

British heart foundation organisational analysis



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The British Heart Foundation is a not-for-profit organisation. We are the UK's largest heart charity (the fifth largest charity in the UK), fighting heart and circulatory disease. Largest funder of research into heart disease in UK.

Founded in 1961 Our head office is based in London and there are six regional offices. Employ 1807 staff. Heart and circulatory disease - the UK's biggest killer 2. 6 million people in UK living with heart disease. Income year ending March 2008 was nearly £117 million Fund research, education/campaigns raising awareness, life-saving cardiac equipment and through BHF heart nurses, they help support patients suffering from heart disease.

BHF has B2B customers, working in partnership with organisations such as Colgate, HSBC, Lloyds TSB, Weight Watchers and Scottish and Southern Energy. However, this study will focus on BHF's B2C customers. Number of SBU's - trading, Events, VFR, Legacies, Prevention and Care therefore serving multiple customer segments. BHF's target audiences include Heart patients, " at-risk" groups, health professionals, and children and parents. As with most charities, those donating money, time and support to the BHF are typically 45 plus, ABC12s.

1. 2 BHF's Philosophy

The philosophy of an organisation refers to its business approach, it is the principles that underlie its whole operation; the philosophy is what guides the organisation. Organisations may operate under one of three philosophies; they may be product, sales or market oriented (Lancaster and Reynolds, 2005).

A product oriented organisation focuses on their existing products, their goal being to produce them as efficiently as possible. There is little, if any, consideration of the needs and wants of their customers or the market. A sales-oriented organisation, although recognising their competition, still devotes little in the way of considering the needs and wants of their customers. The sales-person's role is key and their goals are typically short-term with success being measured in terms of sales (Lancaster and Reynolds, 2005).

A market-oriented organisation holds the customer at the centre of all its activities. In contrast to the sales orientation, where marketing is likely to be restricted to a marketing department, the marketing-oriented philosophy is one that permeates the whole organisation; every department recognises the central importance of the customer. There is an emphasis on understanding their target audiences; identifying their needs and satisfying them. (Lancaster and Reynolds, 2005). Products and services are developed with the target audience in mind, in fact extensive research into the customer needs and market conditions is conducted to inform the development.

Andreasen and Kotler (p38, 2007) Marketing orientation means " marketing planning must begin with the target audience, not with the organization"

The BHF follows a market oriented philosophy, Target audiences are a central focus of the organisation; the organisation only exists as a result of their audience. The focus on their " customers" is demonstrated not only by their current strategy to make the organisation more relevant to target

audiences, but also by their corporate objectives (see appendix 1), which are customer focused; based on fulfilling their needs and attaining a high standard service. The organisation is dedicated to instilling the market-approach organisation-wide, for example internal marketing workshops are frequently held, aimed at the “ non-marketing” departments.

Lancaster and Reynolds (2007) claim that to achieve their corporate objectives, the market oriented company must recognise that they do not exist in a vacuum; rather, the external environment is dynamic and constantly changing. Whilst it is essential to identify and anticipate the needs and wants of their target markets, and know how best to respond to these with the most efficient use of the resources available to them, it is important that this is done within the context of their ever-changing external environment and the opportunities and threats it poses.

Therefore, for a market-oriented organisation such as the BHF, the role the marketing plan plays is a crucial one. It operationalises the organisations philosophy and ensures the organisation actually is market-oriented and provides a route the organisation can follow to ensure this. As mentioned in 1. 1 the marketing plan requires a great deal of research scanning the environment and aiming to meet the customer needs and wants (Beamish and Ashford, 2008).

The role of marketing information and research in conducting and analysing the marketing audit

The Role of Marketing Information and Research

In order for an organisation to operate a market orientation and remain customer-focused, information and research is essential. When undertaken properly it can provide a thorough understanding of target audiences and the micro and macro markets. The findings guide the direction of the marketing plan and with the right information and research subsequent decisions will be informed ones and it will be possible to make more realistic future predictions. Failing to gather data and research poses serious risks; without it an organisation is effectively operating in a vacuum, future decisions are uninformed and there is no customer focus. (Beamish and Ashford, 2008).

