Chapter 2
Marketing in Social Enterprises: The Role of Value Creation Through Relationship Marketing

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ABSTRACT

Social enterprises are created to solve social problems through market-based interventions. While the existing literature describes the types and nature of marketing in social enterprises, the role of relationship marketing in social value creation has not been considered. This chapter explores the role of a relationship approach to marketing to enhance the acceptability of social enterprises and their innovative solutions. The chapter uses an illustrative case of an Indian social enterprise. The case describes how a social enterprise uses relationship marketing with their stakeholders for the successful adoption of social innovation and its sustainability. The findings indicate three enabling factors for relationship marketing: customer-orientedness, mutual trust and commitment, and a supportive institutional setup. A relationship marketing approach helps social enterprises in two ways, co-creation of value and customization of the offering. The case contributes to our understanding of the role and relevance of strategic marketing approaches in addressing social problems.

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INTRODUCTION

Social enterprises, as defined by numerous researchers, blend both social welfare and revenue generation in an accountable way (Battilana & Lee, 2014; Mair & Marti, 2006; Peredo & McLean, 2006). They bring social innovation into a market and create value for their target communities by offering products and services to relevant consumers or users. For example, to protect the environment from the harmful effects of plastics, many social enterprises come up with plastic free containers to be sold in the marketplace. Hence, the success of social enterprises depends on their capability to market their products or services to their potential consumers. Marketing is also required to raise funds and create awareness around the social cause a social enterprise takes up. For example, non-availability of water creates distress among community members, and if no government or non-government support is available, a social enterprise can fulfil the need for water through a viable business model that creates a “more responsive, personalized and joined-up way” (Leadbeater, 2007, p. 3). By bridging market gaps and bringing innovative solutions for community development, social enterprises primarily oriented to address social issues and not just focused solely on making money (Dees, 2003). However, many social entrepreneurs fail in carrying out their social mission (Rykaszewski, Ma, & Shen, 2013;Seanor & Meaton, 2008). Numerous researchers noted that a structured, professional approach to marketing can help many social enterprises survive and sustain (Jenner, 2016; Miles, Verreynne, & Luke, 2014). The authors argue that, failure in social enterprises is not just about lack of marketing prowess or understanding. A wider, relationship building and management orientation is required for social innovation and enterprise to be accepted and adopted by the community. Many social innovations require behaviour change from communities (Cajaiba-Santana, 2014). Such behaviour changes require social enterprises to disseminate knowledge and answer consumer queries throughout the adoption cycle. Thus building a relationship with target communities and creating a positive appreciation of the new product/service is as essential as the quality of the product or service that a social enterprise offers. Further, a relationship marketing approach is also required to build a beneficial relationship with other players in the social enterprise ecosystem- i.e., funding agencies, implementing agencies, government departments, and so on. Relationship marketing is an approach that enables marketers to build up long-term connections with customers. In a bid to attain loyalty from customers, this approach involves taking a broader view of the business relationship, going beyond one or two transactions (Grönroos, 2004; Oly Ndubisi, 2007). Thus, Relationship marketing, widely adopted by product and service companies, can provide social enterprises with a framework to succeed.
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