

## **Is Social Marketing Particularly Relevant to Social Enterprises?**

By Rory Ridley-Duff and Sarai Barton

### ***Introduction***

In recent years, a new term - social enterprise - has been promoted throughout the world (Borzaga and Defourny, 2001). Despite this, recognition in the UK remains low. Recent research by the Office of the Third Sector found that only 28% of people could name a social enterprise and that 47% of people knew nothing at all about them (OTS, 2008). Confusion with charity was commonplace. While 46% of people picked *Comic Relief* from a list of possible social enterprises, only 5% picked The Co-operative Group. Given that Co-operatives UK were the primary backers of the two largest social enterprise agencies in the UK (Social Enterprise London and the Social Enterprise Coalition) this finding is significant.

### ***Social Enterprise - A Short History***

One way to clarify the drivers of social enterprise is to examine its history in the United Kingdom. In 1997, Rory was a director of Computercraft Ltd, a well established worker co-operative based in London. Computercraft was one of the organisations that came together with co-operative development agencies (CDAs), the Co-operative Party and other trading co-operatives to form a new London-wide development agency (Social Enterprise London). The new agency quickly established its influence with the New Labour government through its political links with the Labour movement. In 2002, staff from Co-operatives UK and Employee Ownership Solutions Ltd established the Social Enterprise Coalition as a national body.

The success of these early initiatives encouraged the government to consider a fourth strategy for addressing community regeneration and welfare provision (Westall, 2001) and they initiated a major consultation on social enterprise strategy (DTI, 2002). This consultation resulted in Community Interest Company (CIC) legislation, now promoted as the company form for social enterprise. The consultation process drew in - and increased the influence of - the wider voluntary and community sector. In May 2006, the government established the Office of the Third Sector linked to the Cabinet Office to drive forward their agenda for collaborating with Third Sector organisations in public service delivery (Wallace, 2008).

Within a few years, the democratic trading model of Social Enterprise London was marginalised in favour of a broad conception of social enterprise as “trading for a social purpose”. In 2005, while advising on ICT systems for NCVO’s *Sustainability Project*, Rory was provided with internal documents exploring NCVO’s conception of social enterprise as a means of achieving sustainability

in the Charity/Voluntary sector. NCVO now publicly embraces the language of social enterprise and has started to actively promote the benefits of ‘mutuals and co-operatives’ alongside charities and voluntary organisations (NCVO, 2008).

The appeal of the term ‘social enterprise’ across the political spectrum is not only the reason why many new relationships are now being forged, but also why there is confusion and competition over its meaning and nature. By 2008, the term “social enterprise” had been appropriated by (and applied to) four distinct groups:

- A Charities and voluntary groups embracing a ‘contracting culture’ with public sector customers.
- B Charities and voluntary groups that establish trading operations to generate income for their social missions.
- C Co-operatives / social firms that tackle social exclusion by adopting ‘bottom-up’ and pluralist approaches to governance and human resource management.
- D Businesses that invest or share their surpluses in a ‘public interest’ or ‘fair trade’ enterprise.

Three of these contexts (A, B and C) are typically linked to developments in the Third Sector (community businesses, social firms, voluntary groups, charities, co-operatives, credit unions and mutual societies). The last of these (D) is increasingly linked to two other developments. Firstly, there is a new approach to public management that seeks to reverse the post-WW2 policy regarding the state’s role in the delivery of education, health and social services. Secondly, there are private sector led corporate social responsibility initiatives that create partnerships and joint projects involving stakeholders from more than one sector (BITC, 2008).

A key departure, in the minds of social enterprise advocates, is a view that social enterprise is a *cross-sector trading organisation or activity* (Morgan, 2008) capable of rebuilding and developing social capital where this has been depleted by contemporary political and economic thinking (Laville and Nyssens, 2001). As such it emerges in the boundaries between the public, private and voluntary sectors to address the shortcomings of each (Leadbeater, 1997; Nyssens, 2006; Ridley-Duff, 2008). Holding hybrid organisations up to the norms and ‘best practice’ of charitable, private or public enterprise at best obscures, at worst devalues, their potential.

Social enterprise is often expressed as an ideal type: a multi-stakeholder co-operative or charitable business with a clear social mission, inclusive system of governance and 'social' ownership. The goal is often, but not always, to erode distinctions between 'governors' and 'governed' ('directors' and 'employees' / 'trustees' and 'staff' / 'landlord' and 'tenant') in order to increase responsiveness and democratic accountability both internally and externally.

