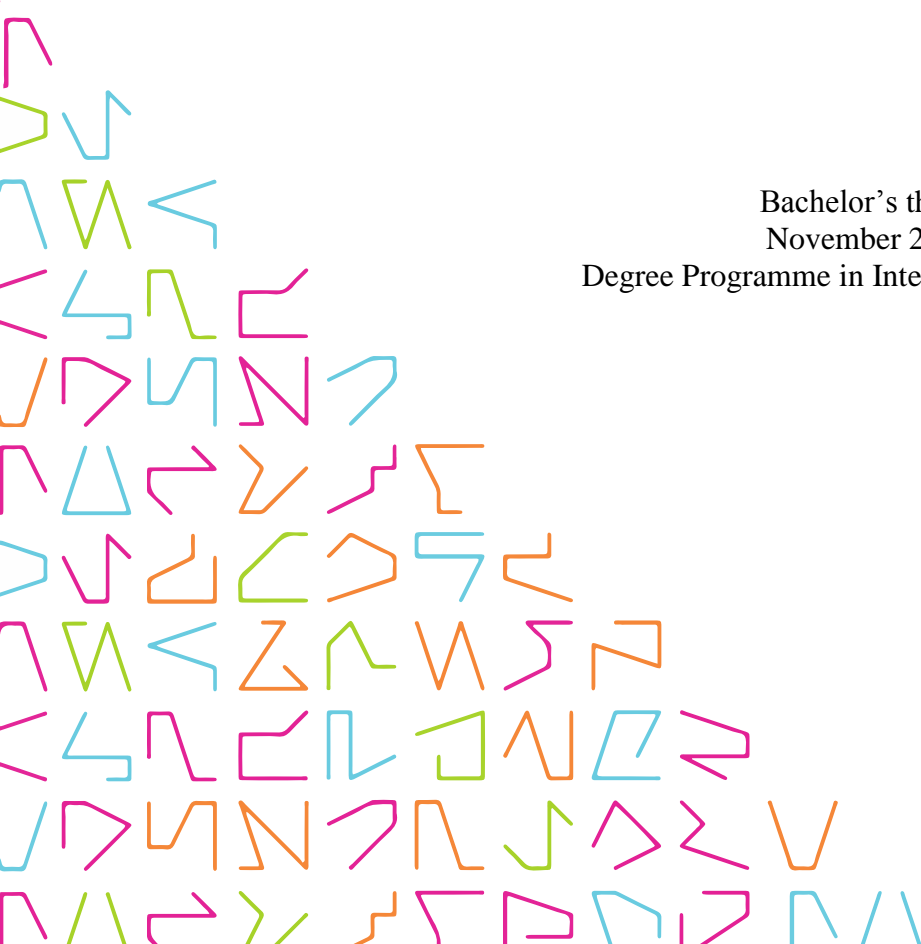


# **MARKETING STRATEGY FOR A NEW FUNDRAISING AGENCY**

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Bachelor's thesis  
November 2016  
Degree Programme in International Business



## ABSTRACT

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Degree Programme in International Business

AUTIO, JANIKA:  
Marketing Strategy for a New Fundraising Agency

Bachelor's thesis 52 pages, appendices 7 pages  
November 2016

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This bachelor's thesis was commissioned by a new fundraising agency, referred to as the company X for confidential reasons. The purpose of the thesis was to create the best possible first marketing strategy for this small fundraising agency aiming to grow in the fundraising industry in England.

Company X offers face-to-face fundraising campaigns for its charity clients in England. All the campaigns are executed with professional fundraisers, who do the field work of promoting the charity's cause and recruiting new long term supporters for the charity. Company X operates as a middleman between the charities and the fundraisers.

Theoretical framework of the thesis consists of various marketing theories used for researching and analysing a service business, its resources, competition and customers. This theoretical framework formed the basis for the first marketing strategy for the company X.

Secondary and primary research were conducted for the data collection. Secondary research was used for the theoretical framework and to research the competition and external market of the company X. Primary research was conducted in form of interviews. The collected data was combined and analysed to create the marketing strategy in accordance with the theoretical framework.

The starting point for the marketing strategy was the mission of the company X. The mission is to offer ethical fundraising solutions for charities. Based on the research findings the most important quality of a fundraising agency for the clients is an honest and ethical approach to fundraising. The research showed that the company X has these qualities together with great relationships with clients and openness to adapt its operations according to clients' wishes.

Based on the research findings and the chosen marketing strategy, the key recommendations for the company X are to build a brand image emphasizing transparency and ethical fundraisers, to put effort in building and maintaining informal, personal relationships with clients and to increase online presence on different websites for fundraising services.

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Key words: marketing strategy, fundraising agency, service business, charity, fundraising industry

## CONTENTS

1	INTRODUCTION .....	5
2	OBJECTIVE AND PURPOSE OF THE THESIS .....	6
2.1	Importance of the topic to the commissioner.....	6
2.2	Overall significance of the topic .....	6
2.3	Thesis objective, purpose and research questions.....	7
3	THEORETICAL FRAMEWORK .....	9
3.1	Concepts.....	9
3.1.1	Charity organization.....	9
3.1.2	Fundraising business .....	9
3.1.3	Fundraising campaigns.....	10
3.1.4	Charity legislation and regulatory bodies in England .....	11
3.2	Theoretical framework.....	11
3.2.1	Marketing .....	11
3.2.2	Services marketing .....	12
3.2.3	Marketing strategy .....	13
3.2.4	Generic competitive strategies .....	14
3.2.5	External market analysis .....	16
3.2.6	Competition analysis – Porter’s five forces .....	17
3.2.7	Customer segmentation.....	18
3.2.8	SWOT-analysis .....	19
4	RESEARCH METHODOLOGY .....	20
4.1	Research methodology.....	20
4.1.1	Marketing research.....	20
4.1.2	Qualitative market research.....	21
4.1.3	Primary research.....	22
4.1.4	Secondary research.....	22
4.2	Data collection methods.....	23
4.2.1	Desk research .....	23
4.2.2	Qualitative research – interviews .....	23
4.3	Data analysis methods .....	24
5	SUMMARY OF THE RESEARCH FINDINGS .....	26
5.1	Interview with the director of the company X.....	26
5.2	Interview with the account manager of the client charity.....	27
5.3	Strengths and weaknesses of the company X.....	29
6	MARKETING STRATEGY FOR THE COMPANY X.....	32
6.1	Vision and mission of the company X.....	32

6.2	Growth possibilities for the company X .....	32
6.2.1	Intensive growth strategy .....	32
6.2.2	Integrative growth strategy .....	33
6.2.3	Diversification growth strategy .....	33
6.2.4	Growth strategy for the company X.....	33
6.3	Competition analysis.....	34
6.3.1	Competitor analysis – Porter’s five forces .....	35
6.3.2	Choice of the generic competitive strategy .....	40
6.4	Macro-environment analysis – PESTLE .....	41
6.4.1	Political environment .....	42
6.4.2	Economic environment .....	43
6.4.3	Socio-cultural environment.....	43
6.4.4	Technological environment.....	45
6.4.5	Legal environment .....	45
6.4.6	Environmental impact .....	46
6.5	Customer segmentation.....	47
6.5.1	Demographics of the charity industry in England and Wales.....	47
6.5.2	Further considerations of the target segment .....	48
6.6	SWOT-analysis of the company X .....	49
7	CONCLUSION AND RECOMMENDATIONS .....	51
	REFERENCES.....	53
	APPENDICES .....	58
	Appendix 1. Interview with the director of the company X.....	58
	Appendix 2. Interview with the client charity .....	60

## 1 INTRODUCTION

In this bachelor's thesis a suggestion for the first marketing strategy for a new fundraising agency, the company X operating in England, was created.

Company X is a small agency offering direct marketing solutions for different UK-based charities. Currently company X specializes in face-to-face fundraising campaigns, in which professional fundraisers promote the charity and its cause while recruiting new long-term donors for the charity. Company X was founded in summer 2015 and from the beginning of 2016 the business started to grow as company X began to co-operate with a subcontractor providing professional fundraisers for the field work. This co-operation increased the recruitment volumes for both the face-to-face fundraising campaigns and as the campaigns became more successful and new potential clients showed interest towards the services of company X, the need for the first marketing strategy arose.

This first chapter briefly introduces the case company and gives a background to the research problem. In chapter two the main research problem together with the objective and purpose for the thesis are discussed. The following chapters introduce key concepts and the theoretical framework for this case and describe the research and data analyzing methods used in the thesis.

Based on the theoretical framework and research findings the actual marketing strategy for the case company has been created. Finally, this work includes recommendations for the company based on the marketing strategy.

## **2 OBJECTIVE AND PURPOSE OF THE THESIS**

The aim of the bachelor's thesis was to create a marketing strategy for a newly established fundraising agency, the company X, operating in England. The aim of the marketing strategy was to help the company X to grow in a sustainable way and find best ways to deal with and overcome the competition.

Company X is a new and small fundraising agency looking for expanding rapidly. The charity industry in the United Kingdom has received a lot of negative publicity lately, which is why charities are increasingly careful about working with new agencies. In this current situation company X has to build up a good and reliable reputation as well as be able to reach its potential charity clients, which is why there was a clear need for a marketing strategy.

### **2.1 Importance of the topic to the commissioner**

As a new company, the company X does not currently have a clear marketing strategy. Comparing different strategic options and then choosing the ones that will be most beneficial for the company will help the company X to prepare an actual marketing plan and following that to achieve a stable position in the fundraising industry in England.

### **2.2 Overall significance of the topic**

In the light of recent severe frauds in fundraising industry in England, creating a marketing strategy for a fundraising agency was very topical. Registered charities working with subcontractors are strengthening their policies and regulations for new fundraising agencies. New agencies have to be able to come across as reliable and ethical companies and even though the pricing also matters, the main emphasis is on quality of the work. This is something that fundraising agencies have to take into account in all of their marketing actions if they wish to become successful in the industry.

As the main research question was "Which marketing strategy would be the most beneficial for the company X operating in fundraising industry in England in terms of ensuring

sustainable growth and overcoming competition?” the chosen marketing strategy can be applied to other start-up fundraising agencies in England as well.

### **2.3 Thesis objective, purpose and research questions**

The main objective of the thesis was to create the most appropriate marketing strategy for a small and relatively new fundraising agency aiming to grow and compete in fundraising industry in England.

The purpose of the thesis was to help the company to achieve its long term goals; increasing the amount of charities it works with while keeping existing clients satisfied and following all the industry rules and good practices. The purpose of identifying the best possible marketing strategy was to build up basic guidelines for the company to follow and thus make planning and executing marketing actions more effective and efficient.

The main research question for the thesis was

1. Which marketing strategy would be the most beneficial for the company X in terms of ensuring sustainable growth in the fundraising industry in England?

