E-Branding Strategies of Non-Profit Organizations

Horst Treiblmaier  
*Vienna University of Economics and Business Administration*

Arne Floh  
*Vienna University of Economics and Business Administration*

Irene Pollach  
*Vienna University of Economics and Business Administration*

Marcin Kotlowski  
*Echonet.at*

Follow this and additional works at: [http://aisel.aisnet.org/amcis2003](http://aisel.aisnet.org/amcis2003)

Recommended Citation

Treiblmaier, Horst; Floh, Arne; Pollach, Irene; and Kotlowski, Marcin, "E-Branding Strategies of Non-Profit Organizations" (2003).  
[http://aisel.aisnet.org/amcis2003/24](http://aisel.aisnet.org/amcis2003/24)

This material is brought to you by the Americas Conference on Information Systems (AMCIS) at AIS Electronic Library (AISeL). It has been accepted for inclusion in AMCIS 2003 Proceedings by an authorized administrator of AIS Electronic Library (AISeL). For more information, please contact elibrary@aisnet.org.
E-BRANDING STRATEGIES OF NON-PROFIT ORGANIZATIONS

Horst Treiblmaier
Vienna University of Economics and Business Administration
horst.treiblmaier@wu-wien.ac.at

Arne Floh
Vienna University of Economics and Business Administration
arne.floh@wu-wien.ac.at

Irene Pollach
Vienna University of Economics and Business Administration
irene.pollach@wu.wien.ac.at

Marcin Kotlowski
Echonet.at
Kotlowski@echonet.at

Abstract

E-branding provides non-profit organizations (NPOs) with new opportunities to communicate their missions and to build trust among their stakeholder groups, which is of paramount importance in a market segment that competes for donations and voluntary labour. Assuming that successful e-branding is determined by both internal and external communication strategies, we sought to develop a framework which explains the interdependency of these two factors in NPOs. Our findings are based on a study conducted among seven Austrian NPOs. Based on interview data and a qualitative analysis of their Web sites, we categorized the NPOs’ internal and external e-communication strategies into three successive levels each and combined them in a two-dimensional grid. The grid suggested that strong internal communication is the prerequisite for strong external communication and consequently for successful e-branding. This implies that internal communication should be the starting point for enhancing e-branding in NPOs. In view of the financial constraints in the non-profit sector, we concluded that the optimal e-branding strategy for NPOs should both tie in with their missions and aim for a healthy balance between available inputs and attainable outputs.

Keywords: Branding, e-branding, non-profit organizations, internal communication, external communication

Introduction

Despite the economic significance non-profit organizations (NPOs) have acquired in recent years, the implications of the Internet for NPO marketing seem to have received only little attention from both research and practice. Although NPO marketing has been the subject of academic research for more than 30 years, NPO branding has been studied for just about 10 years (cf. Hankinson 2001). In particular, the small body of literature on e-branding for NPOs calls for an investigation into e-branding strategies for NPOs.

Rusch (2002) rhetorically asks if investing in a brand can be seen as a frivolous activity for NPOs in view of their not-for-profit mission, but he concludes that a better understanding of NPO branding will lead to a more effective use of their donations, which eventually furthers the NPOs’ causes. Although the peculiar organizational structure of NPOs fosters creativity and innovation, they often lack the motivation to exploit these opportunities commercially. Also, it seems that NPOs have not yet seized the opportunity to fully integrate the Internet into their business processes with a view to enhancing their core competencies, even though NPOs—particularly educational institutions—were actually the first organizations to use the Internet (Clay 2002). Based on the assumption that well thought-out strategies for internal and external communication will help NPOs to build such e-brands,
this paper begins with an outline of relevant aspects of both NPOs and e-communication. The main argument put forward in this paper is that successful e-branding for NPOs is determined by the alignment of intra-organizational and external communication capabilities. The conceptual framework for NPO e-branding we arrived at is based on qualitative interviews with NPOs from different sectors and an examination of their public Web sites. The paper concludes with hands-on recommendations for NPO communication strategies and suggestions for further research.