Collecting Marketing Information

There are two ways of collecting marketing information; secondary and primary. Secondary data is information collected for a purpose other than for the current research. External sources of secondary data include third party databases such as keynote and mintel, government statistics, national and trade press and the internet. In addition, there are also a number of internal sources of secondary data, for example a Customer Relations Management (CRM) database providing demographic (age, gender, address, occupation) and lifestyle data (where, what, when and how they buy, how much they spend, religion). Other internal sources include customer complaints, sales reports, personnel, information on their products and services, prices, retailers, internal training of staff, marketing budget/spend, communications

spend and results of previous market research studies. Much of this data may be held on a central database - The Marketing Information System (MkIS), this can provide substantial information, fulfilling some research needs, however to obtain bespoke, targeted information to fulfil all research needs primary data is necessary (Taghian and Shaw, 1998)

Primary data is data bespoke to the research project. It allows for a more detailed analysis specific to the organization. External sources of primary data interviews, focus groups and surveys. Internal data can be gathered through interviews with staff.

Conducting Research within BHF

Secondary: OneCRM

Third party databases

Subscribes to specialist magazines such as ThirdSector, Marketing Week and PR Week - Information on external environment.

Primary: Recognises importance of bespoke research - uses external agencies (FIND NAME RESEARCH NOTES!!). Important to note that there are only 2 other chest and heart charities in CAF top 500, third party data therefore often only relates to charity or health charity sector, not very specific.

Use surveys and focus groups.

2. 4 Conducting and Analysing the Marketing Audit

Environmental scanning is necessary to conduct a detailed marketing audit; it requires both primary and secondary information on both the internal and external environment.

To analyse the internal environment we need to consider: Product, Price, Place, Promotion, People, Process and Physical Evidence (7P's) and Staff, Style, Shared Values, Systems, Structure, Strategy and Skills (7S's). This data is specific to the organisation and therefore internal sources such as sales reports, CRM databases, staff interviews, internal observations and staff intranet are used.

To analyse the external environment we need to consider factors such as political, economical, social, technological, environmental and legal (PESTEL) as well as suppliers, publics, intermediaries, customers and competitors (SPICC). This requires information sources such as third party reports, newspapers, trade magazines such as ThirdSector, focus groups, surveys and interviews of existing and potential volunteers/beneficiaries/supporters.

Marketing audit and their key issues and their implications for the plan

3. 1 The Marketing Audit

- The Internal Environment

This refers to those factors the organisation has full control over. To identify the strengths and weaknesses of BHF's internal environment the 7P's marketing mix and McKinsey's 7S's framework were used (appendix 2).

These consider 14 elements such as product, price, place, promotion,

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strategy, structure staff and skills. In addition there are also models that can be used to help analyse certain elements, for example the BCG matrix (appendix 2) and value chain analysis.

- The Micro Environment

To help identify the opportunities and threats that exist within BHF's micro environment the SPICC model was used (appendix 3), which considers 5 factors an organisation has partial control over; suppliers, publics, intermediaries, customers and competitors. To help analyse these factors the Product Life Cycle, Porter's Five Forces model (appendix 3) and the Value Systems Analysis can be used.

- The Macro Environment

An organisation has no control over influences within the external environment, however it is important to scan the environment in order to identify the opportunities and threats that may exist and to make informed decisions to prepare for them. When scanning BHF's external environment the PESTEL model was used (appendix 3), this categorises the forces into political, economical, social, technological, ecological and legal.

Having analysed the internal and external environment a SWOT analysis can be conducted (figure 2), whereby the key strengths and weakness of the BHF and the opportunities and threats facing them are identified. Bringing together the strengths and weaknesses enables the identification of BHF's core strengths; their distinctive competencies (DC's), and from the opportunities and threats their critical success factors (CSF's) can be identified.