The main research question was rather broad since the goal of the thesis was to identify and prepare the very first marketing strategy for the company, which means that the work was supposed to be a preliminary guideline for the company to utilize in their decision making later on.

In order to find the solution to the main research question, there were few sub questions to be answered to

1. How to attract new potential clients (charities)?
  - a. What makes a charity to choose to work with one fundraising agency over the other?
2. How to build and maintain close relationships with the clients?
3. How to deal with the competition inside the industry?

Sub questions aimed to answer to most fundamental issues of any new business; how to get the clients and how to keep them satisfied. Answering these questions formed a solid base for the first marketing strategy for a small company.

The third sub question about overcoming the competition was not as relevant as two first ones; even though competition is never irrelevant, in this specific case the market situation for fundraising agencies is good as there are noticeably more registered charities requiring fundraising services than there are registered fundraising agencies providing these services. (PFRA 2016.)



### **3 THEORETICAL FRAMEWORK**

#### **3.1 Concepts**

Due to this thesis being written for a fundraising agency in England, the definitions for industry terms are based on the ones officially used in the charity industry and fundraising business in England.

##### **3.1.1 Charity organization**

According to The Charity Commission's guide 'What makes a charity...' (2013) to be a charity in England and Wales an organization has to be set up only for charitable purposes and be subject to the control of High Court's charity law jurisdiction. Moreover, charity organization's purpose has to always be for the public benefit meaning that charity's operations must be beneficial and this benefit must outweigh the possible harm caused by aiming to achieve results. Also charity work should not create a noticeable personal benefit but instead benefit the public in general. (The Charity Commission 2013.)

##### **3.1.2 Fundraising business**

Cambridge Dictionary defines fundraising as "the act of collecting or producing money for a particular purpose, especially for a charity" (Cambridge Dictionary: Fundraising). Fundraising is closely linked with charities, which are non-profit organizations. To ensure the sufficient amount of funding for the charity's cause, many charities work with Professional Fundraising Organisations (PFO's). These organizations are in the fundraising for business; they are hired by charities to recruit new donors for the client charity and to promote the charity (CAF Charities Aid Foundation). Fundraising can be done using different techniques such as direct marketing, campaigns and legacy fundraising. (What is fundraising 2011.)

### 3.1.3 Fundraising campaigns

Fundraising campaigns are a vital part of charities' direct marketing activities. Broadly these can be divided into three main groups: Telephone fundraising, face-to-face fundraising (F2F) and door-to-door fundraising (D2D). (Institute of Fundraising 2016a.)

#### 1. Telephone fundraising

The Institute of Fundraising defines telephone fundraising as an act of using live telephone conversations with individuals and organizations for the purpose of asking them for financial or other support to the charity or fundraising organization (Definitions 2016). This definition includes all the forms of fundraising calls, where the fundraiser asks for any donation (financial and/or volunteering time) but excludes administrative calls as well as welcome calls used for thanking the donors for their contribution to the charity (Institute of Fundraising 2016b).

#### 2. Face-to-face fundraising

Face-to-face fundraising means the process of trying to make people contribute to a charity or a cause by face-to-face interaction with these potential donors. It covers all the different ways of contributing to a charity; collections of both goods and cash and direct debits. Face-to-face fundraising can occur on the street (street fundraising), on a private site (such as shopping malls) or as door-to-door fundraising. The latter is often distinguished and treated as an independent fundraising technique, due to different legislation. (Institute of Fundraising 2016c).

#### 3. Door-to-door fundraising

Door-to-door fundraising differs from other forms of face-to-face fundraising in a way that fundraisers are walking from house to house to collect cash or goods or sign-up people for the direct debit contribution. Due to fundraisers visiting private houses, this form of fundraising is more regulated than other forms of face-to-face fundraising. Basically this means that charities running D2D campaigns must have a license from the councils of the regions, where they intend to run the campaign. In some cases, charities can apply for National Exemption Order (NEO) in which case they are entitled to conduct house to house collections without separate permission from each single council. The allocation

of different areas for D2D campaigns is also regulated in order to avoid having too many charities operating in the same area. (Institute of Fundraising 2016d.)

### **3.1.4 Charity legislation and regulatory bodies in England**

In England the face-to-face fundraising is legally regulated by the government of the United Kingdom, more precisely The Charity Commission for England and Wales. (Charity Commission for... 2016a). However, currently the charity regulations are mostly based on self-regulation, which means that the regulation system is maintained by voluntary subscription of relevant organizations (Etherington, Leigh, Pitkeathley, & Wallace, 2015, 38).

The self-regulation system in the charity industry has recently undergone some major changes, the biggest of which has been PFRA's (Public Fundraising Association) merger with the Iof (Institute of Fundraising) in August 2016 (Kay 2016). The aim of the merger was to improve and simplify the efficiency of decision making and controlling of the fundraising business in England. After the merger IoF remains the main regulatory body together with the Fundraising Regulator launched on July 2016 (Institute of Fundraising 2016e).

## **3.2 Theoretical framework**

To answer the main research question of the thesis about how a small fundraising agency can grow in a sustainable way while keeping existing customers satisfied, applicable theoretical framework consisted of marketing and marketing strategy with the focus on services marketing.

### **3.2.1 Marketing**

Marketing is a quite new concept, which has been shaped by the other business philosophies ranking from production orientation (where businesses believed that customers will buy anything, if it is cheap enough) to sales orientation with a view of customers not buying enough without someone from the business persuading them to do so (Blythe 2012, 6). The modern marketing is based on an idea of customers being intellectual individuals, who are capable of knowing what they need, recognizing good value for money

and only returning to buy again from the business that provides good value for money. This approach is called customer orientation and it forms the basis for the whole marketing concept (Blythe 2012, 6).

To follow the above presented main idea of the marketing concept, marketing can be further defined as the actions and activities occurring between an organization and its customers with the ultimate goal being to ensure that the customer will choose the marketer organization's product or service over the other organizations' similar product or service (Blythe 2012, 4). There are several official definitions for marketing. The two most widely used ones according to Blythe (2012, 4) are:

1. Marketing is the activity formed of institutions and processes, which is used for creating, communicating and exchanging offerings valuable to customers and partners as well as to the whole society (AMA 2013; Kotler & Keller 2012, 5).
2. Marketing is the process of researching, measuring and understanding the customers' needs in order to be able to fulfill those needs in a profitable way (CIM 2016).

### **3.2.2 Services marketing**

Services marketing is a form of marketing for those companies, who either operate on a service sector (for example professional advice, tourism industry, consultancy and financial services) or who use services for adding value to their customers by for example providing training or warranties (Ruskin-Brown 2005, 1).

According to Ruskin-Brown (2005, 30-36) the service differs from product in following ways: it is intangible and performed, dominated by people, has hardly any ownership (the customer cannot own the used resource and also the idea itself has no owner) and it does not have any resale value. Also services are fleeting; once they have been performed, they no longer exist. Moreover, services cannot be tested beforehand and up until the moment the service is performed, companies in this industry are basically selling a promise. This leads to one more challenging feature of marketing services: it is highly influenced by prospect customers' feedback about their perception of the already performed service by the same provider. (Ruskin-Brown 2005, 30-36.)

As noted above, services marketing is all about people and the customers' perception of the quality of the service the organization provides. In this context the most successful organization in the service business is the one with the personnel, whose diverse skills and personal characteristics best fit to the company's service offer. The success of the service business depends on organizations' effectiveness in problem-solving; the ultimate purpose of the service is to make clients' life easier and enable them to focus on their other tasks and duties while the service provider takes care of the problem or need (for example a man booking a weekend holiday through a travel agency wants to use his energy for exploring the new city and thus trusts the travel agency to handle all the practical aspects of travelling such as booking a hotel and flights). (Danyi 2008, 175-176.)

### **3.2.3 Marketing strategy**

Marketing strategy is the overall guideline for the company to manage and allocate its resources in best possible way in order to increase sales and gain competitive advantage over the competitors. The logical starting point for any marketing strategy is defining company's long term goals, which form the business objectives of the company and thus the marketing strategy is planned in order to achieve these goals. Marketing strategy specifically has a focus on actions such as purchasing, promotion, and market research. It is designed to match organization's internal resources and objectives with its external environment. (Kotler & Keller 2012, 54; Proctor 2000, 1-2.)

According to Paley (2007, 9-10) every successful marketing strategy designed for a company operating in the 21<sup>st</sup> century should have the following attributes:

- Customer at the centre of everything: the main idea is that customers should be the ones to determine the marketing strategy, since they have the best knowledge of what they want.
- Networking: Today's technology makes it easy to stay in touch with customers, suppliers, employees and business partners. This opportunity should be utilized to its full potential, as close relationship with everyone involved in the organization leads to better understanding of the actual people of the company and thus also improves both employee and customer satisfaction.

- Different forms of partnering: Whether alliances or other forms of partnering, it is beneficial to co-operate and connect with other organizations.
- Having corporate culture: creating a unified corporate culture that derives from organization's core values and mind-set leads to better relationships with suppliers and customers and helps to build the desired brand image. Moreover, it gives more attention to employees, who are the main intellectual asset of any company.
- Effective use of technology: These days almost everything is done online, so applying different internet based programs imaginatively will help to reduce the overall expenses and make company's operations more time-efficient (Paley 2007, 9-10).

As mentioned the starting point for the marketing strategy is defining organization's goals, in other words vision and objectives. This being the starting point for the marketing strategy the rest of the strategy can be built by answering the following questions (Cheverton 2004, 97 – 152):

1. How will our business grow?
2. How will it compete?
3. What will 'drive' our business?
4. Who will our business serve?

This provides a good simplified summary of the contents of the marketing strategy. The following chapters present the same main concept with basic marketing theories and tools for building a marketing strategy.

### **3.2.4 Generic competitive strategies**

Porter (1985) introduced a concept of generic competitive strategies according to which any organization or business has three main ways to gain competitive advantage over the competitors. These core strategies are cost leadership, differentiation and focus. (Tanwar 2013.)

### **Cost leadership strategy**

As the name suggests, this strategy relies on efficiency by trying to produce big quantities of highly standardized goods/services and thus gain the advantage of the economies of scale (producing big quantities ultimately leads to cheaper production cost per one unit). This approach requires a large customer base and a product or service that is relatively easy and cheap to produce. Moreover, in order to be able to provide the cheapest solution for target customers, a company choosing to compete with cost leadership strategy has to have a very efficient distribution, strong focus on quantitative targets and all of its actions have to be based on minimizing the costs. (Tanwar 2013.)

### **Differentiation strategy**

Differentiation strategy is a complete opposite of the cost leadership. It focuses on creating a product or service that would be unique for everyone competing in the same industry and thus make the entry barriers for new entrants high. The differentiating factor can be anything that makes the product or service outperform its competitors in the eyes of customers: brand image, design, unique technology or even outstanding customer service. Differentiation strategy ultimately relies on building a strong brand image and reputation through the products' distinctive features and this in turn helps to create customer loyalty and make the customers less price-sensitive. (Tanwar 2013.)

