

# The Power of Branding

## Inspiring Nonprofit Support —



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# Introduction

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In 1990, domestic automobile manufacturers found themselves in deep trouble. The innovative design and the quality of production long associated with the three dominant American brands, Ford, General Motors and Chrysler, had long been consigned to the annals of memory. The autos that rolled off of the Detroit assembly lines were notoriously ill designed and were, in general, very unreliable. Additionally, the oil crisis of the 1970s, one that would drive the American consumer to more fuel efficient vehicles, prompted the production of domestic compact vehicles that could not compete with the new foreign imports of Toyota, Mazda and Honda.

For more than a generation, domestic auto manufacturers had been shedding market share to foreign imports. Entering with a different product concept and maintaining a strong commitment to quality production, foreign brands, by the late 1980s, had garnered such strength that the “big three” American automobile badges

found that they could neither expand or maintain their market share. By December of 1990, sales of General Motors, Ford and Chrysler products were at their lowest point since 1983. Additionally, this slump in domestic automobile sales had a profound impact upon the general economy, as the United States auto industry is strategic in consideration of its pervasive linkages to the rest of the economy.

Something, clearly, had to change.

## **Then Harry met Sally.**

In October of 1990, before the first televised showing of the then wildly popular movie “When Harry Met Sally,” a commercial debuted for a new American automobile. Stressing a completely new approach to design (the first new car built in America in the last four decades), a steadfast

commitment to quality and production originating in a small town in America, the Saturn would go on, not only to sell more than a million units in four years, but would change, forever, the approach of the “big three” domestic car brands approach to automobile design and marketing.

What Saturn had deciphered was that within a highly competitive and evolving market, consumer engagement was dependent upon aligning market need and interest with the dimensions of the product.

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*It was not so long ago that no one could hold a candle to America when it came to making cars – we did not invent the automobile, but we invented what it became. At Saturn, we had to learn how to learn all over again.*

*-Saturn Car Commercial, October 1990*

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In many, many ways, those nonprofit organizations who are most successful have much in common with Saturn motorcar.

In 2015, there were more than 1,600,000 registered nonprofit organizations in the United States. A third of these organizations were smaller, earning less than \$1 million in revenue per year.

Additionally, in the last decade, the nonprofit sector has grown by more than 20 percent, outpacing growth in the “for-profit” sector by more than tenfold.<sup>1</sup>

Within this highly dense and competitive market, there is evidence of significant market fragility. A report released by Marsh and McLennan in 2018 on the financial state of the domestic non-profit sector indicated that:

- *8% of all nonprofit organizations are insolvent.*
- *One in three have significant liquidity issues with insufficient cash reserves.*
- *One in two have less than one month of operating reserves.*
- *\$40 to \$50 billion dollars would be required to restore insolvent organizations in the nonprofit sector.*

<sup>1</sup> Urban Institute, National Center for Charitable Statistics, Core Files (2005, 2010, and 2015); and the Internal Revenue Service Business Master Files, Exempt Organizations (2006–16).

Additionally, this report revealed that there is an inverse relationship between the size of a nonprofit organization and the reliance of that organization upon philanthropy for operating support. Larger nonprofits have a much more dynamic revenue mix than smaller organizations and, as such, smaller nonprofit organizations, those that make up the majority of the nonprofit universe, have a significant reliance upon charitable contributions for operational funding.

It has never been more critical, in consideration of the realities of the market and the noted fragility of the organizations within that market, for nonprofit organizations to form deep and abiding relationships with their constituents. As marketing activities are essential in creating those bonds with current and potential supporters, nonprofit organizations, increasingly, are discovering the importance of branding in their marketing toolkit.

This white paper will explore both the brand relationships that donors have with their organizations of choice and how specific “dimensions” of a perceived nonprofit brand impact donor engagement. This white paper draws heavily on existing research conducted by Mya Groza and Geoffrey Gordon of Northern Illinois University.



# The Nonprofit Brand

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Consumer research has demonstrated that maintaining a strong brand is essential to differentiation in a given market. As with commercial entities, branding is essential for nonprofit organizations to ensure that they stand out and resonate within a highly competitive environment as a robust brand clarifies what the organization stands for.

*As such, nonprofit organizations should consider how brand relationships are formed with their constituents that inspire the support necessary to sustain the organization.*

Brands, by definition, have a personality, defined as those human characteristics associated to the brand. As Audi, Mercedes and BMW are seen as sophisticated, so too are Apple and the Ford Mustang perceived as cool or hip. Brands that are embraced by individuals usually convey a personality that the consumer finds appealing or acceptable and, over time, form a real extension of the consumer's personality. The commercial brand has a personality that is congruent or complimentary to the personality of the consumer.

A nonprofit brand relationship may be defined as a relationship that inspires an individual to commit **time** (in the form of volunteer services), **financial resources** or **promotion of the organization** to others within the individual's social circle. Brand relationships are formed based upon the totality of their perceptions regarding the nonprofit. As a strong perception leads to support, so too does a negative perception have a deleterious impact upon the ability of the organization to connect with their constituents.