CSF's

- Little direct competition.
- Many customers with a link to the cause.
- Media attention surrounding issues BHF tackle.
- Large prospect market.

THREATS

- The credit crunch: decreased disposable income, corporate donations, legacies (accounts for 40% BHF's income).
- Direct Marketing not as effective as it used to be for charities (not seeing a return on investment). Hard to obtain the details of new people.
- More health and medicine charities than any other type, therefore a lot of competition – especially as many tackle similar issues e. g. smoking, obesity.
- Many people find it embarrassing and give socially desirable answers when discussing issues such as obesity and exercise, i. e. issues the BHF deal with – research unreliable.
- Government's Digital Britain Initiative could leave the BHF looking out-of-date.

OPPORTUNITIES

- Many customers have a link with the cause – potential to engage with our audiences more directly and build long-term relationships.
- There is a large prospect youth market – opportunity to increase revenue and market share.

- Little direct competition, one of just 3 heart charities in top 500 - opportunity to maximise differentiation.
- Companies are placing more importance on Corporate Social Responsibility - provides more B2B opportunities.
- More media attention surrounding the issues BHF tackles such as food labelling and obesity - raises profile.
- Governments Change4Life campaign has given BHF exposure.

WEAKNESSES

- Lack of perceived relevance to the target audience - hard for them to engage with BHF.
- Many generic products that aren't customer friendly.
- Website is hard to navigate - much information available, but buried under links.
- Low staff turnover - lack of fresh ideas and perspectives in the organisation.
- Staff close to or highly driven by the cause find it hard to see general public perception.
- Regional offices developing their own structure, meaning BHF messages may appear inconsistent on a national level.

STRENGTHS

- Strong and trusted brand.
- Market leader (number 1 heart charity in UK)
- Large integrated CRM - large pool of customer data
- Highly motivated -dedicated and driven by cause.

- Recently launched large multi media campaign ‘ Connections’ – increased awareness.
- Strong demand/need – heart disease is the biggest UK killer.
- A number of large corporate sponsors – give access to large audiences.
- Many professionals working for BHF – high calibre and solid knowledge base.

DC’s

- A strong, trusted brand.
- Large CRM database.
- Strong demand.
- Large corporate sponsors.

3. 2 Key issues faced by the BHF and their implications for the plan

The SWOT analysis highlights the key issues now faced by the BHF, these are shown below:

Key issues the BHF faces and their implications to the marketing plan.

Key Issue

Implications to the Marketing Plan

Credit Crunch

reduction in disposable income, therefore less donations

slump in the housing market, therefore reduction in legacies

reduction in corporate donations

Income reduced therefore a tighter budget - need to generate alternative, cost-efficient ways of raising funds - go for low risk options such as building on existing relationships rather than investing a lot of resources trying to make new contacts.

Increasing competition from other health charities.

BHF needs to maximise their advantage of having little direct competition and emphasise their differentiation by highlighting unique aspects of the BHF's work rather than those that are similar to other charities and make it relevant to target audiences.

Direct Marketing no longer an effective communication media for charities.

Need to use alternative communication media that are equally accountable yet more effective - possibly making more use of new media.

Large prospect market.

Targeting this market will require a great deal of resources, however in the short term; given the economic climate it is perhaps not the best time to try to enter this market. It is a great opportunity that should be should be considered in the long-term.

Very high priority given to cost savings and operational efficiency, even more so due to the recession - often results in generic products (Bruce, 2007).

Need to optimise the use of the OneCRM database and increase product customisation.

The Digital Britain Initiative is set to “ secure the UK’s place at the forefront of innovation...and quality in the digital communications industries” - rapid development could leave the BHF behind.

Plan needs to make better use of new media, possibly going out of the BHF’s comfort zone.

Having conducted the SWOT analysis and considered the key issues, the BHF is now in a better position to set their objectives and determine their strategy.