### **Focus strategy**

The main idea in focus strategy is that a company will focus all its marketing efforts on a few selected markets and aims to satisfy the needs of these few markets in a best possible way rather than concentrating on multiple markets. The logic is that by tailoring its marketing mix for strictly determined target markets, a business is able to fulfill the needs of these markets better. Choice of target markets can be made based on the attributes of those markets, for example choosing a market, where the competition is weakest. (Tanwar 2013.)

Focus strategy can be based on two different approaches: cost focus or differentiation focus. Cost focus seeks to compete with a cost leadership strategy within a specific focus

market, whereas differentiation focus is based on differentiation strategy within the selected target markets. The main idea on both approaches within focus strategy is that the needs of the focus marketer's target segment has to be clearly different from the rest of the market segments within the same industry. (Tanwar 2013.)

The choice of which generic strategy a business should follow depends on its goals and objectives (as noted earlier), but also on external market environment, industry competition and the target customers. Next each of these components will be introduced through marketing theories and tools.

### 3.2.5 External market analysis

The external market environment refers to the outside factors influencing every company's marketing actions. Broadly it can be divided into micro- and macro-environment. Micro-environment consists of people around the organization such as suppliers, other organizations and consumers. These are the influences that a company can have some control over with its marketing actions. The macro-environment consists of more distant factors such as technology, economic situation and culture. (Stewart & Saren 2014, 2.)

Since macro-environment has a huge role in defining the work of a fundraising industry, it is worth analyzing with PESTLE-analysis. PESTLE-analysis is a framework developed for scanning organization's external macro-environment. The letters stand for Political, Economic, Socio-Cultural, Technological, Legal and Environmental. It is sometimes shortened to be only PEST and sometimes the order of the letters is different, but basically these are only variations of the same basic theme. (Wood 2014, 36-40; Oxford Learning Lab 2015a.)

**Political environment** – Stability of the political environment and attitudes of different political parties. This may also involve government's influence on tax policies or trading agreements.

**Economic environment** – Representation of an economy as a whole including factors such as unemployment rate, economic growth, and cost of raw materials.



**Socio-cultural environment** – Factors relating to the society the company works in. This may include for example demographics, life style, level of education and healthcare and religion.

**Technological environment** – Changes and influence of new and existing technologies such as internet and thus e-commerce and constant development of mobile and information technologies. Basically this area covers all the new technological inventions that can be utilized in different areas of business and marketing, not only the ones directly related to information technology or use of internet

**Legal environment** – Strongly linked with political environment, legal environment consists of different laws and regulations concerning doing business such as consumer protection. It differs from the political factors by only focusing on issues that have become laws and regulations.

**Environmental impact** – Consideration of the nature and sustainable development including such factors as use of natural resources, recycling and animal rights (Wood 2014, 36-40; Oxford Learning Lab 2015a).

### 3.2.6 Competition analysis – Porter's five forces

The model called Porter's five forces (Porter 2008, 25-40) was used for analyzing the competition. The following summarizes the key points of the model (Blythe 2012, 28; Oxford Learning Lab 2015b):

1. The bargaining power of suppliers – How strong suppliers are in relation to buyer? This determines their ability to control the pricing of supply and the prices will increase if there are fewer suppliers than buyers.
2. The bargaining power of customers – How strong customers are in relation to companies offering products or services? Customers' power increase when there is more supply than demand and the goods and services sold are not differentiated. For a business this means reduced profits.

3. The threat of new entrants – How easy it is for a new company to enter the market? In general, profitable markets with low entry barriers attract the newest companies, which in turn increases the competition and reduces the profits for existing companies.

4. The threat of substitute products – This includes new, alternative solutions that can fulfill the same need as the original product, which again leads to reduced profits as customers have more choices for satisfying the same need.

5. The rivalry among current competitors – The last force in the model relates to all the other forces and determines the overall level of competitive rivalry within a certain market. Once again, markets with low entry barriers selling undifferentiated products are likely to face high competitive rivalry.

### **3.2.7 Customer segmentation**

There are several ways to define the target customer segment. The following is a summary of the most common ways to segment company's target audience in consumer markets (Hanlon 2013):

1. Demographics – Segmentation based on basic demographic features of the audience such as age, income, education, gender, ethnicity, size of the business/household and marital status.

2. Psychographics – Segmentation based on behavior and personality of the target audience, which affect the purchasing choices. To summarize this can also include segmentation based on lifestyle, hobbies and any non-work related activities as well as personal beliefs and values (for example religious, political and cultural).

3. Behavior – Segmentation based on customers' brand loyalty and reaction to marketing. Moreover, it is about which distribution channels they want to use and what is the overall benefit they are hoping to gain by buying the product or service. (Hanlon 2013.)

Customer segmentation in this thesis is pretty straightforward since the target market is relatively small consisting of PFRA/IoF user members (charities) operating in England (PFRA 2016). The reason for this segment choice based on the research outcome will be presented later as a part of the marketing strategy for the case company.

### 3.2.8 SWOT-analysis

After analysing external market environment and competition, the key findings of company's strengths and weaknesses can be combined and analysed with a SWOT-analysis. SWOT is an analytical framework designed to map company's strengths and weaknesses based on internal and external factors. The acronym stands for Strengths and Weaknesses (Internal Factors) and Opportunities and Threats (External Factors). (Taylor 2016; Blythe 2012, 23.)

TABLE 1. SWOT-analysis. Adapted from Blythe (2012, 23)

	Internal Factors	External Factors
Positive Factors	Strengths	Opportunities
Negative Factors	Weaknesses	Threats

## **4 RESEARCH METHODOLOGY**

The research conducted for this thesis consisted of both secondary and primary research and the primary research was of qualitative nature. Thus more emphasis is given to qualitative research.

### **4.1 Research methodology**

#### **4.1.1 Marketing research**

According to Blythe (2012, 98) market research can be defined as “the process of collecting, and presenting useful information about consumers”. Marketing research takes a wider view on the marketing by including competition and environmental issues into consideration (Blythe 2012, 98) and is defined as follows: marketing research is a process of designing and implementing the collection of relevant data and the results in order to identify and define marketing opportunities and problems (Blythe 2012, 98; AMA 2004).

There are two different types of market research based on the method of data collection; market research can be either secondary (desk) research or primary research. Secondary research is researching the existing information for example books, journals and government statistics about the research topic. (Blythe 2012, 100.) Primary research is the research based on original sources for example surveys and interviews (Blythe 2012, 100). Moreover, market research can be divided according to the nature of the data collection process and it can be either qualitative or quantitative. The basic difference between these two concepts is as their name suggests: qualitative research is more about the way customers feel about the product or company, and it searches to gain subjective understanding from a relatively small group of respondents, whereas quantitative research deals with numbers and provides statistical information from a larger group of respondents. (Blythe 2012, 101-103.)

### 4.1.2 Qualitative market research

According to Imms & Ereaut (2002, 2) a qualitative market research is a research method using other research methods than surveys and questionnaires, which are the methods usually associated with market research. The qualitative market research belongs to the field of qualitative enquiry, which includes wider range of qualitative research methods and is used in various academic qualitative researches. The qualitative market research can be defined as the type of research where methodologies of market research and academic qualitative enquiry overlap (Imms & Ereaut 2002, 2). Moreover, qualitative research is usually conducted with a smaller group of respondents than quantitative research and this enables the researcher to get a better and more thorough understanding of the attitudes and personal experiences of the respondent. Also it is a more flexible approach for obtaining data compared to traditional quantitative methods with strict pre-ordained structure. (Hamersveld & de Bont 2008, 17-18.)

The most common qualitative research methods for primary data collection are different types of interviews, observation and ethnographic methods (Imms & Ereaut 2002, 4).

#### Interview-based methods in qualitative market research

As noted above, collection of primary data in qualitative research is dominated by the use of different types of interviews. Imms & Ereaut (2002, 17) present three common interview styles; in-depth interviews (lasting between 1 to 2 hours, one-to-one interviews), group discussions (in UK typically a focus group of six to nine persons, lasting around 1,5 hours) and variations of these (for example paired depth interviews or extended group discussions).

#### Observation and ethnography

Observation and ethnography are often used as a source for additional qualitative information, where merely interviewing participants will not provide accurate enough data. The biggest advantage with this technique is that it allows the researcher to avoid the problem of interview results not matching the actual behaviour of respondents. Observation gives the researcher a better understanding of the participants and their behaviour in real social context. Moreover, in the case of ethnography the focus of the observation is

in cultural context; seeing participants as individuals and recognizing the influence of the culture and language in their behaviour and attitudes. (Desai 2002, 12-15.)

#### **4.1.3 Primary research**

Primary research is the research that is conducted to produce new information and/or data about the subject. It is always carried out to meet a specific object that has not been previously researched in a same way. Primary research is the most known type of market research with interviews (qualitative) and online surveys (quantitative). (Housden 2012, 78.)

#### **4.1.4 Secondary research**

Secondary research in market research means utilizing already published (secondary) data. It can be either qualitative or quantitative and range from raw data – the data that has not been processed – to compiled data, which has already been through some form of selection or summarising. (Lewis, Saunders & Thornhill 2009, 258.) Different types of secondary data can be divided into three sub-groups: documentary secondary data, survey-based data and the data obtained from several sources.

Documentary secondary data refers to written material such as reports to shareholders, public and administrative reports, corresponding emails and notes from meetings. Also books and magazine articles as well as non-written sources such as video recordings are documentary secondary data. (Lewis, Saunders & Thornhill 2009, 258.) Survey-based data, as the name suggests, consists of data that has been collected with survey methods and usually already analysed for its original purpose. Survey-based data can also be raw data made available for downloading and secondary analysis.

Data obtained from several sources is called multi-source secondary data and it can be based on documentary or survey-based data or the combination of both. The differentiating factor here is that multi-source secondary data has been formed from a set of another data already before the end user accesses it. (Lewis, Saunders & Thornhill 2009, 259 – 262.)

## **4.2 Data collection methods**

### **4.2.1 Desk research**

In order to answer the main research question about how the company X can grow and compete in the fundraising industry in England, a secondary marketing research about the external and internal market environment as well as competition was conducted. This desk research was conducted by researching the charity sector and fundraising industry in the UK. There are two organizations providing information regarding laws and regulations as well as research results and case studies of different fundraising activities. These main regulatory bodies are Fundraising Regulator and the Institution of Fundraising. The information provided on their websites includes information about legislation as well as statistics and published research reports about the fundraising industry. This information was used to get an overall picture of the fundraising in England and the latest trends affecting individual giving.

