

## A Little Bit of Marketing History

Let us delve into perception and how it adjusts *the consumer to the product*. That may at first blush sound backwards. First, how do perceptions and images get formed? Facts are obviously the starting point, but just the facts are not sufficient. Perception must be molded around the facts. Perception is something that is created inside the mind of the prospect and was no doubt created long ago in the prospect's mind from all the influences of his or her life.

A part of marketing is to mold perception around the facts. It is the *creation* of the perception of the facts. You, as a producer, especially have an opportunity to *create* perception when the concept is new to the consumer (the donor), such as a gift annuity or a charitable remainder trust. The donor's mind as to that concept is probably still a blank slate. The chosen media must deliver the facts *as you to wish them to be perceived* inside of the prospect's mind.

## Create New Perceptions: Don't Change Old Ones

Creating perceptions is easier than changing them. Think about it. Think about Kleenex, a company that has become synonymous with its product, tissue. The same can be said for Xerox, Apple, Google, and many others. The perception has been created that these companies *are* their products. Some have even turned into verbs of action, such as to Google it.

Do you remember New Coke, that marketing disaster? There's an example of a failed effort to change perceptions. Changing perceptions is always harder than creating new ones because the mind of the prospect is not a clean slate as to that topic. Marketing and facts must work together so that the name of what you are offering is associated with its perceived value, if it already exists. That's why a new offering can create its own perceptions and values. In any event, marketing approaches must always be positive, upbeat and exciting, creating new perceptions for the donor.

Can "perception creation" be used in planned giving? Yes, we can mold the facts to fit comfortably inside the mind of the prospective donor, but we must take the donor's mind as we find it. We must work with the ideas and values the prospective donor already holds. That means you need to learn about your donor.

What, then, is it we want to mold, creating good, new or positive perceptions? The facts. Facts about the gift, the organization and the tax consequences. How do we mold the facts to the beliefs and values of the donor? We use *their* perception, needs and wants or we create them, if possible. Information must blend with elements of persuasion to be effectively delivered. For example, most people would rather not pay taxes if they can avoid it. Their perception is that taxes are too high and too onerous. So, the fact that capital gain can be avoided on a gift of appreciated assets would need to incorporate their existing perception about taxes, persuading them that a gift would be a good move to alleviate those taxes.

Before moving forward to a marketing plan, however, let us ponder one question. Is this marketing strategy, and the planned giving market it is related to, understood and accepted by those in the field? Philip Kotler, S. C. Johnson Distinguished Professor of International Marketing at the Kellogg School of Management at Northwestern University, now retired, prepared a survey of three hundred educational administrators asking each of them, "What is marketing?"

Sixty-one percent responded that marketing is selling, advertising and public relations, twenty-eight percent of them said that it is one of those three and a very small percent said that it is needs assessment, market research, product development, pricing and distribution. In general, the nonprofit market, and the institutional advancement market in particular, is not fully aware of the true nature of marketing, although over the last decade it appears to be substantially improving. The planned giving field, though, still seems preoccupied with gift vehicles and multi-page computer printouts when it could and should be focusing on more basic things, especially at the beginning stages, in order to develop appropriate prospects for planned giving. That can only be done through efficient marketing.

If we look at the history of marketing in for-profit organizations over the past century, we will find three phases of activity: product orientation, consumer orientation and, what we will call, perception engineering (or, the battle for the mind).

Product orientation was a phase that focused on the product, touting it as the "best" or the most "new and improved." Long before the Pillsbury Dough Boy rolled into town [pun intended], flour was among the many products marketed in this rather

straightforward and somewhat boring manner. “Buy Pillsbury Flour. It is the best flour.” Focus was on the product.

An improved economy in the late 1950s and growth in competition forced a shift toward consumer orientation. Rather than continuing to hail the product, manufacturers began focusing on the needs and wants of the consumer, targeting the “Leave It to Beaver” generation.

Instant flour, for example, was developed and pitched as a quick and essential ingredient in America’s meat and potatoes diet. In this instance, not only did the *marketing strategy* change, but the *product itself* changed and was fashioned to meet the needs and wants of the consumer. No lumpy gravy for the Cleavers.