### ***The Relevance of Social Marketing to Social Enterprise***

It helps to clarify differences between social, commercial and ethical marketing as social enterprises have the option of using any or all of these in their marketing mix:

*"Social marketing is an adaptable approach, increasingly being used to achieve and sustain behaviour goals on a range of social issues. Its primary aim is to achieve a particular 'social good' (rather than commercial benefit), with clearly defined behavioural goals." (NSMS, 2009)*

Social marketing can thus be conceptualised as a set of strategies to change behaviours and attitudes in order to achieve a social good. Amongst its armoury of methods is an approach based on personalising the impact of trading with an organisation through *storytelling*.

Commercial marketing is firmly grounded in market exchanges through a "process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods and services to create exchanges that satisfy individual and organisational goals." (Kotler and Keller, 2006: 4). A hidden sub-text is the motivation of the commercial marketer to make money. Nevertheless, Kotler and Zaltman (1971) set out how the process, and the framework for developing a marketing mix, can be re-interpreted and applied to persuade people to change social behaviours. Therefore, while there are differences in the goals of social marketing and commercial marketing, there is some common ground over the methods that might be deployed.

Stoddard (2009: 6) frames ethical marketing as "an honest and factual representation of a product or service that offers clear cultural or social values to the consumer". In this guise, social marketing's primary aim of achieving a social good differs from an ethical marketing perspective to sell products and services honestly. An interesting cross-over between these two perspectives, however, is found in fair trade companies who attempt to market themselves both socially and ethically, through informing the consumer about the way they source their products, and how paying a 'fair' price promotes better working conditions and quality of life for their overseas suppliers.

All three types of marketing share some principles and practices such as the marketing mix (product, promotion, place and price) but they approach the act of marketing in different ways and develop practices that seek different ends. Social marketing prioritises identification and design of social benefits (it emphasises a 'change' agenda). Commercial marketing prioritises identification of consumer value and financial benefits (it emphasises a 'profit' agenda). Ethical marketing aims to build confidence in an organisation's corporate social responsibility (CSR) and might be used to support either social or commercial marketing initiatives.

### ***Social Marketing and Social Enterprise - Where's the Link?***

Both USA and UK conceptions of social enterprise set out an agenda based on combining social or environmental change with business practices. In particular, there is an expectation of community level control through organisations that reinvest surpluses back into service and product development.

*"So-cial en-ter-prise (n.) - An organization or venture that achieves its primary social or environmental mission using business methods." (Social Enterprise Alliance, 2009 - USA)*

*"A social enterprise is a business with primarily social objectives those surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners." (DTI, 2002 - UK)*

Both social enterprises and social marketing share a common goal - doing social good. Unlike private enterprises who sell products, social enterprises *also* have to sell concepts (their reasons for being). Social marketing, therefore, is particularly relevant for social enterprises. The task of selling their concepts lends itself to social marketing through a focus on changing behaviours and achieving a social or environmental mission (Andreasen, 1995).

In a direct email communication Alan Andreasen said: "I would argue that almost any project designed to improve the social welfare of individuals or communities is social marketing." Therefore, social marketing is appropriate to social enterprise because it focuses on legitimising the social and environmental impact of the organisation, which in turn makes the enterprise viable through product sales or the provision of services. Social marketing, therefore, is an approach to communicating a social enterprise's vision and mission, aims to excite people so they become involved (direct support), evoke passion for its broader cause (indirect support) and personalise its impacts so more people are attracted to its ideas.

## *Some Examples - Buster's Coffee Co. and Hill Holt Wood*

### *Example 1*

Mark Powell is CEO of Broomby CIC, a Social Firm development agency providing 'hands-on' services and support to people who are severely disadvantaged in the labour market for health or social reasons. Broomby wholly owns several subsidiaries, one of which is Buster's Coffee that operates three cafes and a coffee grinding and packaging operation (Buster's Coffee Co, 2009; Broomby, 2009). Mark wants to change peoples' attitudes towards those disadvantaged in the labour market, as well as develop the skills of those who are disadvantaged, by offering them employment opportunities at social enterprises. He uses social marketing through traditional 'marketing' routes such as booklets, as well as less traditional routes through verbal storytelling.