Also the theoretical framework was constructed based on secondary literature sources about marketing, different marketing theories and building a marketing strategy.

### **4.2.2 Qualitative research – interviews**

#### *Interview with the company director*

To gain a thorough understanding of the company, an interview with the director of the fundraising agency X was conducted. The purpose of the interview was to find out about the background and resources of the company, as well as its mission and long term goals. Also director's opinion about company's strengths, uniqueness and weaknesses were asked. This information formed a background for the research problem and also gave guidelines for choosing the right marketing strategy to suit the specific needs of the case company. Information collection and understanding of the company were further completed by personal experience as at the moment of writing the thesis the writer had worked for the company for six months and thus was already pretty familiar with all the core operations.

### Interview with the account manager of the client charity

In order to find out in detail what charities are looking for in a fundraising agency and how satisfied company's oldest charity client is with the work the agency is doing, a more in-depth interview was conducted with the main point of contact from the client charity. The form of interview was semi-structured; questions were pre-prepared and sent to the representative, after which the actual interview was conducted as a telephone interview. Face-to-face interview would have been preferred option but due to time management issues and distance, telephone interview turned out to be the only option.

The interview with the client included similar questions about strengths and weaknesses of the company, which were also asked from the director of the company. This was to find out how big gap there is between company's opinion about their services and the client's perception of the actual service delivered. Other questions were also evolved around the topic of customer satisfaction with the agency's work and services and general questions about the factors that matter the most for the charity when choosing a fundraising agency to work with. Although semi-structured, the interview left some space for open discussion and for possible feedback about the case agency's work.

## **4.3 Data analysis methods**

### Qualitative data analysis

Turning qualitative raw data into useful information is a challenging process best described with terms 'analysis' and 'interpretation' also referred to as 'A&I' process. Due to complexity of the process it is often described merely on a practical level, involving researchers talking about the physical methods they use for analysing the data – such as making interview notes or commenting on transcripts – and the feelings they experience through the process. This description does not provide a clear picture of the task of analysing the qualitative data and many researchers operating in this field find it very demanding to define the actual intellectual process of transforming the notes and recordings into research findings and conclusions. (Ereaut 2002, 53-54.)

According to Glen (1997, 124) the qualitative data analysis can be divided into four stages:



- Interpretation (level 1) – respondents' feelings and true meanings behind their answers
- Analysis – process of sorting and grouping data
- Interpretation (level 2) – the results to find the patterns and their meanings
- Interpretation (level 3) – the patterns and their meanings in relation to the research objective.

In this approach the qualitative data analysis consists of functional operations 'analysis' with sorting the data and the mental process of interpretation on different levels (Ereaut 2002, 53-54).

## **5 SUMMARY OF THE RESEARCH FINDINGS**

### **5.1 Interview with the director of the company X**

As a starting point for creating the most appropriate marketing strategy for the company X, a qualitative research in form of an interview was conducted. Already before the actual interview took place, the director of the company had been informally interviewed to find out the need for the marketing strategy. The actual interview was conducted later with the aim of getting a thorough understanding of the company's background and ethics, the reason, why it is in the business and to find out the strengths and weaknesses of the company X according to its director. The notes of the interview with the director of the company X can be found in appendix 1.

#### **Background and vision of the company X**

company X is a new fundraising agency that was founded in June 2015 by the owner and director of the company. The reason for starting a fundraising agency was director's own personal passion for charity work and fundraising business; the aim was to create a company that would simultaneously be real business but also work for a good cause of helping the charities in England. This ideology formed the basis for the company X, and also the vision of the company "to spread the correct message to all" reflects company's ethics and values. Above all the company X is aiming to offer ethical fundraising services while representing its clients to the public in a best possible way.

#### **Goals of the company X**

Based on the interview with the company director (appendix 1), the main goal for the company is to grow steadily and continue to focus on a high quality of the services while establishing and maintaining good relationships with its clients. Having said that, the company X is also looking to expand in the following years and wants to have 6-7 clients and be able to recruit a total of 1000 supporters per month for these charities in next five years. Currently company X has two clients and the total recruitment volume per month is approximately 400 supporters. To achieve the future goals company X is planning to expand also the areas where it operates; currently all the operations take place in the South

East of England, mainly in and around London. In the future the company is hoping to have operations also elsewhere in England, namely expanding towards Midlands and Northwest.

To summarize the goals of the company it can be said that the company X is aiming to grow in terms of numbers and locations but above all it wants to achieve and maintain a reputation as a successful and ethical fundraising agency.

## **5.2 Interview with the account manager of the client charity**

Another part of the qualitative research was an interview with the account manager of the company X's first client. This interview included questions about the satisfaction of the client for the company X's services and also sought to find out, which factors make a UK charity to choose to work with one fundraising agency over the other. The charity in question is one of the oldest and most well-known charities in UK, which is why the results of the interview can reasonably be said to be applicable also for other charities.

This chapter summarizes the key findings from the interview with the client charity representative. The notes of this interview with the charity client can be found in appendix 2.

### **The most desired qualities of a fundraising agency**

As a starting point for finding out the most important qualities of a fundraising agency for its clients, the interview included a quantitative question listing different qualities and the charity representative was asked to rate them (on a scale from 1 to 5, where 1 was not important at all and 5 extremely important) based on, how important she felt they are for the charity. The following qualities were considered to be the most important: fast and accurate communication (5), honesty and transparency (5) and achieving high quality supporters (5). Problem-solving skills of a charity for example in case of a complaint or possible fraud (4) and satisfaction of supporters meaning the number of complaints versus the positive feedback (4) were also considered very important.

All the factors considered to be the most important ones for the charity have to do with honesty of the fundraising agency and the quality of the campaigns. These same themes

appeared also throughout the interview in the open-ended questions; when asked about the single most important thing in a fundraising agency, the client mentioned managing the expectations and overall honesty. The client said that there are many fundraising agencies, who will tell the charity anything they want to hear, but in the end are not able to achieve those results. Also the interview made it clear that many fundraising agencies are not transparent with their operations and exclude the negative factors from their reporting to the charity, which causes problems for the charity as then they are not aware of the campaign's actual situation.

The most important qualities of a fundraising agency can be summarized as follows; honesty and transparency in all its operations and open communication with the charity especially in the case of negative news. In addition to this, charities prefer good quality of supporters over the big number of new supporters.

### **Charity's reasons to work with the company X**

The client charity found out about the company X coincidentally; the account manager was just browsing through different websites to find new agencies to help the charity to reach its goals. After this the company X was mentioned in the PFRA's meeting and the charity got in touch with them.

From the beginning the main reason for the charity to work with the company X was the impression of the company X and its management team as hardworking and honest. The first face-to-face meeting with company X convinced the charity of the transparency and openness of the company X and they decided to start working together. Another reason for charity's choice was their own interest to work closely with a new fundraising agency.

The charity is happy to continue working with the company X because the expectations concerning transparency and honesty as well as good and informal relationship with the client have been fulfilled. Also the charity is satisfied with the way the company X works with them; company X is open to any feedback, willing to grow and learn and appreciate also the criticism from the charity. During the interview this was also mentioned to be something that separates working with the company X from working with other agencies; due to the company X being a relatively small and new agency, they are more willing to

adapt their campaigns and thus the charity has a chance of shaping the campaigns to be exactly what they want them to be.

### **Parts of service to be improved**

Although overall the client charity is satisfied with the company X, there were a couple of issues that the company X should pay more attention to. The biggest reasons for dissatisfaction has been the quality of supporters, in other words the company X has not been able to achieve the target in terms of supporter quality and Key Performance Indicators (KPIs). This is a serious concern especially since from the beginning the charity expected the company X to provide high quality and achieve the target KPIs and as noted earlier managing expectations is of high importance to a charity. However, the charity feels that these targets will be achieved in the future and mostly this “failure” is only due to lack of experience, which is rather normal for a new company.

When asked the main thing for the company X to improve, the answer was that the reason behind all the negative feedback from the campaign/services is the lack of experience. Despite the fact that being a new fundraising agency has its positive sides from the charity point of view, it also means more work for the charity as the new company is not as well established as the ones who have been in the business for years. This lack of experience is also the reason for other required enhancements; the training of fundraisers should be improved and the current schedules and compliance of the campaign and training should be more thorough and detailed.

### **5.3 Strengths and weaknesses of the company X**

Both the interviews with the client representative and the company director had questions concerning the best and worst qualities of the company X; for the client representative these were in form “what are you most/least satisfied with the performance of the company X?” (appendix 2) and for the director of the company the questions were in form “What is the biggest strength/weakness that the company X has in your opinion?” (appendix 1). The aim was to find out whether the director and the client have the same view about the strengths and weaknesses of the company X and to find out where these views possibly differ.

The following tables present the main strengths and weaknesses of the company X based on the opinions of the client representative and the company director.

TABLE 2. Strengths of the company X

The Charity	Company Director
Willingness to listen to the wishes of client	Willingness to listen to the wishes of the client and fulfilling those wishes
Honest and informal communication	Highly motivated team
Level of engagement in the co-operation	Dedicated to achieve all the campaign targets
Ability to receive direct feedback, handling the criticism well	Well-executed and ethical fundraising campaigns

As the table above shows, both the director of the company and the client charity agree that the co-operation and company's willingness to receive feedback and work accordingly are the most important strengths the company X has. Dedication and motivation are also positive features that both agree on. The important note here is that the charity client does not mention anything about the actual performance and the quality of the services as a strength whereas the company director mentions the quality of actual campaigns as one of the biggest strengths of the company.

TABLE 3. Weaknesses of the company X

The Charity	Company Director
Quality of campaigns (KPIs not met and quality has not been as expected)	Inability to meet the targets in terms of the number of supporters
The level and amount of training fundraisers receive	
Inefficiency in monitoring the campaigns; current compliance and schedules are not detailed and specific enough	

The table 3 demonstrates that there are some differences in agreeing on the weaknesses of the company. Both parties recognize the inability to meet all the targets as a weakness, however, the charity is not actually concerned about the number of supporters but rather about the quality. Also the need for more accurate monitoring and planning together with the need for improvement in fundraisers' training is only recognized by the charity client.

Although the quality of the campaigns is not mentioned as a strength from the client's perspective, the interview revealed that the company X's ethics and soft approach to fundraising is also appreciated by the client. The important difference in the opinion is that

the company director sees the fundraising campaigns as well-executed in table 2 but the client's wish for more accurate planning and scheduling suggests that there actually is still more work to do on that.

## 6 MARKETING STRATEGY FOR THE COMPANY X

### 6.1 Vision and mission of the company X

Following the theoretical framework, building a marketing strategy starts by defining company's vision and mission. Both the vision and the mission are based on the interview with the company director (appendix 1).