Non-Profit Organizations

Since NPOs vary widely in terms of structure and purpose, it is difficult to find a concise definition for them (Badelt 2002). Still, a number of characteristic features of NPOs can be discerned (Connors 1993; Kotler 1975). First and foremost, an NPO’s raison d’être is to fulfil its mission rather than to generate a profit (Cyert 1977). This specific mission of an NPO is typically laid down in its mission statement, which describes what the organizations stands for and what it seeks to achieve. Broadly speaking, their mission is to make a difference in society and in the lives of individuals (Horak 2002). Another characteristic element of NPOs is the voluntary involvement of workers. Although NPOs may well have gainfully employed workers as well, they could not exist without volunteers who are committed to this mission and who pursue goals that are not primarily remunerative (Schindler-Rainman 1988).

Further, evaluating non-profit performance is not as straightforward as performance assessment of for-profit organizations. While the performance of for-profit organizations can be easily measured and compared by means of variables such as profit, revenues or earnings per share, these financials are not applicable to NPOs, as their performance is mission-driven rather than profit-driven (Smith, Baldwin and White 1988). The performance evaluation of NPOs would require an assessment of the quality of the services they provide, which could then be juxtaposed to the cost of these services to determine the level of "mission directedness" (Drucker 2001; Liao, Foreman and Sargeant 2001). The complexity of performance evaluation is further aggravated by the fact that NPOs perform two functions, as they both provide services to their customers and need to raise funds from their donors, thereby working two markets (Liao, Foreman and Sargeant 2001). In view of the increasing number of NPOs, there is mounting competition especially for donations, which are fundamental to the organization’s survival and the fulfilment of its mission. To master the challenge of securing funds, NPOs compete for donations through a variety of communication channels—including to a growing extent the Internet (Rosso 1988). Hence, in this competitive environment, NPOs may benefit from a strong, attractive brand, which may serve as a strategic resource to attract customers and donators alike and to build lasting relationships with these stakeholders (Hankinson 2001).

E-Communication

Brands can be defined as entities assembling and maintaining a mix of values, both tangible and intangible, which are relevant to consumers and which meaningfully and appropriately distinguish a supplier’s brand from those of others. Intangible factors are very difficult to assess even individually. If a number of such elements are combined to create such a unique entity—a branded product or service—the evaluation of these separate but interrelated constituents is far from easy (Murphy 1993). Branding as a Means of Communication

Although most industries and products or services can benefit from a brand, not every product necessarily needs its own stand-alone brand. Brands can be separated intro three categories (Randall 1997): Primary brands are a company’s core brands and typically garner a large percentage of a company’s sales potential, thus warranting close attention. Secondary brands are often line extenders for a core brand. Commonly, secondary brands are modifiers, strengthening and supporting the core brand. Tertiary brands typically have insignificant sales potentials but contribute to the company’s overall image to some extent. The very fact that consumers perceive a brand as embracing a set of values which they can relate to easily causes them to reject alternative brands which may not possess all these values. Brands are therefore enduring assets as long as they are kept in good shape and continue to offer consumers the values they desire (Chernatony 2001).

Online companies are putting branding to work with remarkable success. Research has shown that the brand names of seven Internet companies are already recognised by more than 50 million adults in the United States, which gives them the status of “mega-brands” (BusinessWeek 2002). The literature on e-branding points to a number of strategic considerations for building

In spite of these promising opportunities, e-branding has a few limitations as well. The pros and cons of e-branding are juxtaposed in Table 1.

Table 1. Pros and Cons of E-Branding (Sleurink, 2002)

<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Image: E-commerce enhances marketing, communication and branding strategies and thus the overall image of the organization.</td>
<td>Financial risk: E-branding requires substantial investments with uncertain returns.</td>
</tr>
<tr>
<td>Efficiency: Customers can find information and purchase products and services online.</td>
<td>Accelerated communication: Can the organization cope with the information explosion that is likely to result from e-branding?</td>
</tr>
<tr>
<td>Effectiveness: The Internet enables NPOs to engage in virtual one-to-one relationships with their customers.</td>
<td>Lack of physical contact: Relationship management is difficult without personal face-to-face contact.</td>
</tr>
</tbody>
</table>

Ultimately, the success of e-branding depends on the strategic management of both internal and external drivers of e-branding, which are outlined below.

