

Marketing Strategy in Social Enterprises: An Exploratory Study

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To my three girls: Valerie, Sophia, and Maya. I love you.

– A.M.

Abstract

Due to increasing emergence of social needs and problems throughout the world, accompanied by reduced government ability to provide the funding necessary to effectively combat these problems, it is expected that social enterprises will grow in number and importance. Because of this growing importance and the lack of research concerning marketing practices in such organizations, the purpose of this thesis is to develop a deeper understanding of both marketing in social enterprises and the context in social enterprises that has the potential to affect the marketing strategies employed in such organizations. Based upon this enhanced understanding, I develop and propose a model of marketing strategy in social enterprises. To develop this enhanced understanding and model, I conducted empirical qualitative research consisting of a comparative study of fifteen cases of social enterprises. Results show that four major dualities represent the critical context of social enterprises that influence the marketing strategies employed. Marketing is viewed as important by these enterprises and the strategies employed are quite well developed in the areas of market research, product quality, branding, and promotion.

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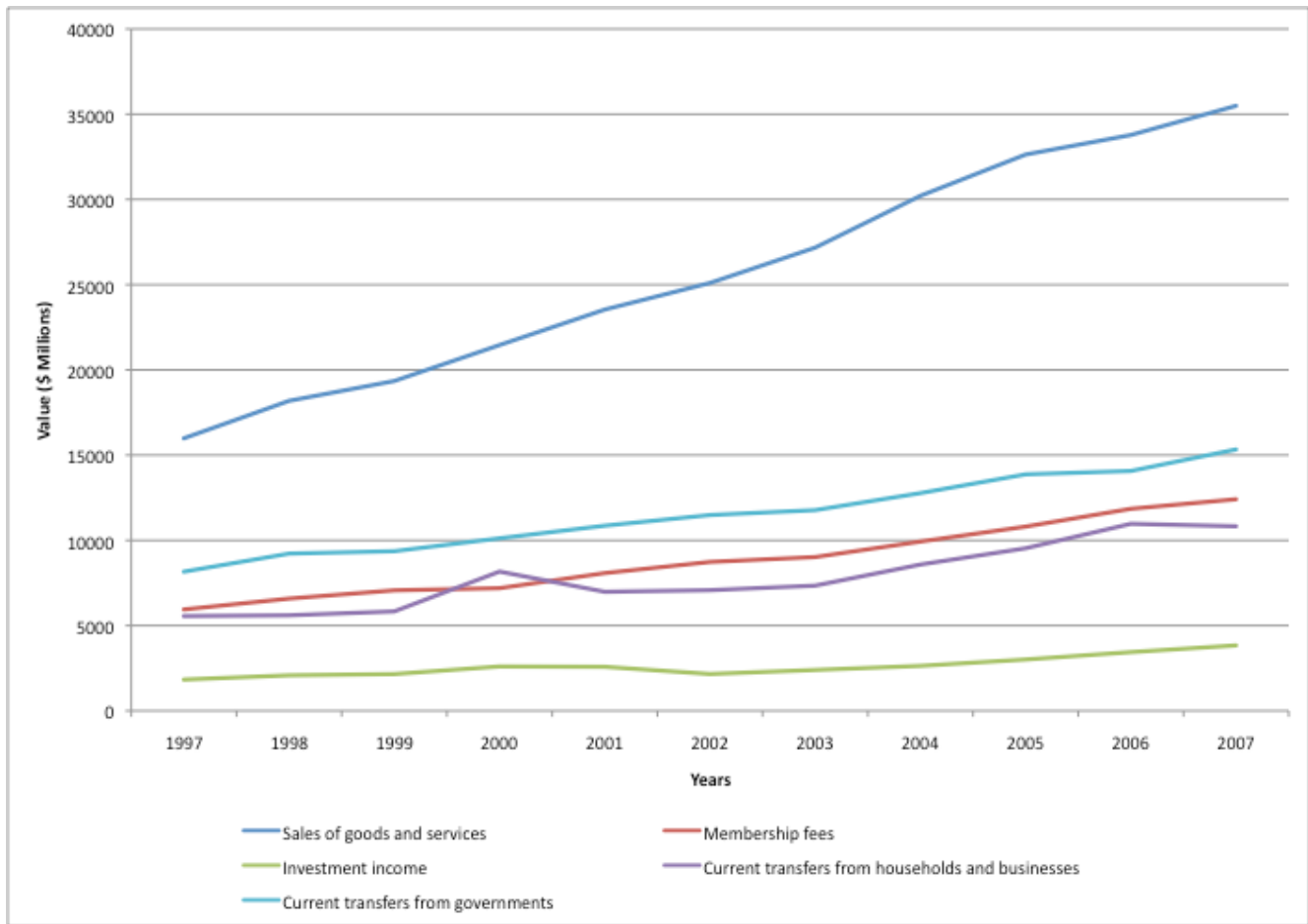
1 Introduction

