

SOCIAL ENTERPRISE: TRANSITING FROM PRODUCT ORIENTATION TO MARKETING ORIENTATION

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ABSTARCT

Social enterprises focus on developing products and services with a social mission. Social entrepreneurs with their desire to bring about a change in the society tend to be product oriented and face problems in marketing their products or services. This paper applying the Porter's five forces framework suggests that the supply side factors should be addressed along with a need to transit to a market-oriented enterprise, rather than be dependent on the push of the channel partners.

Keywords: Social Enterprise, Marketing Orientation, India.

INTRODUCTION

Social enterprises goal is not only to provide solutions for social problems but also be profitable (Sengupta & Sahay 2018). The seemingly two contrasting goals of creating a profitable venture by satisfying the welfare goals has been challenging to these social enterprises. While Glaveli & Geormas (2018) found direct association between social effectiveness and profitability, British Council (2016) found almost a third of the social enterprises in India are loss making.

This paper using information from case studies applies the Porter's five forces framework (Pingali 2010) to social enterprises to ensure that the product value is created taking into account the suppliers' side and buyers' side bargaining power.

Though cost and competition are cited as the major constraints, social entrepreneurs' passion for their idea or product (addressing a social cause) becomes a strong barrier. That is, the entrepreneurs' passion for the product would reflect in a high 'product orientation' (Toften & Hammervoll (2010) also support this). The entrepreneurs with strong conviction are reluctant to change the product and feel they should launch the product(s). They may add variants in the range but tend to forget the consumer acceptance towards the same.

Moving from Product orientation to Marketing Orientation

Appling the five forces model, it is important for the social enterprise to appreciate the fact that companies cannot survive by just focusing on either marketing or production. They should manage the demand and supply sides by not only satisfying the customer needs but also standardizing the production process and developing control mechanism to reduce wastage and minimise cost of production.

Taking into account the production issues, the social enterprise should use a hit and trial approach to build its marketing plan. Toften and Hammervoll (2010) also states social enterprises should focus on a niche market while moving to become customer oriented without creating an information overload.

Since the social enterprises are not initially aware of the consumer perceptions of their products, it would not be advisable to place the product in retail outlets by paying high trade margins and compete with existing brands; instead the social enterprises should create awareness and reach the consumers through melas (fairs) or road shows. The company should create a data bank of the initial customers and should obtain feedback to understand the meanings behind the purchase behaviour. This would help identify the appropriate target segment and positioning for its products. This route would also help in a hit and trial price fixation. The social enterprise could peg the price higher than the competitors to create a premium image (to create value for the social cause). Depending on the customer feedback and the target segment, the final price can be decided.

This method is not without limitation as the marketing orientation is based on the initial consumers and their feedback. Notwithstanding this, the social enterprise would be able to build a brand based on certain values rather than be dependent on the push of the retailers and diluting their brand value.

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