**Internal Drivers**

1. Technology: Selling or procuring online requires NPOs to integrate various components into their IT infrastructure, such as local networks, Intranets, electronic payment facilities, and WWW sites (Harris and Schoenfelder 2002).

2. Structure: E-branding activities may be integrated in the organizational structure in a variety of ways, including the establishment of a separate e-commerce department or the cooperation with a for-profit organization (Dayal and Landesberg 2000).

3. People: Members of the organization, ranging from the chairman to volunteers, may be resistant to the changes e-commerce and e-branding bring about (Anonymous 2002b).

**External Drivers**

1. Sponsors and donors: Web sites are a new channel to give donors insights into an NPO’s performance (Fantapié Altobelli 2001).

2. Suppliers: A large non-profit community can put pressure on suppliers due to their bargaining power. The use of auctions may also result in lower costs, since suppliers have to bid for a contact (Gerken 2001).

3. Beneficiaries: A virtual helpdesk may also serve as a feedback mechanism, giving first-hand information and fostering the NPO’s mission accomplishment (Ind and Riondino 2001).

4. Regulatory environment: Selling or creating knowledge has to comply with intellectual property laws. Disclaimers help to shape the expectations of partners and beneficiaries (Sleurink 2002).

A successful branding strategy requires internal as well as external brand management (Keller 2000, 134), which is a particular challenge to NPOs in view of the internal and external drivers outlined above. For one, organizational structure and design have to be capable of implementing the devised external communication strategy (Bruhn 1997, 98). Further, internal stakeholders need to consistently communicate the brand to external stakeholders in order to persuade donors to give money, to recruit new volunteer workers, or to induce customers to purchase from the NPO (Hankinson 2001).
Research Design

The objective of this paper is to develop a framework that helps NPOs to enhance their internal and external communication in a resource-friendly manner with a view to enhancing the effectiveness of their e-branding strategies. The framework is based on the findings of a study conducted among seven Austrian NPOs, which exhibit a variety representative of NPOs in Austria. The selection of the sample was based on the International Classification of Nonprofit Organizations (ICNPO) developed at John Hopkins University. According to this scheme, NPOs can be classified by economic activity into eleven main categories. These include culture and recreation; education and research; health; social services; environment; development and housing; law; advocacy and politics; philanthropic intermediaries and voluntarism promotion; international; religion; business and professional associations, and unions (Center for Civil Society Studies 2002). This classification draws on the notion that NPOs are also non-governmental organizations and therefore excludes government-sponsored institutions. However, in Austria the boundaries between the public sector and the non-profit sector are blurred, as many NPOs are financially intertwined with the public sector (Badelt 1999, 68). To account for this Austrian peculiarity, we extended the classification to include semi-public NPOs as well, yet only if the activity they engage in could theoretically be undertaken by a true NPO as well. We therefore introduced "Public Information" as a separate category, which includes public bodies that offer information and advice on a particular subject matter. The sample contains five NPOs in the ICNPO categories and two NPOs in the Public Information category (see Table 2).

<table>
<thead>
<tr>
<th>NPO (Institution Génerale)</th>
<th>URL</th>
<th>ICNPO Categories</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austrian Fishers’ Association (Fischereiverband Österreich)</td>
<td><a href="http://www.fischerei.or.at">www.fischerei.or.at</a></td>
<td>Culture and Recreation</td>
</tr>
<tr>
<td>Vocational Training Institute Vienna (Berufsförderungsinstitut Wien)</td>
<td><a href="http://www.bfi-wien.or.at">www.bfi-wien.or.at</a></td>
<td>Education and Research</td>
</tr>
<tr>
<td>Austrian Samaritans (Samariterbund Österreich)</td>
<td><a href="http://www.samariterbund.net">www.samariterbund.net</a></td>
<td>Health</td>
</tr>
<tr>
<td>National Safety Council (Zivilschutzverband Österreich)</td>
<td><a href="http://www.siz.cc">www.siz.cc</a></td>
<td>Social Services</td>
</tr>
<tr>
<td>Austrian Tenants’ Association (Mietervereinigung Österreich)</td>
<td><a href="http://www.mietervereinigung.at">www.mietervereinigung.at</a></td>
<td>Development and Housing</td>
</tr>
<tr>
<td>City of Vienna, District of Leopoldstadt (Stadt Wien, Leopoldstadt)</td>
<td><a href="http://www.wien.at/leopoldstadt">www.wien.at/leopoldstadt</a></td>
<td>Category Added</td>
</tr>
<tr>
<td>Youth Department of the City of Vienna (Landesjugendreferat der Stadt Wien)</td>
<td><a href="http://www.netbridge.at">www.netbridge.at</a></td>
<td>Public Information</td>
</tr>
</tbody>
</table>