We live in interesting times. Recent decades have seen a tremendous increase in awareness of so-called *wicked* problems, that is, social issues that defy traditional problem solving techniques (Neck, Brush, & Allen, 2009; Rittel & Webber, 1973). Popular examples, as judged by contemporary media reports, include environmental issues such as pollution and climate change, poverty around the globe, and health care. However, the reality is that the problems extend to social needs of all sizes throughout society. These issues cross borders and typically involve multiple stakeholders, making them exceedingly difficult to address in a coherent and holistic manner (Shaw & Carter, 2007).

There is increasing awareness that Governments alone are unsuitable to deal with the threats posed by wicked problems due to the potential cost and resources required, and to-date capitalist markets have not focused on addressing social needs directly, but rather indirectly through broadening economic development (Peredo & McLean, 2006). Markets are incredibly effective at ascertaining valuations of goods, services, and commodities, but are considered poor when valuing social improvements (Dees, 1998). The result of these characteristics of government and markets is an increasing market failure that often impacts those members of society that are most at risk, such as the poor, disabled, elderly, and children.

Traditionally, the non-profit and charitable sector has fulfilled the role of addressing inadequacies in markets with respect to social needs. The number of these organizations has been increasing in recent decades (Austin, Stevenson, & Wei-Skillern, 2006), however, these organizations, that often receive some funding from local, provincial, or federal government, are increasingly faced with the challenge to adapt in order to continue supplying vital products and services. One method that these organizations are pursuing to sustain operations is generating revenue through the sale of products and services using for-profit business models. For example, as Figure 1 below illustrates, in Canada, non-profit organizations have grown their reliance on the sales of products and services, membership fees, and investment income, while transfers of capital from all levels of government, as well as businesses and households, have essentially remained flat.

Figure 1: Selected Sources of Canadian Non-Profit Income



Statistics Canada. Table 388-0001 - Production, income and outlay accounts of nonprofit institutions and volunteering, annual (dollars) (table), CANSIM (database), , Using E-STAT (distributor). http://estat.statcan.gc.ca/cgi-win/cnsmcgi.exe?Lang=E&EST-Fi=EStat/English/CII_1-eng.htm (Accessed: May 5th, 2011)

In addition to ventures with a strictly non-profit orientation, for-profit firms with a direct social mission – for-profit social ventures – are also emerging (Dees & Anderson, 2003). Not to be confused with socially responsible activities undertaken by for-profit firms to enhance their own reputation or increase employee satisfaction, this new breed of organization utilizes a for-profit model and competes directly with other firms, including non-profits, to deliver social value.

Value creation and delivery are central concepts in marketing (Gundlach & Wilkie, 2010, p. 90). However, despite the wide-ranging applicability of marketing concepts, marketing as a discipline has generally been focused on for-profit firms and the generation of economic value or profits (Kotler & Levy, 1969). Increasingly, marketing is changing to focus on weaving values into business models, and forcing organizations to think about their role in society in more than economic terms (Kotler, Kartajaya, & Setiawan, 2010).

Marketing strategy is an extensive area of academic exploration with numerous streams of research (Varadarajan & Jayachandran, 1999). In general, the term *marketing strategy* refers to a connected set of decisions an organization makes with respect to the value it will create and deliver to achieve its objectives (Varadarajan, 2010). Discussion of marketing strategy in the context of organizational size – small firms versus large firms – is well documented, as is industry-specific investigation. However, there currently exists a lack of published research into marketing strategy in organizations that focus on social value creation.

The primary objective of this study is to understand which marketing strategies social enterprises choose (if any), and the context within which these strategies are adopted. These strategy choices will be compared and contrasted against models of marketing strategy usage in non-profit and for-profit organizations to build an understanding of the similarities and differences that exist. A model of marketing strategy in social enterprises will be proposed on the basis of the findings, and this model will serve as an extension of existing theory with respect to current models of marketing strategy, as well as become a platform for future research to build upon and test against.

This thesis is organized into four major sections: a review of the current literature concerning social enterprises and marketing strategy, with discussion of the relevant definitions and frameworks of these fields; a description of the methodology for this study including explanations of data collection methods, descriptions of the participants, and discussion of how the collected data was analyzed; findings reported; and finally a discussion of how this research contributes to the fields of both marketing and social enterprise in terms of theory and practice.

