

SOCIAL ECONOMY MARKETING: A NEW AGE IN MARKETING FIELD

Theoretical
article

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Abstract

Along with the evolution of society, the classical economic models confronted serious challenges regarding the continuous diminishing of resources, social pressure and limited capacity in satisfying people's needs. Searching for alternatives that could solve social problems led to the promotion of new, alternative, economic models, like social economy or an economy of solidarity. Based on social solidarity and placing people in the centre of the economic activity, the social economy entities need a new marketing trend for developing social businesses. Social economy marketing mixes the principles of social and non-for-profit marketing with classic marketing, assuring community development and the integration of vulnerable categories.

SOCIAL ECONOMY: DEFINITION AND PRINCIPLES

The actual welfare states and classic economic models from countries all over the globe are confronted with serious challenges in the new century. Based on bureaucratic and centralized principles, they fail to satisfy citizens' needs or to solve social, economic and cultural problems. Therefore, social economy may represent a solution to the world crisis, which mixes economic profitability with social solidarity and puts people in the centre of the economic activity.

According to the Institute of Social Economy (a private independent entity based in Bucharest that studies social economy and its actors in Romania and Europe), social economy grew out of the need to find "new, innovative solutions to communities' social, economic and environmental problems and to satisfy the needs of communities that are ignored or insufficiently covered by the public or private sectors".

In 2002, at the European Standing Conference of Cooperatives, Mutual Societies, Associations and Foundations, the definition of social economy was promoted: "the social economy organizations are economic and social actors active in all sectors. They are mainly characterized by their aim and by their distinctive form of entrepreneurship. Social economy includes organizations such as cooperatives, mutual societies, associations and foundations. These enterprises are particularly active in fields such as social protection, social services, health, banking, insurance, agricultural production, consumer affairs, associative work, craft trades, housing, supply, neighbourhood services, education and training, and the area of culture, sport and leisure activities."

In October 2011, within the Social Business Initiative Communication, the European Commission recognizes the term of "social enterprise" as actor of the social

economy field: "a social enterprise is an operator in the social economy whose main objective is to have a social impact rather than make a profit for their owners or shareholders. It operates by providing goods and services for the market in an entrepreneurial and innovative way and uses its profits primarily to achieve social objectives. It is managed in an open and responsible manner and, in particular, involves employees, consumers and stakeholders affected by its commercial activities."

Social economy organizations aim to develop economic activities, in order to assure better living conditions for vulnerable people, while classic economy entities focus to obtain profits (Fig 1).

Despite different forms of organization for social economy entities (cooperatives, mutual societies, associations, foundations) and different approaches from one country to another, the social enterprises or social businesses share a set of common principles, like:

- Solidarity, responsibility and individual involvement principles;
- Limited profit distribution;
- Reinvestment of the profit for achieving social objectives;
- Democratic and participatory method of organization (one member, one vote);
- Autonomy and independence regarding public institutions;

As recognized at European level, social economy entities include associations and foundations, cooperatives, credit cooperatives, agricultural cooperatives, credit unions, protected units, mutual societies,

SOCIAL ECONOMY AT EUROPEAN LEVEL

In The European Union, social economy, known also as the economy of solidarity or the third sector, enjoys wide

recognition. According to the European Commission, European social economy gathers 2 million enterprises (i.e. 10% of all European businesses) and employs over 11 million paid employees (the equivalent of 6% of the working population of the EU): out of these, 70% are employed in non-for-profit associations, 26% in cooperatives and 3% in mutual organizations. Social economy entities are present in almost every sector of the economy, such as banking, insurance, agriculture, craft, various commercial services, health and social services etc. This dimension of the European social economy reflects the many years of EU efforts in creating and promoting an economy of solidarity and integration. (Fig 2)

However, despite the EU efforts, the concept of social economy, as a distinctive sector of the economy, is not universally accepted throughout the Community (European Parliament Resolution, February 2009) and the definition of social enterprises or entities still has different meanings in different EU countries. Therefore, one can identify five models of social economy in Europe (Buzducea, 2013):

- The Scandinavian model - where cooperatives play a major role, such as parents or workers cooperatives. These entities were created for solving different social problems within the communities and for promoting social solidarity and gender equity.
- The Anglo-Saxon model -based on the charity organizations activities, which involve voluntary work for helping disadvantaged people.
- The continental European model - which promotes social assistance organizations and cooperatives as services providers.
- The southern European model - promotes organizations, especially cooperatives that provide services that could not be offered by the public sector.

