Chapter 6

The Market Opportunity for Social Enterprise in Developing Nations: The Sub-Saharan Middle Class

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ABSTRACT

In this chapter, the authors explore the market opportunity for social enterprises by drawing on the sub-Saharan middle class. Specifically, they look at some key indicators of market size, potential, and diversity. By making use of a 10 city study on the sub-continent, a range of topics emerge that expose high levels of heterogeneity between markets. As the world’s fastest growing continent (in population) as well as one of the poorest regions on earth, sub-Saharan Africa is a key target for social enterprises that seek to change lives while running sustainable profit-making organizations. As this chapter adds to the narrative around market sizing and potential, the discussion also points to the need for a sophisticated view of social enterprises as propagated in this book as a whole.

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INTRODUCTION

Social enterprise differentiates itself from other social development strategies in that profit is a core motive behind decision making (Bull, Ridley-Duff, Whittam & Baines, 2018). Although the growth of social enterprise is a global phenomenon (Ridley-Duff & Bull, 2015), there are market opportunity differences between developed and developing nations. While developing nations may have more obvious social needs, developing nations also have consumers with significantly less household income than their more developed counterparts. The low household income (and hence expenditure) presents a challenge to developing market social entrepreneurs who seek financial sustainability within a weaker economy.

This chapter explores the concept of market opportunity in sub-Saharan Africa by comparing the middle class in nine nations. By better understanding consumers (particularly those with disposable income) in developing nations, social enterprise will be better equipped to manage expectations, determine realistic market size and appreciate the differences in multi-country consumer markets. In addition, the need to build social enterprise strategy around market orientation is well attested (Glaveli & Geormas, 2018).

Before unpacking the market opportunity in sub-Saharan Africa, there are three consumer behaviour related points that growing social enterprises need to consider. First, the lives of citizens from developing nations are not reflective of those in the developed world. Much European and American consumer behaviour and marketing related literature does not hold in places like Africa (Chikweche & Fletcher, 2014; Simpson & Lappeman, 2017). Second, there is a general lack of understanding of developing market consumer behaviour and insights can be hard to come by, this is particularly true of the bottom-of-the-pyramid consumer (Lappeman, Chigada & Pillay, 2019). Third, large undifferentiated segmentation strategies that group developing economies together (at the expense of country specific differences) are problematic. While many of the economic, social and political characteristics are shared among nations, many differences exist (Lappeman, Ransome & Louw, 2019).

This chapter achieves two main objectives for marketers of social enterprise in developing nations. First, the chapter assesses the market opportunity in sub-Saharan Africa. This assessment prototypes some of the challenges and opportunities for marketers who want to understand developing nations as a market. Second, the chapter describes middle class consumers and their importance to social enterprise. Finally the chapter shows some clear differences between countries in sub-Saharan Africa to help illustrate the points made.
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