2 Literature Review

This literature review is divided into three primary sections: the first discusses social entrepreneurship and social enterprise, with a view towards establishing working definitions and key concepts; the second discusses marketing strategy; and the final section examines literature at the intersection of these two academic disciplines.

2.1 Social Entrepreneurship and Social Enterprise

Examination of the phenomena of for-profit models within non-profit organizations, as well as for-profit firms with social missions, led to the research field of social entrepreneurship emerging towards the end of the 20th century (Dees, 1998). Examples of social entrepreneurship are readily available, especially as the field becomes more widely known. Two of the most popular and generally agreed upon examples are:

- Grameen Bank in Bangladesh, founded by 2006 Nobel Peace Prize recipient Muhammad Yunus in 1976. Yunus is held to be the “father of microcredit” (Martin & Osberg, 2007) by instituting small loans to individuals, particularly women, to

help them establish businesses and a chance to escape poverty (www.grameen-info.org).

- Better World Books a US-based online bookstore selling new and used books. A portion of the proceeds from the sale of books goes towards funding literacy programs in the US and other countries (\$7,792,719.17 as of April 20, 2010). The organization also collects donated books and distributes them through worldwide literacy partners (www.betterworldbooks.com/info.aspx).

But what is social entrepreneurship, who are social entrepreneurs, and what are social enterprises?

2.1.1 Definitions of Social Entrepreneurship

My experience with the social entrepreneurship literature is that terms such as *social entrepreneurship* and *social enterprise* are sometimes used interchangeably, however clarity is necessary. As Peredo & McLean (2006) note, there is a difference between being engaged in a social enterprise and being a social entrepreneur.

Many researchers note that attempting to arrive at a definition of social entrepreneurship that is both sufficiently descriptive and sufficiently inclusive has been challenging (Dacin, Dacin, & Matear, 2010; Dees, 1998; Martin & Osberg, 2007; Neck, et al., 2009; Peredo & McLean, 2006; Thompson & Doherty, 2006). Broad agreement over a specific definition of social entrepreneurship has not occurred because of differing perspectives on the boundary conditions (Martin & Osberg, 2007). For example, Martin & Osberg argue for a more restrictive definition claiming there is a need to differentiate social entrepreneurship from things like social activism. Others, such as Dees (1998) and Dees & Anderson (2003), lean towards any venture with social goals that utilize for-profit models.

A corollary to the difficulty of defining the concept is the inability to generate a consistent formal legal definition across countries (Nicholls, 2009), or any legal definition at all in Canada. Nicholls (2009) documents the following legal definitions used internationally:

- Community Interest Companies (CICs) – United Kingdom
- Social Co-operatives – Italy
- 501(c)(3) and Low-profit Limited Liability Companies (L3Cs) – United States
- Section 25 Company – India
- Sole Proprietorship Company (with board member “owner”) – Ukraine

Regardless of the issues with generating a specific definition, certain broad traits are widely acknowledged to be characteristic of social entrepreneurship:

- “Common across all definitions of social entrepreneurship is the fact that the

underlying drive for social entrepreneurship is to create social value, rather than personal and shareholder wealth” (Austin, et al., 2006, p. 2).

- “The hallmark of social entrepreneurship is its ability to combine social interests with business practices to affect social change.” (Alter, 2006, p. 205)
- When examining the nature of the social entrepreneurship concept, Mair & Martí (2006) found two broad trends with respect to the perceptions of researchers: 1) non-profit organizations assuming some form of for-profit business model; and 2) commercial businesses acting in more socially responsible ways.

These traits, then, form a basic definition of organizational activities that are considered social entrepreneurship. There is consistency between the broad definitions above and the traits forwarded by Neck, Brush, & Allen (2009) in their four-quadrant Venture typology consisting of: Traditional (economic mission, economic impacts); Social Purpose (social mission, economic impacts); Social Consequence (economic mission, social impacts), and Enterprising non-profit (social mission, social impact) organizations. The Neck, Brush, & Allen typology, unlike continuum models, provides more opportunity for hybrid organizations to exist across types, which conceptually makes sense in a field still coming to terms with itself.

2.1.2 Who are Social Entrepreneurs?

A number of definitions of social entrepreneurship involve a dissection of the two constituent terms – social and entrepreneurship – in an attempt to isolate conceptual roots in order to derive a satisfactory meaning (Dees, 1998; Martin & Osberg, 2007; Peredo & McLean, 2006). These definitions emphasize the entrepreneurial nature of social entrepreneurship, and in particular the individual(s) responsible for founding the organization. For example, Martin & Osberg (2007) highlight Muhammad Yunus (Grameen Bank) as an example of a social entrepreneur, and compare him against traditional icons of entrepreneurial ventures like Steve Jobs (Apple). The intent is to demonstrate that while similarities exist, such as a desire to create value and improve people’s lives, social entrepreneurs are looking to provoke positive, transformational social change (Martin & Osberg, 2007, p. 30). Socially-minded entrepreneurs, it is argued, are fundamentally different as they opt to apply themselves to increasing “welfare or well-being in a given human community” (Peredo & McLean, 2006, p. 59).