- The central and eastern European countries model -is the less developed in Europe. These transition countries have a negative perception regarding cooperatives and lack of trust in solidarity movements. Therefore, most of the social economy entities in central and eastern countries are non-for-profit organizations, which provide general interest services, like health services, education (universities), training, sports, services for elderly people, cleaning etc.

SOCIAL ECONOMY IN ROMANIA

The first attempt to put the basis of a structured social economy entity goes back 120 years ago. The first Romanian association of cooperatives was in fact one of the founders of the International Cooperative Alliance in 1895, which still exists today. On a downward trend after 1990, the arts and crafts cooperative system still needs to recover the prestige of its products. The social economy landscape in Romania, as probably in other former communist countries, is puzzled and barely visible despite its growth.

According to The Atlas of social economy (2012 Edition), in 2010, Romanian social economy included a total of over 31.000 organizations holding non-current assets, summing about 10 billion lei (equivalent to 2.5 billion euro), achieving annual incomes of 7.7 billion lei (approximately 2 billion euro) and employing over 100 thousand people, equivalent to 1.7% of wage-earning population and 1.1% of the employed population. (Constantinescu, 2012)

The majority of the organizations represents associations and foundations, followed by cooperatives and credit unions (Fig 3).

SOCIAL MARKETING AND NON-FOR-PROFIT MARKETING

Originally appeared in the early '60s (Andreasen, 2006), social marketing concept has grown in the '90s when people started to be interested in social and environmental problems. Social marketing deals with changing behaviours, developing attitudes and promoting ideas, whether we discuss about promoting responsible drinking (don't drink and drive), a tobacco free life, cultural activities, breastfeeding, social involvement or philanthropy.

The social marketing definition has suffered different changes over the time. Kotler and Zaltman proposed the first definition in 1971, in an article published in "Journal of Marketing" and called "Social marketing: an approach to planned social change". In 2008, Kotler and Lee define social marketing as a process that applies marketing principles, tools and techniques to create, communicate and deliver value in order to influence target audience behaviours that benefit society (public health, environment, etc.).

Social marketing can be applied in various fields and in numerous organizations, such as public institutions, private organizations, charities etc. Its success cannot be measured in financial terms, but in the number of people who decide to adopt changes in their behaviour, such as: the number of people who recycle their garbage chose to donate and to volunteer, use bikes instead of cars etc. Other terms of measuring the social marketing success could be in the number of positive effects regarding a social problem: the number of disadvantaged people integrated in the work field, reducing anti-discrimination, reducing pollution etc.

The increasing extent taken by non-for-profit organizations all over the world led to a new marketing concept: non-for-profit marketing or non-profit marketing. The non-for-profit marketing addresses the cause of charity or non-for-profit organizations that respond to the needs and problems of their beneficiaries or to

general social problems, (e.g. organizations established to fight racism, drug abuse or children trafficking, organizations established to integrate disable people or a disadvantaged group of people). These organizations use non-for-profit marketing for identifying the beneficiaries' needs and problems, developing solutions, finding sources of financing for implementing the solutions and creating a relationship with the financier or donor.

SOCIAL ECONOMY MARKETING

Whether the non-for-profit organizations are simply providers of services to beneficiaries and community, or have developed a generating income activity to support their activities, they are still underdeveloped in terms of marketing concepts and principles. Even though, social or non-for-profit marketing respond in some way to the needs of classic non-profit organizations, the social economy entities are outweighed by the fierce competition of for-profit organizations and need a new marketing concept that could better sell their products and services.

The social economy marketing mixes the principles of social and non-for-profit marketing with classic marketing, assuring the community development and integration of vulnerable categories. Social economy marketing can be applied in a wide range of organizations and adapted according to the specifics of each one, as long as its social and income generated principles are fulfilled. The concept integrates the income and profit generating activities with the social mission of the organizations and differs from the social and non-for-profit marketing in terms of clients, profit and financial exchange (Fig 4)

Social economy marketing could be defined as a process that creates, communicates and delivers value for satisfying the consumers' needs for goods and services in order to assure the social

goal or mission of the producing organization (e.g. social integration of vulnerable people, community development, financial sustainability for social projects, etc.).