Table 2. Overview of the Sample

To grasp the implications of e-branding for NPOs, we analyzed both internal communication processes and the external Web-site communication of the NPOs surveyed. For one, data was collected by conducting semi-structured interviews with key staff members in these organizations over the phone or in person. The in-depth interviews focused on the NPOs’ core activities, their financial background, their internal electronic communication and their Web sites. The interview questionnaire contained both open-ended and closed questions in the form of lists of possible answers or 6-point Likert scales. We used two different constructs, internal and external communication, which are explained in more detail below. Due to the qualitative nature of this research, which aims at creating a reference model, we used a categorization scheme to cluster the answers of the interviewees. As far as the interpretation of the results is concerned we have chosen a positivistic approach, which allowed us to interpret the data gathered (Lacity and Janson, 1994). The NPOs’ Web sites were analyzed qualitatively to determine the level of interactivity they exhibit, focusing on hypertext features such as content customization and community-building tools. This analysis was conducted by using a checklist that covered the communication strategies described below. The interview responses and the Web-site analyses provided two sets of primary data, which were combined to develop a framework for NPO online communication that integrates both internal and external communication strategies.
**Internal Communication**

Based on the investigation of electronic communication structures within NPOs, internal electronic communication has shown some variation regarding the volume of information made available to members and the possibilities of sharing information electronically. Also, it has turned out that organizational members identify with the NPO to varying degrees, which impacts the success of internal brand management. These findings are categorized into three successive levels of internal communication — *Information*, *Dialogue* and *Identity*. With each level, the electronic integration of communication functions rises and the members' identification with the organization increases.

At the *Information* level, all members of the organization have access to the same information as external constituencies such as customers or the news media. Internal stakeholders do not have the opportunity to efficiently share information electronically with all other employees. The organization does not have the desire and/or the resources to set up an organizational intranet. The only electronic form of communication available to employees is e-mail, which they use to communicate with external audiences rather than with other members of the organization.

In organizations that have matured beyond the *Information* level, members share and exchange information. At the *Dialogue* level, the organization has a common platform to share files, news, and events. The platform helps teams to coordinate their workload and facilitates the teamwork of geographically dispersed members of the organization. Interactive features such as instant messaging and newsgroups enhance one-to-one communication and strengthen interpersonal relations among all members of the NPO. Internal communication processes are bilateral or even multilateral, thereby making the organization leaner. The organization gains in efficiency, as its internal processes are streamlined. This form of electronic communication has also been found to raise employee motivation and the level of employee integration in the organization (Bruhn 1997, 849, 883-884).

*Identity* is the highest level electronic communication can achieve internally. User-friendly, accessible technology makes electronic communication within the organization highly efficient and ensures that it is actually used by all members of the NPO. Internal stakeholders know what the brand stands for and are utterly committed to the organization’s mission. The interconnectedness of all members and their identification with the brand result in high levels of motivation and personal involvement. In particular, e-mail communication in organizations has been found to promote employee identification with and attachment to the organization (Wiesenfeld et al. 1999; Kraut and Attawell 1997).

**External Communication**

External electronic communication may help the company to enhance its brand image and its credibility by meeting the audience’s communication needs through dialogic or interactive exchanges (Bruhn 1997, 849). An in-depth analysis of the NPOs’ Web sites produced a classification of external e-communication into three types labeled *Self-Presentation*, *Two-way Communication* and *Community Building*, which differ in the extent to which they have adopted interactive features.

Web sites that focus on *Self-Presentation* are merely resource oriented, offering mainly information such as organizational profiles or product descriptions (Levi 1997). Although the Web sites provide contact details including e-mail addresses or may offer newsletters, the flow of information is only one-way, with the main processes being the organization making information available and the readers merely consuming it without contributing anything to the exchange.