**The vision of the company X:** To spread the correct message to all (“differre rectum nuntium omnibus”)

**The mission of the company X:** Offering ethical fundraising solutions tailored to individual and specific needs of the client charities. Company X wants to maximise the charities' potential for success through well-executed face-to-face fundraising campaigns.

### 6.2 Growth possibilities for the company X

As noted in the theoretical framework, the contents of a marketing strategy can be summarised by answering the following questions (Cheverton 2004, 97-152):

1. How will our business grow?
2. How will it compete?
3. What will 'drive' our business?
4. Who will our business serve?

This chapter aims to answer the first question of growth opportunities of the business. According to Kotler & Keller (2012, 42-45) there are three main strategies for any business to grow: intensive growth, integrative growth and diversification growth.

#### 6.2.1 Intensive growth strategy

The use of intensive growth strategy should always be a starting point for every company aiming to grow. Intensive growth means finding growth opportunities within company's current business. This can mean one of the following (Kotler & Keller 2012, 43-44):



- focusing on gaining more market share among current customers with current products or services (also called market-penetration strategy)
- focusing on finding new markets for existing products or services (market-development strategy)
- focusing on creating new potentially interesting products or services for its current customers (product-development strategy)
- focusing on creating new products or services for new markets (diversification strategy)

### **6.2.2 Integrative growth strategy**

Integrative growth means increasing profits or sales through different forms of mergers, alliances and joint ventures. These integrations can be either backward (for example acquiring its suppliers), horizontal (for example acquiring competitors) or forward (acquiring wholesalers or retailers). (Kotler & Keller 2012, 43-44.)

### **6.2.3 Diversification growth strategy**

Diversification strategy could be used in a situation where there are good business opportunities for the company outside its current business.

### **6.2.4 Growth strategy for the company X**

In the case of the company X the most logical strategy for growing is through intensive growth. Aiming to grow through integrative strategy can be considered as one option for the future, but at the moment due to company X's small size and newness to its market, merger or joint venture with one of its suppliers or competitors is unlikely to create good results.

Company X has a goal of achieving a total of 6-7 charity clients within next five years. (appendix 1). Overall the market situation for a fundraising agency is relatively good at the moment since there are noticeably more charities requiring fundraising services than there are registered agencies providing them (PFRA 2016). This is also apparent from both the interviews: the client representative (appendix 2) and the company director (ap-

pendix 1) both mentioned that the competition is not that big of an issue within the industry as charities are constantly in need for more supporters and finding good agencies to bring them in is difficult. This supports the choice of intensive growth strategy, more precisely the market-penetration and partly also product-development both of which aim to achieve growth within the existing market.

In terms of market-penetration growing by offering same products to same customers could be said to be the industry standard: there is more demand for services than there are providers. This type of growth is achievable for company X simply by maintaining good relationships with existing clients and thus building a strong reputation as an ethical and reliable provider of fundraising services. As noted in the interview with the client charity (appendix 2), charities in England often find out about fundraising agencies by browsing through internet and rely greatly on word of mouth from other charities and/or fundraising regulatory bodies. Company X is a member of IoF (Institute of Fundraising) and thus listed as a supplier on their website. The co-operation with both existing clients of company X began with a straightforward email enquiry followed by preparation of initial business proposals and face-to-face meeting. As long as company X has the resources to run all its campaigns successfully and in an ethical way, the desired growth will follow.

To ensure growth also the product-development could be used by widening the range of fundraising services that the company X currently offers. The company has already expanded its offering to include both door-to-door and private site face-to-face fundraising campaigns. To complete the range of fundraising services, the company X could consider adding also street fundraising campaigns to their product range. At the moment this is not a very appealing option for the company X due to limited resources and more complicated legislation in street fundraising but in the future offering as many different types of campaigns as possible could boost the growth.

### **6.3 Competition analysis**

The second part in building a marketing strategy is to define company's competition situation. This can be done by analysing the overall rivalry and intensity of the competition within an industry by using Porter's five forces (Porter 2008, 25-40). The results of this analysis combined with the company objectives (vision/mission) lead to the choice of a generic competitive strategy.

### 6.3.1 Competitor analysis – Porter's five forces

Analysis of the competition will be presented with Porter's five forces model (Porter 2008, 25-40), which has been introduced earlier in the theoretical framework.

#### 1. The bargaining power of suppliers

The bargaining power of suppliers refers to their power in relation to the company. The stronger they are, the more they can charge for their services, especially if the supplier group is very concentrated, not highly dependent on their customers and if the price for changing the supplier of the services is very high for the company. (Porter 2008, 29-30.)

In the case of fundraising agency company X, the suppliers are the subcontractors meaning companies providing the actual fundraisers. At the moment company X runs all of its fundraising campaigns in co-operation with subcontractors, which means that the suppliers are very powerful. Also in general the whole charity industry and thus also fundraising business is dependent on fundraisers; the people who actually go out and promote the charities and their causes. This gives much power to the experienced fundraisers since they can reasonably expect a fair remuneration for their services or leave the company they are working for as there are always other fundraising businesses in need of good fundraisers. Further the reason for the power of suppliers in the industry is due to the fact that recruiting and training professional fundraisers is time consuming and also expensive; in many cases it is cheaper and more convenient for a fundraising agency to hire the subcontractor to deal with the actual fundraisers and focus all its efforts on the administration and building and maintaining relationships with clients.

The bargaining power of suppliers can also be said to be high, because it is rather complicated and expensive to change the supplier of the services once the co-operation has started. Especially this is the case for the company X, who as a fundraising agency works as a middleman between the charity client and the subcontractor company providing the fundraisers. This means that upon signing the contract with the subcontractor, the company X has already signed a contract with the charity promising them a certain amount of new supporters within certain timeframe. Currently the company X has a very small in-house team of fundraisers, so the success of both the campaigns relies heavily on the successful co-operation with the subcontractor.

## 2. The bargaining power of customers

The bargaining power of customers refers to the power the potential buyers of the services have in relation to companies offering these services. The example situations of strong buyers include situations such as industry having very few buyers, products or services being undifferentiated, or buyer's own service is not dependent on the industry product. Strong buyers mean reduced profit for the business. (Porter 2008, 30-31.)

In the professional fundraising business customers are charities. There are noticeably more charities requiring fundraising services than there are registered agencies providing them (PFRA 2016) and the charity industry in England is huge; there are over 180,000 registered charities operating in England and Wales (Charity Commission for... 2016b). This means that the bargaining power of charities is not very strong.

Further factors reducing the power of customers in this industry is the fact that charities are hugely dependent on the services of fundraisers and they also need these services to be of high quality. This means that well-established big fundraising agencies can charge charities a lot for their services, since they tend to be the only ones capable of bringing in desired volumes of new supporters while still following the rules and regulations of the IoF and the Fundraising Regulator.

For the company X the situation is not quite as positive yet; the company X is a new fundraising agency and thus not yet able to compete with volume or efficiency of its offerings compared to older fundraising agencies. This means that charities working with the company X still have quite much power as the company X is at the stage of building good relationships with clients and in a way proving itself to be a good and reliable provider of fundraising services.

## 3. The threat of new entrants

The threat of new entrants simply means how easy it is for a new company to enter the market. Profitable markets with low entry barriers are likely to attract many new companies, which consequently reduces the profits for existing companies in the market. (Porter 2008, 26-29.)

In general, entering the fundraising industry in England is not hard and as discussed earlier, there are more charities looking for reliable services than there are registered, professional fundraising agencies providing these services (PFRA 2016). So the threat of new entrants is present and in theory there are possibilities for new fundraising agencies to successfully enter the market.

However, the fundraising business is not a very attractive market for new entrants at the moment. Recently there have been several frauds in the industry and fundraising agencies have attracted a lot of negative publicity from media; the latest scandal in fundraising industry was in July 2016, when the UK newspaper The Sun published results of its undercover investigation of the fundraising agency NEET Feet. The agency worked with some of the biggest charities in Britain and The Sun investigation revealed that the agency employed former criminals and drug dealers as their fundraisers and these people were using pressure tactics and targeting vulnerable people to get more sign-ups for the charity (Diaz 2016). This being only the latest of the series of scandals and problems in the fundraising industry, the existing fundraising agencies are finding it more difficult to operate than ever before (Birkwood 2016a).

Also the legislation and rules concerning fundraising are getting more and more strict all the time, as the regulatory bodies IoF and PFRA merged into one regulatory body (Kay 2016) and the Fundraising Regulator was established to better control and maintain fundraising standards (Fundraising Regulator 2016a). All the negative publicity and strengthened control concerning the fundraising industry and practices makes entering the market less easy and less attractive for new agencies.

#### 4. The threat of substitute products

Threat of new substitutes means all the alternative, whether direct or indirect, products or services, which can fulfill the same need as the industry product or services and thus have the negative influence on profits gained from the industry product as customers have more choices for satisfying their needs (Porter 2008, 31).

Substitute services for face-to-face fundraising services include alternative ways of recruiting supporters. The most obvious alternatives for face-to-face fundraising are telephone fundraising and fundraising through different digital channels such as online giving

platforms. However, recently also telephone fundraising has suffered from the same negative publicity as face-to-face fundraising and numerous telephone fundraising agencies has been shut down. (Birkwood 2016b.) Also charity shops can be considered as one substitute for face-to-face fundraising, but this one is not that huge as most of the charities utilizing this form of collecting funds also use other fundraising options to reach their targets. Charity shops are also facing challenges with dropping income as potential buyers move on to online shopping. (Birkwood 2016c.)

The threat of substitutes especially in form of digital alternatives is a serious threat for traditional fundraising methods; face-to-face fundraising income is at its lowest level in past six years and many major charities are being investigated due to possible breaches in data protection rules (Birkwood 2016b).

Currently online giving platforms present the biggest threat for traditional fundraising services. Sites such as JustGiving, VirginMoneyGiving and BT MyDonate are getting more and more popular and even Facebook has launched a “Donate” option in the US market. The author of the Digital Fundraising Book, Matt Haworth, believes that it is only a matter of time before the online giving outperforms the other forms of fundraising. (Birkwood 2016b.) Chief Marketing Officer of the UK’s most popular online giving platform JustGiving has even predicted that by 2020 online giving would represent nearly half of all the giving in the UK (Birkwood 2016b).

The biggest threat of substitute for traditional fundraising in online giving is the fact that it allows individuals to raise money for their chosen cause without having to rely on any charity. This crowdfunding is a serious threat for charities, especially since the trust for charities is very low at the moment. (Birkwood 2016b.)

When considering the threat of substitute further from the fundraising agency point of view, these digital fundraising options mean less need for the services of an agency, as charities can implement digital fundraising campaigns by themselves. In addition to this technological threat, in the light of recent frauds in the industry, many charities are now considering to focus more on development of their own in-house teams of fundraisers. This combined with digital solutions would mean charities becoming completely independent of the services of fundraising agencies, since they could run also the traditional fundraising campaigns by themselves. Recently the fundraising regulatory bodies have

given out an alert for charities working with third parties, which all reflects the negative attitudes towards fundraising agencies. (Service 2016.)