Of course, this approach continued through the 1980s and 1990s and has more recently evolved into another phase, the “battle for the mind”. In the last twenty years, perception engineering has become the norm. It is the act of making people *believe* they want or need something they hadn’t even yet considered. Today you are more likely to see an ad campaign that not only tells you that the flour you need is unbleached, but that it also has bran, or is gluten free, and is healthy. Or better yet, that you shouldn’t eat it at all! The evolution of something as simple as reaching the market about flour is reflective of all the marketing we are subjected to on a regular basis. In the current marketplace, with marketing so individualized online, with data capture every day in your home and in your office, perception engineering is stronger than ever.

Before looking at how all of this relates to the nonprofit arena, let us consider a few problems in this seemingly unending battle for the mind.

## **The Battle for the Mind**

In the now older, classic marketing book *Positioning* (from about 1975 and updated in 1981) by Ries and Trout and published by Warner Books, the authors wonder what happens when everyone is customer or consumer oriented. If this tactic no longer achieves marketing results, the competition starts to get brutal and there is an inundation in the market place.

How do we get our one little message across when the mind does not want to receive any more information? According to the authors, we need to *focus on the receiving side*, not on the sending side, and over-simplify the message. "Positioning" describes a revolutionary approach to creating a "position" in a prospective customer's mind – how to make and position an industry leader so that its name and message wheedles its way into the collective subconscious of your market - and stays there.

Remember, first impressions are lasting impressions. In the era of inundation of information, we need to cut through all the information that does not compute and get ranked higher and higher in the mind of the prospect. We need to do this by playing by the rules.

The book's cardinal rule is "What's in a name?" The first impression or the door opener is the most important. The difference in the way you tell it can mean everything and, as you might have guessed, the planned giving community is not yet up to speed on this, the battle for the mind phase.

Whether a name is good or bad is not necessarily relevant. The key is whether the name is appropriate and gets inside of the mind of the prospect. Baseball, hot dogs, apple pie and Chevrolet is certainly a say-nothing yet say-everything phrase. Again, you never get a second chance to make a first impression. Once you read this little dynamite book (and I strongly suggest that you do) you will drop planned giving jargon and use language non-professionals can understand. You will also gain insight into how to position your organization and your program both online and off.

## **A New Era for Marketing**

Marketing, even for planned giving, has definitely entered a new era. Competition is brutal in any field, whether for profit or nonprofit, and the game can easily become about taking business away from someone else as much as it is about gaining new business. Plain old aggressiveness and doggedness is not always the sign of the winner. Simply redoubling one's efforts just won't do; one must re-create and get smart. Marketing battles are not won in the customer's office or in the aisle of the grocery store, not in Detroit or Tokyo, but inside the mind of the prospect. Remember, you must take the mind as you find it. You must relate to what is already there.

Using these ideas in planned giving is unique, in that every organization operates in a segmented market and markets. Each organization must effectively communicate with each market based on its ideas, its goals and its needs.

In order to do so, an organization must analyze who it is in relation to the public as a whole and figure out what segment or segments of society it does draw from or could draw from.

To draw from those identified segments, the organization must have something specific to offer as an exchange. An obvious example is a community college, which offers educational opportunities to various members of the community.

Once the market segment is identified then, with respect to planned giving, the organization must realistically assess that market to determine how to reach it with its information.

## Developing a Marketing Plan

Having reviewed some basic concepts about markets and marketing, it is time to push on. In launching a planned giving program, it is essential to develop a marketing plan. Again, we recall the wisdom of Yogi Berra, "If you don't know where you're going, it may be difficult to get there." There are six basic steps to follow:

**Step One:** Find out who is your largest, but yet realistic market.

**Step Two:** Segment the market into target markets based on certain factors, such as types of people, assets the own, where they live, their ages, etc.

**Step Three:** Design "products" in advance to meet needs discovered in each segment, or target market based on their wants, needs, problems, issues, etc.

**Step Four:** Research the competition and find your “unique selling proposition” or USP. What makes your organization stand out?

**Step Five:** Create channels of communication to reach each market segment uncovered in the first four steps. This outreach is often where planned giving offices start, without understanding who the market really is. Many just put content on their website or send out brochures about gift vehicles. You need more targeted, researched outreach, with a mechanism for response.

**Step Six:** Once a person responds, then package the vehicle for the individual prospect, tailoring it to their specific situation.

**ARE YOU READY TO TAKE STEP ONE AND FIND OUT WHO YOUR MARKET REALLY IS?**