*Two-way Communication* enables communication bidirectional exchanges between the organization and the user, e.g. with the users submitting online forms. On these Web sites, users also find e-mail addresses of individual units of the organization. Further, the Web sites offer customized views, albeit to a limited extent only such as customization according to geographic location.

The highest level of interactivity is found on Web sites at the *Community-Building* level. Users may download material from the Web site, buy online, donate online, use e-learning tools, or become members online. Intelligent search tools aid the user in navigating the site. Login facilities provide registered users with a personalised view of the site and grant them access to restricted member areas. Further, the site hosts community-building features in the form of message boards, chats and newsgroups.

**An Integrated Model of E-Branding for NPOs**

The findings above result in a model of NPO branding which integrates both internal and external communication (see Figure 1). Since the centrepiece of an NPO’s strategic moves is its mission, the latter drives internal and external processes. Accordingly, the mission shapes electronic communication within the organization and with external audiences. Internal communication starts
off at the Information level and may move on the Dialogue level or even the Identity level, as the NPO sophisticates its IT infrastructure and adapts organizational communication to make employees active participants rather than passive recipients in intra-organizational communication. External electronic communication initially takes the form of Self-Presentation and, after integrating interactive tools into the Web site, matures into Two-way Communication and may eventually arrive at the Community-Building level.

In the integrated model, internal and external electronic communication are mutually reinforcing processes, with the internal communication structure and technology determining the organization’s WWW communication capabilities. At the same time, information demands from external stakeholders may drive changes in the internal communication structure and, if financially feasible, may lead the NPO to expand its IT infrastructure. These mutual demands internal and external electronic communication place on each other take the NPO to the next higher level in both internal and external communication and determine the success of internal and external branding.

**NPO E-Branding Strategies**

The model outlined above serves well as a framework for analysing the e-branding strategies Austrian NPOs pursue. We combined the two dimensions of NPO communication in one grid matrix and plotted a position for all seven NPOs based on the interview data (see Figure 2). The interviews also provided valuable insights into the changes the NPOs intend to make in their communication strategies. These changes may result in upward or downward movements on the grid, which are captured by the arrows. Overall, the findings endorse the notion that there is a strong interdependence between the level of external communication and the level of internal communication strategies, i.e. strong external communication appears to be associated with strong internal communication and vice versa. This relationship becomes even more prominent when taking into account the intended movements. The interrelationship between internal and external NPO communication can be put down to three main factors:

- Typically, non-profit organizations have large stakeholder groups internally (volunteer workers) and externally (donors), both of which require a lot of information. Since successful branding calls for consistent communication with all stakeholders, external and internal communication have to be closely aligned.

- Since an NPO’s financial resources are by nature scarce, NPOs are very likely to use their resources efficiently. Organizations that have invested heavily in sophisticated IT infrastructure thus tend to exploit their IT capabilities to restructure other business processes as well.
• It seems that movements to another communication level involve only one step at a time. As can be seen from Figure 2, the NPOs do not move diagonally in the model, as this would require two simultaneous steps. Rather, they change either their internal or their external communication strategies, which will then trigger a subsequent movement along the other dimension.

![Diagram of E-Branding Strategies of Austrian Non-Profit Organizations]

Figure 2. E-Branding Strategies of Austrian Non-Profit Organizations

The grid matrix not only provides a framework for understanding NPO e-branding strategies in general, but also distinguishes between two NPO business models—Public Interest Groups and Service Businesses. While the former focus on providing their customers with specific information for free, the latter render services in exchange for money. As can be seen from Figure 2, there are no significant differences between the two types of NPOs. Both Public Interest Groups and Service Businesses tend to align internal and external communication rather than concentrate on either of these two dimensions.