Broomby has a booklet ("Broomby CIC - in business for good") which tells the stories of its businesses. One of Buster's' pages explains how "Buster's was set up informally in 2002 by a group of learning disabled men and women who thought there must be more to days than day centres." Mark sells Buster's' concepts by describing, to potential customers, stakeholders and shareholders, how the work his employees undertake impacts upon their lives for the better. For example, Mark tells this story about J1:

*J1 comes along to Buster's once a fortnight with his carer. He undertakes one hour of paid work. This one hour has had significant impacts on J1. Recently he has started to say hello and goodbye. That may not be amazing to you or me but until recently he never did so and it never occurred to him that anyone would even care if he did.*

Buster's impacts positively both on J1 (whose social skills are developing) and his carer (who get a break from caring for J1). Interestingly, medical support staff note that J1's symptoms seem to disappear when he is working at Buster's, building the case for employment as a therapeutic activity, not simply a new type of welfare.

### *Example 2*

Nigel Lowthrop, co-founder of Hill Holt Wood, wants people to practice "economic conservation". To promote this, Hill Holt Wood offers training and development, as well as employment opportunities, to disadvantaged or excluded young people:

*"Hill Holt Wood is an environmental social enterprise that is based in a 16-hectre ancient woodland in Lincolnshire. The project provides an accessible community-owned woodland for public use while improving the biodiversity of the wood itself." (EMRA, 2009).*

*"Hill Holt Wood is now a community controlled charity and social enterprise that will turn over in excess of £500,000 this year, employing 20 full time staff and widely recognised as achieving groundbreaking success in a number of sectors" (SRM Info, 2009).*

The social objectives that Hill Holt Wood promotes include:

- a sustainable woodland
- employment of disadvantaged/excluded people
- profits for the community
- training and education for excluded young people.

Hill Holt Wood have utilised social marketing through promoting their concept of "economic conservation". They do this through personal story-telling (see Green People, Channel 4, 2009). As Nigel states, "if you want conservation to be the main driver of the way you manage the countryside, it has to be economic, you have to derive an income from it." Hill Holt Wood was recently featured in *Society Guardian* (Andalo, 2009: 5) where Nigel promotes the concept of economic conservation as "something that generates an income from the environment, is sustainable, has a social responsibility and creates an opportunity."

## **Conclusions**

There is a clear overlap between social enterprise and social marketing, but the common ground is not absolute. Social marketing draws heavily on techniques established in private businesses and its advocates sometimes drop into linear-rational explanations of how the process works (WSMC, 2008). This type of thinking, so prevalent in business schools, is frequently criticized both inside and outside the social enterprise movement for reproducing the kind of thinking that has led to our current economic crisis (Grey, 1995; Curtis, 2008). As such, it will not be accepted uncritically by social enterprises where an awareness of sociological issues is well developed. Nor will social entrepreneurs automatically warm to the idea of applying complex planning processes and "marketing mixes" to communicate their social aims and sell their "products". There are competing theories of social development (e.g. complexity science / chaos theory) that cast doubt on effectiveness of managerial / marketing interventions over the longer term.

Secondly, a considerable number of social marketing advocates are professionals moving from private to public sector organisations, with a clear emphasis on changing lifestyles in order to promote improved health. So the first question to ask is whether social marketing is a middle-class

or governmental attempt to impose its agenda on populations who are (in the eyes of public policy makers) “resisting change”. This inevitably leads to a second question of how (and which) stakeholders in a change initiative define “social good”? While there are pathways through these issues, they are not necessarily straightforward or easy to manage if ‘experts’ resist power sharing in the change process.

Lastly, there is the issue highlighted by Kotler and Zaltsman (1971) that social marketing will inevitably draw criticism because of the perception that it is trying to socially engineer change. As Willmott (1993) has argued, socially engineered changes may be experienced as oppressive by a target population if not built through gradual ‘bottom-up’ democratic processes. Frequently they follow managerial or administrative agendas, rather than the well-being of the target population, and resistance is not always “irrational” to those resisting change.

Despite these caveats, there is a clear synergy between social marketing goals and the aspirations of social enterprise in the area of progressive social change. Moreover, a considerable number of its practitioners argue for a grounded, bottom-up, approach to understanding consumer and stakeholder concerns through extensive consultations (WSMC, 2008). This fits well with the democratic aspirations and practices found in social enterprises themselves so it worth outlining a key research question for the future. Can social marketing, as an instituted business function, add sufficient *social and economic* value to their host social enterprises to justify their inclusion? We await further evidence with a sense of anticipation.

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