The marketing mix in social economy marketing combines the four classic “Ps” with some more that reflect the social cause:

- Product – mostly a unique product, handmade by vulnerable people like disable people, trafficked women, victims of domestic violence or social exclusion. The product often competes with products and services offered by for-profit companies and organizations.
- Price – could be slightly higher, compared to the same product of a company, due to the costs that involve producing the goods (protected jobs with work schedule adapted to the workers special needs, handmade product, etc.)
- Placement – mostly at fairs, events, open gates, but also through online shops or social media. Only few products arrive on stores shelves.
- Promotion – low capacity of promotion, most often in online and social media.

Additional “Spare the following:

- People – a P specific to marketing for services, is essential in social economy marketing due to the people who deliver the services or produce the goods. Most of them are people with high risk of exclusion in society or on the labour market. The job is extremely important for them, as it assures high level of respect in community and within the family, but also some financial independence.
- Purpose (Cause) – the final destination of the buying process, which

represents the social mission of the social enterprise (e.g. assuring housing for abandoned children, work integration for vulnerable people, social integration of LGBT community, etc.)

Each element of the marketing mix has equal importance and should be taken into consideration when establishing a marketing strategy for a social economy entity.

CONCLUSIONS

The social economy concept is continuously gaining ground and can be found in numerous countries. Social enterprises are active in a variety of areas (such as providing services and producing goods) and they compete with business organizations. Therefore, the marketing field should adapt its principles and rethink its vision in order to support the third sector of the economy.

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Fig 1. Models of the three society sectors

December 1989	The Commission adopted a Communication on "business in Social economy sector"
1993	The Commission proposed three draft Regulations for a European Cooperative Society, a European Mutual Society and a European Association
2000	The autonomous European Standing Conference (Conférence Européenne Permanente - CEP) of Co-operatives, Mutual societies, Associations and Foundations (CEP-CMAF) was created
2008	The CEP-CMAF changed its name to Social Economy Europe
19 February 2009	The European Parliament Resolution on Social Economy which recognizes the role and importance of social economy as a part of the European economy and the European social model, contributing to stable and sustainable growth
April 2011	Social entrepreneurship is included in the Single Market Act I: Twelve levers to boost growth and strengthen confidence "Working together to create new growth"
October 2011	A new definition of social enterprises is promoted within the „Social Business Initiative. Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation” communication
April 2013	The Social economy and social entrepreneurship - Social Europe guide was published, which describes the living world of social economy organizations (such as cooperatives, associations, mutual societies and foundations) and the phenomenon of social entrepreneurship

Fig 2. The most relevant European initiatives regarding social economy sector

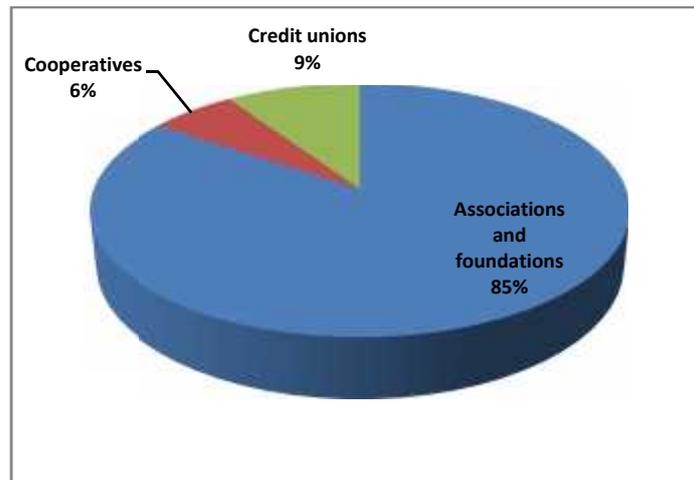


Fig 3 Types of social economy organizations in Romania, by registering balance sheets 2010, adapted from Social Economy Atlas, 2011

Social / Non-for-profit marketing	Social economy marketing
Clients are also beneficiaries of the organizations' social activities	Clients are different from the beneficiaries of the social activities
The activity does not primarily involve selling of goods and services	The activity involves mainly any type of economic activities
The organization satisfies the beneficiaries needs for social services	The organization satisfies the beneficiaries needs for social services and the clients' needs for products and goods
The organization addresses disadvantaged people needs	The organization addresses two types of needs: the beneficiaries and the clients
The organization market has two major players: the beneficiaries and the donors	The organization market has three major players: the beneficiaries, the donors and the clients
Can be applied to behaviours, ideas, beliefs, attitudes	Can be applied both to behaviours, ideas, beliefs, attitudes, goods and services

Fig 4. Differences between social / non-for-profit marketing and social economy marketing