We conclude from the grid that there is no perfect e-branding strategy that works equally well for all NPOs. The most effective e-branding strategy is one that ties in with the NPO’s mission and makes best use of the NPO’s scarce resources and distributes them most sensibly between internal and external stakeholders. Hence, the best strategy would be a "satisficing" (for further discussion of the notion of "satisficing” see e.g. Hodgson 1992, Byron 1998) balance of available inputs (financial and human resources) and attainable outputs (e.g. brand value, communication effectiveness, and fundraising revenues). The notion of balance between input and output explains the downward movement planned by the Youth Department (see Fig. 2), which was induced by the customers’ lack of interest in the features the Youth Department offers on its Web site. By moving down to the level of Two-way Communication the NPO will be able to address its stakeholders’ needs more effectively than at its current position on the grid results in an imbalanced input-output relationship.

Apart from the fact that changes in one aspect of the communication strategy usually influence the other, our research has identified a distinct relationship, which can be formulated as follows:

• Strong internal communication is a prerequisite for strong external communication.
• Strong external communication is no prerequisite for strong internal communication.
In most cases an organization’s information system is built up for internal purposes first, e.g. the establishment of a back-office system. Subsequently, the existing infrastructure and most importantly the IT know-how can be used to strengthen external communication. However, it is certainly possible to focus solely on internal communication without the need to modify external communication, for example if there are not sufficient funds to enhance both internal and external communication. Outsourcing would be an exception to this proposition, as it enables NPOs to strengthen their online presence without the need for an adequate internal communication infrastructure. It is also worth noting that nearly all companies we examined were about to fine-tune their internal or external communication processes, which indicates how dynamic e-communication is in NPOs.

Implications and Outlook

This paper sought to illuminate the interplay of internal and external communication strategies of non-profit organizations with respect to e-branding. Data were generated from a representative sample of Austrian NPOs that currently make use of the Internet as an e-branding channel, albeit to varying extents. The NPOs’ communication strategies were first captured in a model that explains how the NPOs’ missions and their internal and external communication strategies have a bearing on e-branding. The grid matrix plotted subsequently suggested a close interrelationship between internal and external communication strategies, with strong internal communication as the prerequisite for strong external communication. Since the framework arose from a study conducted solely among Austrian NPOs, further research should test its applicability in a broader, cross-cultural setting.

The findings arising from the study suggest certain implications for improved NPO branding on the Internet. The World Wide Web may be a relatively cheap medium for external brand communication, yet only if it is supported by an adequate internal IT structure, as strong internal communications was proposed to be the prerequisite for strong external communication. For NPOs, this means that they can only harness the WWW to lower their costs of branding, if they also invest in their internal IT infrastructure. Since this may easily offset the low costs of the external communication infrastructure, e-branding is not necessarily a marketing panacea for resource-constrained NPOs. At the same time, especially for those NPOs that are dependent on donations, the disintermediation made possible by the Internet could aid them in strengthening stakeholder relations. Hansen (1998) provides a classification scheme to assess the risks for companies arising from disintermediation, which could be applied to NPOs as well. Further research is needed to address the risks and problems that NPOs may encounter when they cannibalise long existing distribution channels.

We also recommend that NPOs identify their most important stakeholder groups and assess their existing communication channels. As a next step, NPOs should position themselves in the two-dimensional grid proposed above to determine whether their internal and external communication strategies are in balance or whether they use resources ineffectively by aiming at a level of external brand communication they cannot support internally. An analysis of their targeted vs. actual performance on both dimensions can help to identify their requirements for know-how, hardware and software. These needs are an important consideration in deciding whether the implementation of their envisaged e-branding strategies can be carried out in-house or has to be outsourced.

Another implication borne from the findings is that NPOs should enable both their employees and their volunteers to participate in internal information flows and take into account the different information needs of mission-oriented volunteers and employed workers. Only if an NPO’s internal stakeholders perceive the organization as transparent and trustworthy will they be able to communicate the organization’s trustworthiness and reliability to external stakeholders in a credible manner. Trustworthiness matters in particular to NPOs that raise funds online, as their customers do typically not receive a tangible benefit for their donations. Internal communication is thus a critical successful factor for e-branding in the non-profit market. Overall, it can be concluded that NPOs have recognised the potentials of the new medium for e-branding and understand the Internet as a source for interaction and information sharing. The strategies they pursue and envisage exhibit a lot of creativity, determination and momentum, which suggests that NPOs will take better advantage of the technological opportunities available in the future.

References