Referring back to figure 2, the DC’s are well supported by the CSF’s; there is a good match. Therefore we can afford to set higher level marketing objectives (discussed in section 4. 1). This creates a “ gap”, identified through gap analysis, between the initial forecast (where we will be if we continue to do nothing) and the new objectives. Taking the SWOT analysis into consideration I believe this gap can be bridged through establishing a product development growth strategy, this is a moderate risk strategy, which the match of the DC’s and CSF’s supports. The BHF will also operate a differentiation competitive strategy (appendix 4); we need to emphasise our unique selling point amongst all the other health charities. Although, other product lines may also contribute in closing the planning gap, the remainder of this plan will focus on the BHF’s new product.

Task 02

Red for heart campaign

London to Brighton Bike Ride

New Product

B2B Corporate Partnerships

World Events

Regional Events

Sponsored School Events

SBU Marketing

Marketing Objectives for the BHF's New Product

The BHF's New Product

The BHF will launch a B2C membership service that will allow them to engage directly with a large audience and encourage the development of long term relationships. Members will receive information on how to improve their heart health. Upon registering the member will receive a welcome pack containing a 'heart risk' tape measure, a guide to heart health, a 5-a-day food diary, a heart matters fact card and a membership card. They will also receive access to the heart matters helpline, receive email alerts tailored to their needs (healthy eating, getting active, quitting smoking and well being) and will have an online account with a homepage that is regularly updated according to their stated interests upon sign up. Their membership will also provide them with special commercial offers. This is a free service because it is a belief of the BHF that heart health information should be available to all.

4. 2 Marketing objectives for the BHF's Heart Matters membership service

There is a hierarchy of objectives with three levels; corporate, functional and operational. At the corporate level they start off more general and are long-term and get more specific " the closer the planning activity gets to the tactical implementation stage" (p23 Robert et al, 2005).

Corporate objectives are often expressed in financial terms, for example referring to return on investment (ROI) and return on capital employed (ROCE) (Beamish and Ashford, 2008). However, for many not-for-profit organisations, including BHF, although still long-term, they can be much harder to measure. They are typically based on the needs of the beneficiaries, now and for the future.

"[They] set out the direction of the organisation; they are a statement of its priorities...Everything the organisation does should be related back to a [corporate] goal" (accessed on 10/04/09 10. 30 at <http://www.ncvo-vol.org.uk/index.asp?id=488>)

Functional objectives are more specific than corporate objectives, often medium term referring to percentage increase in sales or market share. These then feed down to the operational objectives that are short-term and much more specific based on the 7P's marketing mix, for example to offer a 10% discount for 2 weeks.

Therefore when setting the marketing objectives for Heart Matters, they should support the corporate objectives as well as reflecting the close match between the DC's and CSF's. With regards to Heart Matters, the BHF have <https://assignbuster.com/british-heart-foundation-organisational-analysis/>

three options. The first is to take the view that the BHF is doing a lot of work directly related to their corporate objectives, therefore Heart Matters should be all about raising funds to help finance this work. The second is that Heart Matters should primarily focus on the need of the beneficiaries, the third is a middle-of-the-road option, whereby the need is addressed to a certain extent, but the service must be self-financing.

We believe Heart Matters should initially be about addressing the need of the beneficiaries as this would provide the best opportunity to reach and engage with a wider audience.

Keeping in mind the objectives should be SMART (specific, measurable, attainable, realistic and time bound) the marketing objectives for Heart Matters are as follows:

Marketing objectives for Heart Matters Membership Service

Objectives

To recruit over 300, 000 members, with less than 7% annual attrition by 2012.

This helps support the BHF's objective to provide vital information to help people reduce their own heart health risk - once recruited, members will have access to heart health information to help improve their heart health.

Hitting this target would indicate increased engagement with supporters.

For 20% of donors to make a donation by 2012.

30% of the general population donate to charity; however, this may be skewed (as heart conditions are more prevalent in low income areas). This supports all objectives, as funds raised are invested in helping achieve BHF's objectives. For example, to achieve objective 1 (appendix 1) the BHF will provide funding, equipment and facilities to achieve the best results. Therefore, funds raised will support this.

