioral patterns. This type of price may become more desirable, as it becomes gradually lower. But as mentioned previously, CSOs have little means to lower this type of price. So they would be better off to develop means to make citizens understand the benefits of their offers more easily.

### **(5) Developing New Communication Channels**

Because nonprofit organizations deal mainly in ideas and services, goods distribution concepts and strategies must be modified. This is true especially for CSOs that deal with nationwide issues. Korean CSOs, which have clear limits in manipulating their most important distribution channel, the mass media, should make serious and well-designed efforts to modify their offers without injuring their core value, in order to lead the mass media to report them. This requires some techniques such as, for example, developing a marketing strategy for the products to meet the preferences of the target mass media. But CSOs should be careful in modifying their products, because modifications are extremely restricted in the case of most CSOs.

Because of the restrictions on using mass media, the importance of direct marketing has increased in recent days. As a special kind of delivery system, direct marketing bypasses established distribution channels to deliver ideas and services directly from sellers to buyers. The two major forms of direct marketing are direct mail and telemarketing. Direct marketing has the potential to deliver services to clients. Interactive communication (mail, telephone, or electronic media) can be used to establish direct relationships with targeted clients.

In particular, CSOs' activities in the sixteenth general election period triggered their acknowledgement of the importance of the internet as a new tool to distribute CSO offers to targeted clients and as a space to communicate with them. The internet is expected to make it possible to establish individual relationships with targeted clients through mutual-directed communications. And it also is expected to enable massive buying by consumers through immediate massive information sharing between them



and CSOs.

### **(6) Using Various Promotion Techniques**

Promotion has three primary goals: to inform, to persuade, and to remind. To accomplish these goals, advertising, personal selling, sales promotion, and public relations are combined to form the promotional mix.

Korean CSOs, in general, have paid little attention to how to inform their causes effectively. Citizens are sick and tired of the stereotypes of demonstrations, news conference, etc. Various kinds of promotion techniques to increase the effects of marketing might be developed with a little expenditure and research. CSOs can learn useful techniques from the private sector, techniques that may be acceptable to CSO activities with only a little modification. They should make efforts to develop promotion techniques that are suited to nonprofit activities.

## **. Conclusion**

### **1. Summary of Key Findings and Implications for Korean Civil Organization**

The thesis shows, first of all, that marketing concepts can be applied to all sorts of behaviors which accompany "exchange", and therefore can be applied to the activities of Korean civil organizations. CCEJ's strategy in terms of marketing was reviewed here, as an example.

Second, Korean civil organizations have unique characteristics different from the service-oriented NPOs or society-enlightening groups which have been the main objects of previous studies of nonprofit marketing. The following is a summary of the Korean CSO characteristics:

- 1) The exchange process is more complex.
- 2) The characteristics of the products:
  - a. basically uncertain
  - b. process-oriented
  - c. it is difficult to keep their integrity
  - d. they are complicated and difficult to understand
  - e. they have a much shorter product life-cycle
  - e. their variety is important
  - f. there are extreme restrictions on their modification
- 3) The expert/opinion leader market is very important.
- 4) The mass media have a special position in nonprofit marketing.
- 5) Cooperation heavily restricts competition among CSOs.
- 6) Korean consumers are much more hesitant to buy CSO products.
- 7) There is pervasive negative thinking with regard to nonprofit marketing.

Third, this thesis also shows that Korean CSOs can obtain many useful ideas from nonprofit marketing concepts in order to increase the efficiency and effectiveness of their activities: objective assessment of the competitive environment and internal competence, clear definition and setting of missions, objectives and goal, market segmentation and target marketing, positioning and differentiation, development of marketing strategy based on product characteristics, comprehensive and coherent marketing mix, etc.

At the same time, Korean CSOs should develop marketing techniques and tools that fit the Korean situation. From this viewpoint, I tried to develop "the concepts of relationship of coepetition", "problem-based market segmentation methods", and "changing marketing based on product life-cycle or types of products".

## **2. Expected Problems**

The application of nonprofit marketing is likely to meet strong resistance from most existing CSOs. Korean activists have a negative perception of marketing, regarding it as a manipulative tool only for profit-seeking enterprises.

Considering the historical and social context of Korean civil movements, the introduction of nonprofit marketing will focus attention on some important issues. Efficiency, a basic pursuit of marketing, will be one of the key issue because many Korean activists have a critical view toward capitalist values. If CSOs concentrate their concerns and resources on sectors where they have competitive advantage, the total amount of benefits to society as a whole will be enhanced. But on the level of individual organizations, misunderstanding of the concept of efficiency could lead them to turn their attention away from issues whose resolution is necessary in terms of the public good or morality, but is not expected to be efficient in receiving the social spotlight or obtaining some kinds of social benefit. For example, although social concern for disabled persons' rights has grown recently, the degree of concerns is very low. If it is

not expected to increase in the future, some CSOs whose purpose is to protect and expand disabled persons' rights might come up with a marketing strategy to leave the market of disabled persons' rights because it is too small and will be difficult to enlarge. This kind of misunderstanding of efficiency happen happen in reality.

Therefore, in order to successfully introduce nonprofit marketing, it should be clear that efficiency as an economic motive is subject to the organizational philosophy or principles. The organization working to protect the disabled persons' rights should use nonprofit marketing concepts and principles in order to 'efficiently' and 'effectively' increase social concern and support, even if it is likely to remain at a low level.

The second issue will involve customer-centeredness. Two kinds of worries may occur. The first is that customer-centeredness may be degraded to populism. The second is the question "Are the citizens' needs and wants always desirable?" and "Should their needs and wants necessarily be satisfied?" Mentioning differences in social marketing, Kotler pointed out that "nonprofit organizations are often asked to influence nonexistent or negative demand. It is sometimes the case that social marketers must attempt to promote a behavior for which the target audience has a clear distaste." This shows that the pursuit of customer-centeredness by nonprofit marketing, does not mean that NPOs should try to satisfy consumers' active needs or wants. NPOs should seek the public good, the benefits of society in general, or the citizens' benefit in the long-term. On this point, nonprofit marketing is basically different from profit-seeking marketing.

But it is always possible that CSOs could become inclined to populism due to superficial and poor understanding of customer-centeredness. Strictly speaking, the inclination to populism is a problem that has long existed, but there is also the possibility that the introduction of nonprofit marketing may promote it.

The third issue is related to the concept of competition. While ignoring competition in reality would make it difficult to set good strategy, an over-emphasis on competition may impede the development of civil movement in general, and create a negative image of civil movement. On the other hand, over-emphasis on cooperation, unity or solidarity

may suppress individual organizations' creativity and independence. And it could make it difficult for various organizations to respond quickly to the variety of citizens' needs, and eventually result in a civil movement crisis. The first step toward establishing a constructive relationship of competition and cooperation is to accept the competitive environment as the reality. Then CSOs should try to form desirable rules of competition and cooperation, or so called "coopetition" among themselves, through serious discussion and study.

Finally, all three of the above issues involve ethical aspects. The introduction of nonprofit marketing, therefore, will generate serious ethical debates. The three issues mentioned above are related to the introduction of nonprofit marketing, but the ethical problems of nonprofit marketing will go beyond these. Probably all sorts of ethical problems will arise in the planning and execution of marketing strategy, as to the ethical operations of marketing. Existing studies on nonprofit marketing have mentioned these ethical problems, but full-scale studies on them have not yet been carried out. Considering the Korean ethical environment, serious debates on them are expected to arise. Additional studies on this issue will be necessary.

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