##### 5. The rivalry among current competitors

The rivalry among existing competitors determines the overall level of competitive rivalry within a certain market. It can be for example in form of price discounting, improvements in service, introduction of new products or innovative marketing campaigns. A high competitive rivalry reduces profits for companies operating in the market (Porter 2008, 32-33).

The rivalry among current competitors is a less significant threat compared to the threat of substitutes; basically all the agencies operating in the industry are facing the same challenges in terms of negative publicity and digital solutions replacing the need for traditional fundraising services. Price discounting is unlikely to happen among current agencies, since they still need to pay their fundraisers while maintaining a reasonable profit margin themselves. New agencies (such as the case company X) offer their services cheaper, but this leads them to operating on a very low margin, which is not sustainable in the long run.

When it comes to rivalry among current competitors, the biggest threat and opportunity is the technology. More and more fundraising agencies are using tablets instead of written mandates when signing people up on behalf of the charity. The best utilization of the fundraising software can create a huge competitive advantage over the other agencies in the industry as the use of software makes the whole data capturing process more efficient and gives the charity more control over the campaign.

The rivalry among current competitors might get harder as the industry rules and regulations are strengthened and thus charities are becoming more and more suspicious and doubtful about working with agencies (Service 2016). In the current situation all the fundraising agencies willing to continue in the business have to be able to demonstrate their capability to add value to charities' cause with a strong focus on fundraising ethics and innovative use of the technology.

### 6.3.2 Choice of the generic competitive strategy

In accordance with the theoretical framework, the competitive strategy is based on Porter's theory of generic competitive strategies, which are as follows:

- Cost Leadership – Aiming to provide the most affordable option in the market and thus focusing on cost efficiency in all of company's operations in order to minimize the costs and gain good profit without having to charge much (Tanwar 2013).
- Differentiation – Creating a unique value proposition for the market and outperform competitors by offering highly differentiated product or service for the customers. This approach relies highly on strong brand image and company reputation, which lead to stronger customer loyalty (Tanwar 2013).
- Focus – Focusing all marketing efforts on one specific target market and aiming to satisfy the needs of this selected market in a best possible way utilizing either cost leadership or differentiation strategy within this chosen market (Tanwar 2013).

The only logical choice for a competitive strategy for the company X is differentiation strategy; cost leadership would require relying on economies of scale and thus is not an ideal option for a small company, who is unlikely to be able to recruit huge volumes in nearby future. The focus strategy would also be very difficult to implement as the whole target market for the fundraising services has to have the same basic need of achieving quality supporters for the charity while ensuring that all the industry rules and regulations are followed.

Implementing differentiation strategy for company X means following their original mission of providing ethical and customised fundraising campaigns to various clients. Company X is in the business because of desire to help and personal passion towards charity work (appendix 1). This genuine interest for the charity work should be a starting point in differentiating the services of company X from other fundraising agencies. The main emphasis of company's marketing actions should be on making this passion and will to help visible and clear to the client charities. There are many agencies advertising their campaigns as highly successful in terms of recruitment volumes or branding themselves as the users of the latest technology. To differentiate from the others company X should focus on "soft values" and ethical approach to fundraising. This does not exclude working



hard to achieve numerical targets of the campaigns or effective use of technology, but the differentiating factor should be company X's values. Building a good brand image and reputation at this stage should also be relatively easy for company X; the industry is in a situation, where many agencies have already faced issues and have been proven not to be trustworthy. Company X instead does not have any previous complaints or pending investigations and thus marketing the company as an ethical and reliable provider of services is reasonable and honest.

In addition to focusing on building a brand image as an ethical fundraising agency, company X should aim to keep the communication and relationships with its existing and potential new clients as informal and friendly as possible. Since during the interview the informality and ability to receive feedback were mentioned as one of the main positive differences in company X compared to other fundraising agencies (appendix 2), these qualities should definitely be included in all the operations of company X.

All in all, differentiation strategy for company X should rely on building and maintaining a positive brand image. Company X is still at the early stage, but has already established good relationships with clients and all of them are happy with the dedication and motivation the whole company has towards the campaigns. Easiness and fastness of communication together with more informal but yet professional approach to fundraising business combined with friendly, ethical and motivated fundraisers are the main strengths of company X and this should also be clear to prospective clients. It is clear that at the moment charities are looking for good quality campaigns and service providers, whom they can absolutely trust to follow all the rules and regulations. This is what company X has to offer and they should also utilize their newness when marketing their campaigns. As the client representative said during the interview, working with a new agency is a learning experience for the charity as well and also gives them a better chance to shape the campaigns to be exactly what they want (appendix 2).

#### **6.4 Macro-environment analysis – PESTLE**

The following chapter analyzes the external macro-environment of the company X with PESTLE-analysis. As mentioned in the theoretical framework, PESTLE-analysis is a framework developed for analyzing organization's macro-environment and the letters

stand for Political, Economic, Socio-Cultural, Technological, Legal and Environmental (Wood 2014, 36-40; Oxford Learning Lab 2015a).

#### **6.4.1 Political environment**

Political forces refer to stability of the political environment. It has to do with attitudes and opinions of different parties and movements and it is linked with the influence the government has for example on tax policies and other factors potentially affecting the businesses operating in the country (Oxford Learning Lab 2015a).

The biggest political factor influencing all the businesses operating in the UK is Brexit, UK's recent decision to leave the European Union. UK voted to leave the EU in referendum held on Thursday 23<sup>rd</sup> June 2016 (Hunt & Wheeler 2016). Brexit has already caused plenty of issues in UK and at the moment of writing the actual consequences of the decision are not completely clear. The value of pound fell dramatically immediately after the referendum, which means that buying imported products becomes more expensive and the overall inflation increases. This has its effects on personal finances of UK citizens; interest rates and house prices are predicted to raise, while wages, benefits and pensions are expected to lower. There is also a fear of raise in taxation as leaving the EU could mean slower economic growth. (Milligan 2016.)

In terms of charities and thus fundraising agencies working on behalf of them, the biggest risk Brexit creates is the general uncertainty in the public; people are unsure about the future and the financial consequences of the Brexit and thus become more careful with their spending. People donate to charities from their disposable income and if there is uncertainty of the amount of the income it has a direct impact on the willingness to donate. At the same time charities are likely to have more people in need of help as uncertainty and fear for losing jobs or savings can create anxiety, depression and other mental health issues. (Bawden 2016.)

From the perspective of a fundraising agency this means that achieving the campaign targets becomes more challenging, as potential donors are less likely to donate for a charity. Brexit also affects the funding charities receive from the government, which in turn means that they have less money to spend on their fundraising campaigns and they will be more careful about whom to recruit and with what kind of price. (Bawden 2016.)

### **6.4.2 Economic environment**

Economic factors refer to the economy of a country as a whole and includes aspects such as employment rate, economic growth level, cost of raw materials, interest and inflation rates and monetary policies (Oxford Learning Lab 2015a).

In the United Kingdom 71 % of the population (people between 15-64 years old) has a paid job in comparison to OECD average 65 %. Having a higher education increases chances of getting a paid job by 28%, which is still slightly less than OECD average 34 %. In general women are still much less likely to get employed and also earn less than men. (OECD 2015a.) The GDP in 2015 was 41 477 US\$ per capita and the average unemployment rate (1995-2015) was 5,3 % (OECD 2015b). Overall economic situation in the UK has been good over the past years; compared to other EU-countries the United Kingdom's economy recovered from the economic recession fast: in 2014 economic growth with 2,6% in the UK was highest of all the G7 countries (OECD 2015a).

However, the current economic situation in UK is unpredictable and quite unstable due to Brexit as discussed in the political factors. Overall the economy is predicted to experience very slow growth following the Brexit with value of pound decreasing, unemployment increasing and wages decreasing. Interest and tax rates are expected to raise and inflation become higher. There is also a fear that inflation will have a negative influence on the amount of pensions. (Milligan 2016.) As mentioned above, the economic uncertainty reflects on people's use of their disposable income and thus has a negative impact on donations made for charities.

### **6.4.3 Socio-cultural environment**

Socio-cultural factors have to do with the society the company operates in for example demographics, life style, level of education and healthcare and religion (Oxford Learning Lab 2015a).

The United Kingdom consists of four countries (England, Wales, Scotland and Northern Ireland), that are united under one government. The United Kingdom is a parliamentary

democracy with constitutional monarchy, and traditionally England has been the dominant nation with over 80 % of the whole population (62.8 million) living there (Expatica 2012; BBC 2016).

According to OECD Better Life Index (2015) The United Kingdom is doing well and performing above the average in many measures of well-being compared to other countries. The United Kingdom ranks above average for example in social connections, health status, jobs, earnings and subjective well-being. At the same time the United Kingdom is a society with a great social inequality: top 20 % of the population earn more than five times more money than the poorest 20%. (OECD 2015a). The life expectancy is 80,7 years and the population growth is estimated to be 0,53 % in 2016 (The World Factbook 2016)

Overall the quality of life in UK is good and thus in general people in UK participate actively in charity work: 79 % of the population participates in charity giving or action per year. The most likely individuals to give to the charity are women in the age group 45-64 years. Also corporations participate in charity giving. The report published by DMA in 2016 presents that British people are giving more money to charities despite the challenging economic situation and would thus be the most generous people in the world (DMA fundraising taskforce 2016).

In principle this social context provides a good starting point for charities operating in England. However, as noted earlier there have been several frauds in the actions of fundraising agencies. Recently many telephone and face-to-face fundraising agencies have gone out of the business due to breaking the industry's good practices and receiving bad media publicity (Birkwood 2016a). The case of fundraising agency NEET fleet using high pressure tactics and employing former criminals as fundraisers to recruit high number of supporters for some of the major charities in UK (Diaz 2016) is a good example of factors that are reducing the trust the public has for the fundraising and charities. The situation with public's trust is not too bad yet, but the research shows that these recent events have declined the trust and any further negative publicity is likely to cause an immediate decline in public's trust for charities. (DMA fundraising taskforce 2016.)

#### **6.4.4 Technological environment**

Technological factors present the influence of new and existing technologies that can be utilized in different areas of business and marketing, not only the ones directly related to information technology or the use of internet (Oxford Learning Lab 2015a).

In the fundraising business the effective use of technology offers new possibilities for charities and is also necessary as the latest technology gives charities and fundraisers a way to communicate on one-to-one basis with the supporters more efficiently than ever before. At the same time these new possibilities also create the need for a more controlled system of ensuring that the best practices are used and the new ways of communication and data collection are used responsibly. (Aldighieri 2016.)