For 40% of members recruited to have engaged with another BHF product/service by 2012 e. g. to have participated in an event, donated, made a purchase from the online shop or catalogue.

This serves to increase public involvement in heart health, to help achieve objective 2 (appendix 1). Achieving this target would indicate an increased understanding of the work BHF does and an increased involvement of BHF supporters.

5. Segmentation, Targeting and Positioning of Heart Matters.

5. 1 Segmentation

Customers are very diverse; therefore the same product and tactics will not appeal to all of them. We need to use segmentation; the process of “dividing the market into specific groups of consumers/buyers who share common needs and who might require separate products and/or marketing mixes” (Kotler, 1998 as cited in Ashford and Beamish, 2008). B2B and B2C markets each require different techniques to do this, as Heart Matters is a B2C product consumer segmentation will be used.

Consumer markets can be segmented based on the following criteria:

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Geographic segmentation is based on variables such as region, population density and size of the area.

Demographic segmentation uses variables such as age, gender, income, occupation, ethnicity and social class.

Geo-demographic segmentation is a combination of the above, assumes that people either socialise according to class and occupation, or their lifestyles and geographic factors (Ashford and Beamish, 2008). ACORN (A Classification of Residential Neighbourhoods) is a system commonly used to segment the population according to geo-demographics.

Psychographic segmentation groups according to lifestyle using variables such as social activities, interests, opinions and values.

Behaviouristic segmentation refers to customer behaviour, segmenting based on variables such as benefits sought, purchasing rate and usage rate.

Segmentation for the BHF differs depending upon whether the market to be segmented is donor or beneficiary. When segmenting the donor market, all of the above criteria are important, however when segmenting the beneficiary market, behaviourist segmentation will typically be given priority (Bruce, 2007). There will be 2 main phases to Heart Matters; the first will target beneficiaries. Upon recruitment of the target beneficiary groups the product will move into its second phase, to raise donations, therefore the target beneficiary groups will be further segmented and new target groups identified (for example this will determine those members receiving a £5 donation ask and those receiving a £15 one) . This report will focus on phase

1, therefore segmentation will be specific to the BHF's beneficiary market (for further information on phase 2, please refer to appendix 5.

As previously mentioned, the BHF gives priority to behaviourist segmentation when segmenting their beneficiary markets. Potential segments Heart Matters could target include:

Seeking help recovering from a heart condition

Seeking help living with a heart condition

Seeking information on caring for someone with a heart condition

Desire to improve their lifestyle

Desire to improve their diet

Frequent user of BHF products/services

Infrequent user of BHF product/services

Use products and services from a variety of health charities

Loyal to an alternative health charity

Although behaviourist variables form the basis of segmentation, further segmentation is necessary as within these groups there are still huge differences from one customer to the next. Further, given limited resources it may not be possible to serve everyone within a particular needs group. The BHF also use the other criteria to identify additional segments:

Geography: The BHF is a nation-wide organisation, however they segment according to

Densely populated areas

Large metropolitan areas

Areas of low income

Demographics:

Parents - educate about keeping their children's hearts healthy

65+ higher risk of heart disease, inform on how to reduce risk

30-45 leading busy lives, but still have a chance to make a change

7-16 to educate about the importance of keeping their heart healthy

Sedentary occupation

High stress occupation

Geo-demographic:

Segment into different ACORN groups all of which are within the BHF's beneficiary market as heart health information should be made available to everyone. The market is segmented according to ACORN group as solutions and recommendations may differ depending on income and social class, for example EF14 category - affordable healthy recipes, gym-free ways of keeping fit.

Psychographics:

Internet-savvy

Dependents

Families

Older couples (no children or left home)

Gym Members

5. 2 Target audience for Heart Matters

The marketing of Heart Matters will follow a differentiated strategy, that is Heart Matters will only be targeted at certain segments of the total market and the marketing mix (section 6) will be tailored towards these target segments of the market. Figure 4 below shows the target groups chosen for Heart Matters Membership.