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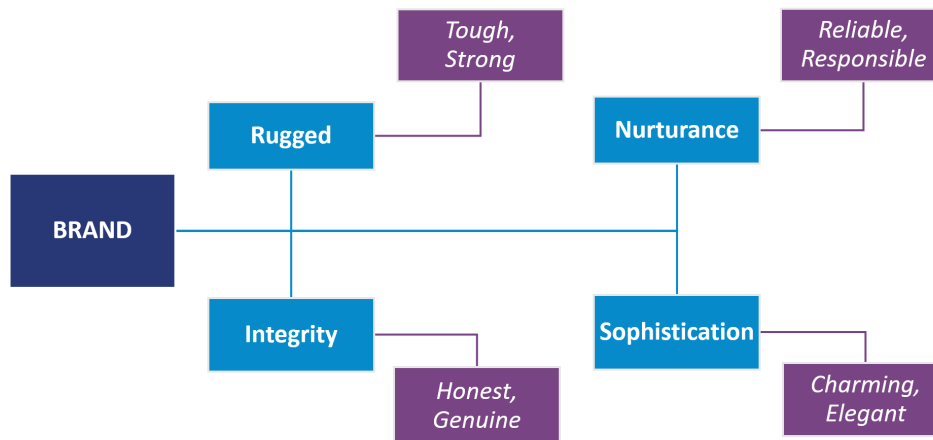
*In 2011, the Lance Armstrong Foundation had \$47 million in revenue and 90 employees. In 2015, organizational revenue was slightly less than \$16 million with less than 40 employees.*

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# Brand Personality Traits

Consumer research has, over time, identified specific dimensions or personalities within a given brand:



When this modeling is applied to nonprofit brands, research has shown that promotion of specific dimensions (ruggedness, integrity, nurturance or sophistication) prompts specific responses from an organization's constituents. When considering a commercial purchase decision, the consumer compares and contrasts their own values with the perceived values inherent within the brand of the product. If there is congruence between the commercial and personal brand values, a purchase is made. Where there is incongruence between the perceived values of the commercial and personal brands, no purchase is made ( i.e. someone who does not perceive themselves as "rugged" is less likely to buy a Jeep than someone who has an affinity to outdoor recreation). This concept of "self-brand congruity" also applies to nonprofit organizations: individuals whose personalities and values align with the brand personalities of the nonprofit organization are more likely to form a relationship with that organization.

With nonprofit organizations, both perceptions of nurturance and ruggedness are powerful motivators for nonprofit brand affiliation. Additionally, heightened perceptions of nurturance prompts contributions of time and recommendation of the nonprofit to others, but does not have a significant impact on the individual's inclination to financially support the nonprofit. When, however, ***nurturance is a value that is congruent between the individual and the nonprofit***, the individual is more likely to volunteer within the organization, make financial contributions and recommend the organization to others. Perception of ruggedness prompts promotion of the organization within an individual's social circle.

# Implications of Brand

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The findings associated with this research, long understood in the consumer space, has profound implications for the nonprofit sector. By all indications, the meteoric growth within the nonprofit sector shows no signs of slowing down. Indeed, as the need for social service programs continue to expand, the service provisioning of many existing nonprofit organizations will be stressed and new organizations will be created to meet any service gaps: simply stated, the nonprofit sector is going to become a lot more crowded. As competition for the philanthropic dollar increases, smaller nonprofit organizations will need to:

1. *Be clear about what your brand purpose is:* a brand purpose can be defined by addressing why the organization exists, what differentiates the organization in the market, what problems does the organization address and why people should care.
2. *Engage in proactive brand building exercises:* these exercises include, but should not be limited to focusing on the development and optimization of the platforms where constituents learn about the organization. Additionally, attention needs to be given and investments need to be made in coherent social media, email and content marketing.
3. *Develop a deep understanding of current and potential supporters:* In the consumer world, this is called a brand buyer persona. Understanding the basic biograph information of current supporters is an excellent point of departure, but conducting qualitative research through surveys or interviews to determine the motivations for affiliation, for example, is critical to shaping your brand message.
4. *Integrate all external communications across all platforms to include direct mail, social media, web and paid media.* Messaging should be customized for the media and should be hyper personalized.
5. *Nonprofit organizations should highlight brand personalities of nurturance and sophistication when promoting the organization.* These personality traits are critical in retaining current and acquiring new supporters.

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## Brand Purpose – Wounded Warrior Project:

*Every warrior has a next mission. We know that the transition to civilian life is a journey. And for every warrior, family member, and caregiver, that journey looks different.* [Why the organization exists and what problems it solves]

*We are here for their first step* [What differentiates the organization], *and each step that follows. Because we believe that every warrior should have a positive future to look forward to. There's always another goal to achieve, another mission to discover. We are their partner in that mission.* [Why people should care]

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# About the Author

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James Michael Kopp serves as the Vice President for Nonprofit Programs at Cathedral Corporation. In this capacity, he develops innovative and award winning annual and special fund programs for the leading nonprofit organizations in the United States.

Jim has more than twenty five years of experience as a senior manager in nonprofit organizations. As Dean at Keuka College, Jim secured a significant grant from the United States Department of

Education to address on campus alcohol and other drug consumption. Following the successful implementation of this initiative, Jim was asked to serve as a Senior Grant Reviewer by both the United States Departments of Justice and Education.

Following roles as Dean at Knox College and Vice President of Advancement at Green Mountain College, Jim served as Director of Advancement at the Diocese of Albany. In this capacity, Jim was responsible for the management of a 9 million dollar annual program and a 30 million dollar foundation.

As a Senior Managing Director at Changing Our World, Jim directed comprehensive campaigns and development audits for such organizations as the United Nations Foundation, the Sesame Workshop, the United States Presidential World War One Centennial Commission, the Catholic Foundation of Eastern Missouri and the International Society of St. Vincent DePaul.

Jim is a frequent speaker at national and international conferences and resides in Albany, New York. He holds a M.A. from the University of Maine.



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