For fundraising agencies, the biggest technological innovations are the internet based solutions for data capturing and processing meaning replacing the handwritten mandates used for signing people up with tablets. The use of tablets in fundraising reduces the work load of an agency as the fundraising software automatically creates data reports and saves all the data on a secured website whereas before this had to be done manually. It also gives more control over the fundraising process for both the fundraising agency and also the client charity.

#### **6.4.5 Legal environment**

Legal environment focuses on laws and regulations of doing business in a certain market. It differs from political environment by only considering those attitudes and recommendations, which have actually become laws and regulations (Oxford Learning Lab 2015a).

Charity and fundraising industry follows the legislation set by UK government's Charity Commission. The basic regulation of the charity industry is based on a self-regulatory system, which is controlled and maintained by The Fundraising Regulator in co-operation with the IoF (Institute of Fundraising). All the relevant regulations are collected in the Code of Fundraising Practice, which is set out by The Fundraising Regulator and regularly updated. All members of IoF are committed to following all the rules and regulations set up in this Code of Fundraising Practice. (Institute of Fundraising 2016e.)

The latest update to the Code of Fundraising Practice was published on 1<sup>st</sup> November 2016 by The Charity Commission for England and Wales and it includes two new legal requirements;

1. Charities operating with professional fundraisers or commercial partners must ensure that the written agreement between the parties includes the scheme for regulating the way the professional fundraiser/commercial partner runs the campaign (including plan for protecting the public and vulnerable people and avoiding the use of pressure tactics) and also charity's plan for monitoring professional fundraiser's compliance with these requirements
2. Charities that by law have to have their accounts audited need to include extra information (as specified in the Charities Act 2011, section 162A) about fundraising in their annual statements. (The Charity Commission 2016)

The Code of Fundraising Practice sets out very specific rules covering all the aspects of fundraising business. The main points of the Code for practical use are summarized in rulebooks for face-to-face fundraising (one for street fundraising and one for door-to-door fundraising). These books can be downloaded from the Fundraising Regulator's webpage and they offer a simple and practical summary of the basic rules of conducting face-to-face fundraising campaigns. The set of rules gives guidance for example about the expected behavior of the fundraisers, the members of public they can and cannot approach and the transparency rules (making explicit to the potential donors who they work for and how they are compensated as well as the financial nature of the support they ask for). (Fundraising Regulator 2016b.)

#### **6.4.6 Environmental impact**

Environmental impact has to do with the use of nature resources and sustainable development including such factors as recycling and animal rights (Oxford Learning Lab 2015a).

Although many UK charities operate with environmental issues, the question of environmental impact is not that relevant in the case of a fundraising agency. As a principle fundraising agencies are aiming to work in a sustainable and ecological way, but the question of considering environment or use of nature resources is not that topical in the industry.

## **6.5 Customer segmentation**

### **6.5.1 Demographics of the charity industry in England and Wales**

As the company X currently operates in England and at the moment has no desire to expand operations outside England (appendix 1), the starting point for customer segmentation is geographical and only the registered charities operating in England and Wales are considered as potential customers. (England and Wales are both mentioned as the Charity Commission responsible for the data is Charity Commission for England and Wales and thus the charity information of these two sectors is combined).

There are over 180,000 registered charities operating in England and Wales, and the annual income of these charities totals approximately £70 bn. Out of this number approximately 166,000 charities are considered as “main charities” meaning the reported charities, who have to publish their accounts and send this information to Charity Commission, or in the case of very small charities (income less than £10,000 per year) inform the Commission of changes to the information reported on Register of Charities. The remaining charities are called “linked charities” and they work as a part of main charities. (Charity Commission for... 2016b.)

Noticeable here is that the majority (approximately 74 %) of the registered charities are very small with their annual income being £0 - £100,000 per year (Charity Commission 2014). Also the total spending for generating voluntary income (meaning the money used in different fundraising activities) in this group is around £57,000, which counts 2 % of the total spending for generating voluntary income amongst registered charities in England (Charity Commission for... 2016c). These charities are thus not attractive clients for company X; the amount they spend on fundraising services is very small and they most likely work with in-house teams rather than hiring agencies to do the fundraising.

Mainly potential clients can be found from the charities with the most income and thus also most spending in generating the voluntary income. Charities that are considered to be relatively big in terms of income are all the registered charities with annual income over £5 million per year. There are around 2000 charities belonging to this category, which is 1,3 % of the total number of registered charities in England and Wales. This

group however, is generating more than 70 % of the total income of the charity industry in England and Wales and also spends around £1,6 million in generating voluntary income (70 % of the total expenditure of the industry). (Charity Commission for... 2016c.)

The smallest group of charities are the major players in the charity sector. This group consisting of 2000 charities are the most attractive target customers for company X; they have the most money to spend on fundraising campaigns and they are constantly looking for new agencies and new ways to generate more income, which is not possible without utilizing professional fundraisers.

### **6.5.2 Further considerations of the target segment**

At the moment of starting the thesis process, the target customer group for company X was easily defined; it consisted of the user member charities of the PFRA (PFRA 2016). After PFRA merged with IoF (Kay 2016) this database disappeared and though the new one is being prepared as the user members of PFRA will now be user members of IoF instead, the comprehensive list is not ready at the moment of writing the thesis.

The company X was a provider member of PFRA and is currently a supplier of fundraising services in IoF. In accordance with the company X's aim of being a highly ethical fundraising agency, the target segment of those 2000 rather well-known charities can be further specified by including only the registered members of IoF.

The company X is currently working with two disability charities in England. Company director does not wish to limit the target charities based on their cause, because this would limit the overall growth possibilities within an industry and for a fundraising agency it rarely makes sense to serve only certain type of charities. However, as a starting point having a couple of charity clients operating with similar causes can be beneficial too. The company X is not yet very well-known in the fundraising industry so it might be easier to build a strong and professional reputation within a certain charity sector, since the charities operating within the same sector are most aware of each other and the positive word of mouth spreads easily among them. This makes finding new clients from the same sector easier and once company X has more clients on board, it becomes easier to plan the future in terms of company resources. Having more clients means gaining more income



and thus enables expanding the business and improving the efficiency of operations, which are important factors for any charity client regardless of the sector.

The above suggested approach to segmentation does not exclude trying to attract and have charity clients from all the possible categories; it is only mentioned based on personal experience while working for the company X and noticing that current campaigns and also many new business enquiries were with disability charities.

## **6.6 SWOT-analysis of the company X**

The parts of the marketing strategy for company X covered earlier together with the research findings are combined with SWOT-analysis. The following table 4 shows the internal factors (Strengths and Weaknesses) and external factors (Opportunities and Threats).

The main strengths and weaknesses (internal factors) are based on the interview results with the company director and the client representative as presented in chapter 5.3 Strengths and weaknesses of the company X. External factors are based on desk research about the fundraising industry and charity sector in England.

TABLE 4. SWOT-analysis of the company X

	INTERNAL	EXTERNAL
POSITIVE FACTORS	<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Highly motivated team</li> <li>• Good reputation</li> <li>• Strong work ethics</li> <li>• Fast and accurate communication</li> <li>• Honesty and transparency of all the operations</li> <li>• Informal and personal relationships with clients</li> <li>• Willingness to learn and adapt; accepting the criticism and reacting to feedback</li> <li>• Personal interest and passion for charity work</li> </ul>	<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• New to the industry; flexible and fresh approach to fundraising</li> <li>• Co-operation with new, reliable sub-contractors</li> <li>• Full compliance with Code of Fundraising Practice; No pending investigations or severe complaints from anyone</li> <li>• London based; big market for fundraising</li> <li>• Many major fundraising agencies shutting down due to illegal practices</li> <li>• Setting up an own in-house team</li> </ul>
NEGATIVE FACTORS	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Lack of experience</li> <li>• Not yet as well established as older/bigger agencies</li> <li>• Limited resources; only three full-time employees</li> <li>• Challenges in reaching the campaign targets (with volumes)</li> <li>• Missing some of the company policies</li> <li>• Inconsistency in fundraiser training and monitoring it</li> <li>• Too broad schedules for monitoring the campaign and implementing required improvements</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• New and strict regulation in the industry</li> <li>• Negative media publicity</li> <li>• Charities are “warned” about working with agencies</li> <li>• Political and economic situation in UK after Brexit; uncertainty among public affects the individual giving</li> <li>• Dependency on subcontractors</li> <li>• Emerging alternative methods for raising funds; online giving</li> </ul>

## 7 CONCLUSION AND RECOMMENDATIONS

All the fundraising agencies are having difficult times in England at the moment due to economic uncertainty caused by Brexit and negative media exposure over the past few years. The charity sector is highly influenced by the uncertainty as people are giving to charities from their disposable income and if this income decreases or is expected to decrease, donating to charities will be among the first things they will give up. From a fundraising agency's point of view this means that recruiting new supporters for the client charities becomes more difficult. At the same time negative publicity is declining public trust in charities and especially in fundraising agencies, which further complicates the work of a fundraising agency. Also charities are more careful about working with professional fundraisers and the fundraising legislation is becoming stricter.

In this difficult external situation company X should aim to grow in accordance with its mission of being an ethical fundraising agency offering personal service and running well-executed fundraising campaigns that are tailored to specific needs of the client charities. Company X's biggest strengths lay on the honesty and transparency as well as good and relatively informal relationships both with the client charities and with the subcontractors. Also as a new agency company X is not very known in the industry and the reputation it has is a very positive one. In the light of recent frauds in the industry, this is a big asset for the company.

Further company X needs to start building a strong and unique brand image emphasising company's strong work ethics and the real passion the management team of company X has towards the charity work. This is apparent for the current client charities and this already helps to spread the message on as charities, especially the ones operating with similar causes, discuss their experiences about fundraising agencies. To further help creating awareness, in addition to constantly improving the campaigns and keeping the existing clients happy, company X should start advertising on several fundraising websites; charities' search for new suppliers is somewhat random as noted in the interview with the client representative (appendix 2), so having more presence online will lead to more enquiries and new clients.

Charities appreciate honesty and transparency above all; managing expectations and being open also about the negative sides of a campaign are highly important factors for a charity when choosing whether to continue working with an agency or not. Company X has a very open approach to fundraising business and also communication with clients works well. There is still some work to do with managing expectations. The interview with the client representative (appendix 2) pointed out that the company X can sometimes be a bit too optimistic about the campaign outcomes and in current campaigns the company X has not been able to achieve all the targets set by the client. Although this is partly expected from a new agency, the situation should definitely change and in the future the company X should promise to achieve only the targets, which they are reasonably sure they can achieve. This managing expectations becomes even more crucial when thinking about expanding and having more clients on board. Company X is a new and small agency, and it needs to be careful when planning to expand and make sure that it does not try to have more clients than it has resources for. A good strategy is first to make sure that the existing campaigns excel and target new clients after that. This also gives the company X time to gain more experience and become more established with all the company policies and schedules.