Recovering/living with heart condition&high risk

Glasgow and London

Age 50+

Behaviour

Geographic

Demographic

Target groups for Heart Matters

Target Group

Reason for Choice

Recovering/living with a heart condition and high risk groups.

This is a large market; heart and circulatory disease is the UK's biggest killer, almost 2.6 million people are living with heart disease. It is a current strategy of the BHF to make the organisation more relevant to target audiences; this is a large audience where the need is currently greatest and it is important to ensure the BHF is made relevant to them.

These are issues that are unique to the BHF, no other large charity tackles them - targeting this group provides an opportunity to highlight the BHF's differentiation.

Glasgow and London

As this is a new product, and one which is free it will initially be launched into just 2 cities, this is to reduce the risk involved. Densely populated cities give a wider market reach. Glasgow has been chosen as there is a high concentration of heart disease, London has been chosen as people living here tend to have a faster pace of life, encouraging them to be unhealthy. Initial rates of membership registration of the two cities may give an indication of where to roll the membership out to.

Age 50+

Heart disease is more common and risk is greater in older people. Further, a survey under-taken by one of our corporate sponsors Fitness-First revealed <https://assignbuster.com/british-heart-foundation-organisational-analysis/>

that of all age groups the over 50s showed the greatest percentage eating healthily, this indicates a large market that would be receptive to health-related information. In addition, this is the baby-boomer generation, a large percentage of which are wealthy home owners - may provide significant fundraising opportunities in phase 2.

5.3 Positioning Heart Matters

Having selected the target segments, it is important the service is then positioned with their needs and requirements in mind. Positioning is “ the act of designing an offer so that it occupies a distinct and valued place in the minds of target customers” (Kotler et al, 1998). The target segments are likely to have concerns, it is therefore important the service is positioned as reassuring. However, we do not want to be patronising and compromise our brand, the service tackles serious issues so needs to be positioned as a provider of expert advice. Each customer treated as an individual, we wish the service to be viewed as providing customised, not generic information.

Figure 4 below shows how we would like our target audiences to perceive our service.

Customised

Reassuring

Expert, trusted advice

Generic

Inaccessible

Amateur advice

Depressing

Accessible

Perceptual Map for Heart Matters

Marketing mix for the BHF's Heart Matters Membership Service

Strategy

Justification

Product

USP (Unique Selling Point)

Core product: USP – no other charity provides information and advice specific to living with and recovering from a heart condition. Supports our competitive differentiation strategy.

Secondary and tertiary product: Carbon Copy – many other charities provide free membership services offering newsletters, free calendars, membership cards etc (appendix 4)

Price

Intermediate strategy, in terms of the value the customer will place on the product.

This supports our “ quality of information” positioning and selective marketing strategy. Heart Matters’ core product has a USP; however we want it to be available to everyone within our target market, not just a specialist group, so therefore skimming is not applicable. Price penetration is also not applicable as this is a strategy typically used for lower quality, carbon copies therefore does not support our “ quality of information” positioning strategy. In addition we do not want to target everyone within the beneficiary market; this is a new product, do not want to appear low quality and generic, the intermediary price strategy supports this.

Place

Dual distribution – use both direct and indirect (via intermediaries) distribution to the customer.

Selective Distribution

Interdependence – BHF retains full control.

Dual distribution: the core product will only be distributed directly, this is essential to support the “ expert” positioning and give the BHF full control over the service. Indirect distribution of the core product may confuse customers and fail to relate it to the BHF.

Indirect distribution of Heart Matters registration and materials. This will give a greater access to the market and provide customers with the option to register in person or online.

Selective distribution will give access to the “ right” customers i. e. our target groups. This also supports our “ quality” positioning strategy and intermediate price strategy, as we can choose intermediary locations that support our brand such as pharmacies.

Intermediaries will be interdependent - the BHF will retain full control. This is because the BHF has a strong brand and a greater understanding of the customer needs, particularly as this is a service aimed at beneficiaries. Giving independence to intermediaries may risk bad PR for the BHF.

Promotion

Objective - Differentiate and Inform

Str