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## APPENDICES

### Appendix 1. Interview with the director of the company X

Interview Questions and Answers 1(2)

1. *When was the company founded and by whom?*

company X was founded in June 2015 by the owner and director of the company

2. *What was the main reason for starting up the company?*

The reason for starting an own fundraising agency was owner's personal interest and passion for charity work and the desire to help charity sector and thus be able to do a job for a good cause. →

3. *Where does the company operate (geographically) currently?*

company X is currently operating in South East England → The two main locations are Staines-Upon-Thames in Middlesex (operational office) and London (The official head office + the area for the current fundraising campaigns)

3.1. *What about the future plans?*

We have plans to expand our operations towards Midlands and Northwest in England. At the moment there're no plan for expanding outside the England for example to Wales or Scotland because of the differences in legislation.

4. *What are the mission/vision of the company?*

The main vision of the company is to be an ethical fundraising agency and this can be summarized with company X's slogan "to spread the correct message to all"

4.1. *Long-term goals of the business ie. where do you see the company in next five years?*

We are aiming to have between 6-7 different charities as clients in next five years and keeping all of them satisfied. In terms of volume we are hoping to be recruiting an average of 1000 supporters per month by that time.

4.2. *The unique value proposition ie. what makes this fundraising agency different from the others competing in the same field?*

We are always working hand in hand with the client charity. This means taking suggestions from charity and operating more on a mutual benefit rather than

simply providing selling our services. Thanks to our small size and flexible approach to different campaigns, we are able to offer highly personal campaigns and fundraising solutions for different clients.

5. *The human resources of the company*

5.1. *The amount of full-time employees:* 3 full time

5.2. *The amount of part time employees:* 2 (The accounting team of the company)

6. *What is the biggest strength the company has in your opinion?*

We offer well executed direct marketing campaigns for various charities and make sure that these campaigns are always executed in the most ethical way

The whole team working at company X is motivated and dedicated and willing to go the extra mile to make sure that all the campaign targets are met and the wishes of clients are satisfied.

7. *What is the greatest weakness the company has in your opinion?*

Due to company X being a relatively small and new fundraising agency, we are not always capable of achieving the desired number of supporters. This also relates to us focusing more on the quality and ethics of the fundraising rather than pushing for the high volume.

8. *What are the main challenges facing the company?*

Overall company X is facing the same difficulties as other charities operating in England at the moment; the negative publicity and negative media presence of the fundraising and charities affects everyone currently operating in the fundraising business in England.

Competition is a challenge as well, however not that big issue at the moment, since charities are always looking to work with agencies and are constantly in need of new supporters. Finding reliable and professional fundraisers is hard, which is why charities are also interested in working with small and new fundraising agencies too.

9. *How to best overcome these challenges?*

Overcoming the challenge of the negative publicity is done by following the main ideology of the company; We are making sure that our fundraisers are always polite, do not use any pressurizing tactics when approaching the public, we follow all the industry regulations and recommendations. By working in an ethical way we are able to reduce the complaints, both the ones that are received from the public and the ones that are received from the fundraising regulatory bodies and/or other charities.

## Appendix 2. Interview with the client charity

### Interview Questions and Answers

1(5)

1. *Please describe briefly working with company X ie. What are the first things that come to your mind when thinking about doing business with company X?*

company X is a very new agency in the industry. This means that the company is very happy to collaborate with the charity and listen their wishes & advice to be able to create successful fundraising campaigns. company X is very willing to collaborate with the client and are very involved in the process.

2. *Charity Z was company X's first client; how did you find out about them?*

The fact that charity Z was company X's first client meant some work for the charity itself in terms of for example how to train the fundraisers and how to book the best possible sites for the campaign. In another hand very positive also, because charity Z has been able to lay out exactly their expectations of the cooperation and the campaigns without the risk of company X thinking, that they know better or just want to go their own way without listening to the client. The great thing about being company X's first client is that it makes it possible (for the client) to shape the campaigns in a way they want to shape it.

Charity Z found out about company X by googling different agencies because they were looking for more resources for the needs of charity (in other words, new agencies to run successful campaigns to get more supporters for the charity).

- 2.1. *What was the main reason you chose to start working with them?*

Firstly, charity Z was very interested to see what it would be like to work closely with a brand new fundraising agency. Also it is very important for charity Z to meet face-to-face with the agency, management team and accounting team, to make sure that they are able to collaborate well together with the agency and run successful campaigns.

The initial meeting with the management team of company X (director of the company and the finance manager) made a very positive first impression; charity Z felt that the management team was very honest and that they were people, who would do their best to create good campaigns. Charity Z was looking for many new agencies to fulfill the needs of charity, but they wanted to be sure to choose the right type of agencies to do that and the positive feeling about company X was the key factor in choosing to work with them.

3. *What kind of expectations did you have upon starting the first campaign with company X?*

Charity Z expected a slow start especially since at the time company X was still recruiting new fundraisers, so Charity Z wasn't expecting high volumes to begin with. They seldom expect high volumes from the beginning of the campaign but that is the case especially with new agencies. They want to be sure that new agencies will have a steady start for the campaign to guarantee that the campaign will be viable and successful in the long run.

Charity Z expected high quality of the supporters (meaning no complaints, happy and satisfied supporters, who would commit for a long term giving to the charity). One reason for this expectation was company X's fundraisers being ethical and having a soft approach to members of public, who they were trying to recruit to become supporters (for example fundraisers were not harsh or putting pressure on people, which sometimes happens with fundraisers from other agencies).

Charity Z expected a sort of "slow learning curve" because of company X being a brand new agency and they wanted to have a flexible approach with issues arising, as there always are some when working with a company that is new to the business/industry.

### *3.1. How well have these expectations been fulfilled?*

Slow start in terms of the number of new supporters recruited was pretty much as expected, maybe a bit slower than what Charity Z was looking for in the beginning. company X's recruitment of new fundraisers was slightly slower than Charity Z expected and was hoping for in the beginning. When entering the new financial year (at the end of March 2016) the situation with volumes started to improve and be more on the expected level.

The quality of supporters has not been as high as expected. It is hard to say about the quality of the supporters in the first few months of the campaign as the volumes were so small that this information is rather irrelevant. The real data about the quality was only experienced once the second part of the campaign (executed in co-operation with company X's subcontractor) started as the number of supporters recruited increased significantly during that period. The quality of supporters recruited during that period wasn't good at all.

Expectations for the close co-operation and having a good relationship with company X were fulfilled. The communication with company X has been very easy and informal; Charity representative feels that she can pick up the phone and call anyone in the company X's management team, ask their thoughts and also speak freely about her/Charity Z's thoughts and feelings about the campaign. Also the communication is rather informal. The co-operation is very close and everyone works well to make sure that the campaigns are successful.

3(5)

4. *What kind of expectations you have from company X for the future? (Do you believe these expectations will be met?)*

Charity Z expects company X to grow slowly and also have a feeling that at the moment company X doesn't wish to grow any further until they have more experience and knowledge of the industry practices. Charity representative feels that company X is going to the right direction. Maybe in next few years company X will be ready to grow more.

Charity representative expects the expectations to be fulfilled because company X is working hard and efficiently together with the clients to make sure that they are doing the right things for the charity they're representing.

5. *How does working with company X differ from working with other agencies?*

Bigger and more established fundraising agencies tend to be more self-sufficient meaning that they don't need much advice from the charity, whereas with company X the charity has to work very closely with them to get the desired results. This is the situation at the moment but Charity representative is sure that with time company X will become more like the other more established agencies.

The great thing about company X is that Charity Z has a very good relationship with them and they are able to communicate very honestly and openly with each other. This is different with other agencies, because with them you have to be careful about the way you say the things (they might get offended by charity's criticism towards the campaigns they're running together). With company X it's possible to be completely honest also with the criticism.

6. *What is the most important quality/feature of a fundraising agency for the charity?*

The number one thing for Charity Z in a fundraising agency is managing expectations and being able to do that well. Another key factor is honesty; there are too many agencies that will tell the charity everything they want to hear, but are actually not capable of delivering those promises. It is very important that agencies tell the charity also when things are not going that well/as expected so that the charity is not shocked when they find out about the issues/problems. Charity wants to have clear image of what to expect from the campaign.

7. *On a scale from 1 to 5 (1 = not important at all, 2 = Not that important, 3 = Somewhat important, 4 = Very important and 5 = extremely important), how important are the following qualities of a fundraising agency (in general):*

7.1. Fast and accurate communication - 5

7.2. Honesty and transparency - 5

7.3. Achieving big number of new supporters -3

4(5)

- 7.4. Achieving high quality supporters (achieving the target KPIs) - 5
  - 7.5. Satisfaction of supporters (positive feedback vs complaints) - 4
  - 7.6. Problem-solving skills (ie in case of complaints) - 4
  - 7.7. Fundraising agency's reputation - 3
  - 7.8. The size of the agency - 1
  - 7.9. The price of the services - 3
8. *On a scale from 1 to 5 (1 = Very dissatisfied, 2 = Dissatisfied, 3 = Neither satisfied, nor dissatisfied, 4 = Satisfied, 5 = Extremely satisfied) How satisfied are you currently with the following qualities/features of **company X**:*
- 8.1. Level of communication - 4
  - 8.2. Transparency of operations - 4
  - 8.3. Problem-solving (handling complaints & taking appropriate actions in case of potential fraud) - 3
  - 8.4. Price of the services - 5
  - 8.5. Price-quality ratio (how well does the price of the services match the quality of them) - 2
  - 8.6. Meeting the targets - 2
  - 8.7. Clarity of the business & services provided - 4
  - 8.8. Easiness/Convenience of the co-operation – 4
9. *What is the best thing about working with company X ie what are you most satisfied with company X's performance and why?*

The best thing about working with company X is their willingness to listen the charity and their wishes and receive the feedback. The actual services (campaigns) are good as well, but sometimes company X is too optimistic with the expected results and outcomes

10. *What are you least satisfied with company X's performance and why?*

Currently Charity Z is least satisfied with the quality of the campaign; however, it is still quite early in the campaign so this is something that can be corrected. Also the training (especially the initial induction) of fundraisers is not what it should be and this would need to be improved. The current compliance and schedule is good but it should be more thorough.

11. *Which part of the company X's services/operations could/should be improved in your opinion?*

The things to improve are mostly to do with gaining more experience as company X is still such a young agency. They've been in the business only for a year, so the improvements should arise from expanding the experience. company X should be

5(5)

learning and improving its overall performance by working collaboratively with clients. There's not a particular problem to point out and all relates to lack of experience.

*12. Open feedback or thoughts about company X*

Charity representative feels that it has been a privilege to work closely with such a new agency. It has been a learning curve/experience for the charity as well. Charity representative feels that she will also be able to learn from the cooperation with company X also in the future.