Research focused on increasing understanding of social entrepreneurs have been limited. Popular examples, such as Muhammad Yunus, are often cited (as they are in this thesis), but with the nature of the entrepreneur so critical in entrepreneurship theory (Dees, 1998; Martin & Osberg, 2007), one focus of the social entrepreneurship literature to date has been to understand the characteristics of such individuals. In a recent exploratory study examining the demographic characteristics of US-based social entrepreneurs, Van Ryzin, Grossman, DiPadova-Stocks, & Bergrud (2009) found that there is a greater prevalence of urban, college-educated, young, non-white females. Mair & Martí (2006) note that early work on social entrepreneurs details that, regardless of demographic characteristics, there are a number of intrinsic personality traits that set social entrepreneurs apart. However, the

authors note that the emphasis is better placed on understanding the sets of activities social entrepreneurs undertake, rather than any particular physical or psychological investigation.

2.1.3 Definitions of Social Enterprise

Social enterprises represent an interesting subset of organizations to examine, in part, because the landscape these organizations occupy is still being mapped (Neck, et al., 2009). Academic papers in recent years have characterized the field of social entrepreneurship as “new” (Shaw & Carter, 2007), “blurry” (Neck, et al., 2009), and “nascent” (Martin & Osberg, 2007). However, as Mair & Martí (2006) note, social enterprises have a “long heritage and global presence”, despite the relative infancy of the field in academia.

The key to being a social enterprise is to demonstrate a social interest or purpose, and utilize business practices to achieve those goals. This makes social enterprises an interesting blend of for-profit models applied to gaps in product or service provision that have been traditionally ignored by traditional enterprise (Martin & Osberg, 2007).

Some researchers insist that social enterprises have a stricter definition; that “social businesses differ from traditional not-for-profit institutions in that social businesses must have profits to successfully function” (Masseti, 2008, p. 4). However, the simplest perspective is that social entrepreneurs are the individual(s) involved in generating a new opportunity, whereas the social enterprise is the organization that springs up around the entrepreneur to achieve the outcome (Mair & Martí, 2006). Social entrepreneurship, then, is the activity that a social entrepreneur undertakes.

While there exists a plurality of views concerning the definition of social enterprise, this research adopts the Thompson and Doherty (2006) conception and focuses on the subset of such organizations that have a social purpose, and pursue this purpose at least in part through trade in a market place: “Social enterprises – defined simply – are organizations seeking business solutions to social problems” (p. 362). Specifically this thesis focuses on social enterprises that generate some portion of their operating budget from for-profit activities.

To date, there has been a focus among social entrepreneurship and social enterprise researchers on defining the field (Mair & Martí, 2006; Martin & Osberg, 2007; Neck, et al., 2009; Peredo & McLean, 2006). Less research has been conducted into understanding marketing in general, and marketing strategy specifically, within these domains. Marketing is a critical business function, and as social enterprises look to utilize for-profit business models, to be successful these organizations must employ appropriate marketing strategies. In the next section of this literature review, I examine the marketing strategy literature in more detail.

2.2 Marketing Strategy

At its core, the purpose of a firm is to maximize the delivery of value to customers for a profit, whether that profit is of a financial or social nature (Kotler & Levy, 1969). Marketing is “the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large” (Keefe, 2008, p. 29). In competitive markets, firms must choose what value to create, how to provide the value to customers, and how to communicate the value proposition to the marketplace. In other words, “an organization’s marketing decisions specify the marketing actions or marketing activities or marketing behaviors to engage in (in the marketplace)” (Varadarajan, 2010, p. 123).

The marketing strategy academic literature, while extensive, presents barriers to navigation due to significant “exporting” of critical areas to the field of strategy (Reibstein, Day, & Wind, 2009). No clear timeline and hierarchy of concepts exists to assist marketing scholars or marketing practitioners in finding their way, nor any model representing the linkages to other disciplines (El-Ansary, 2006). Despite the difficulties, several authors have made attempts to provide definitional and taxonomic structure to the field of marketing strategy (El-Ansary, 2006; Varadarajan, 2010; Varadarajan & Jayachandran, 1999). It is on these authors that I rely in forming a concept of marketing strategy for this research.

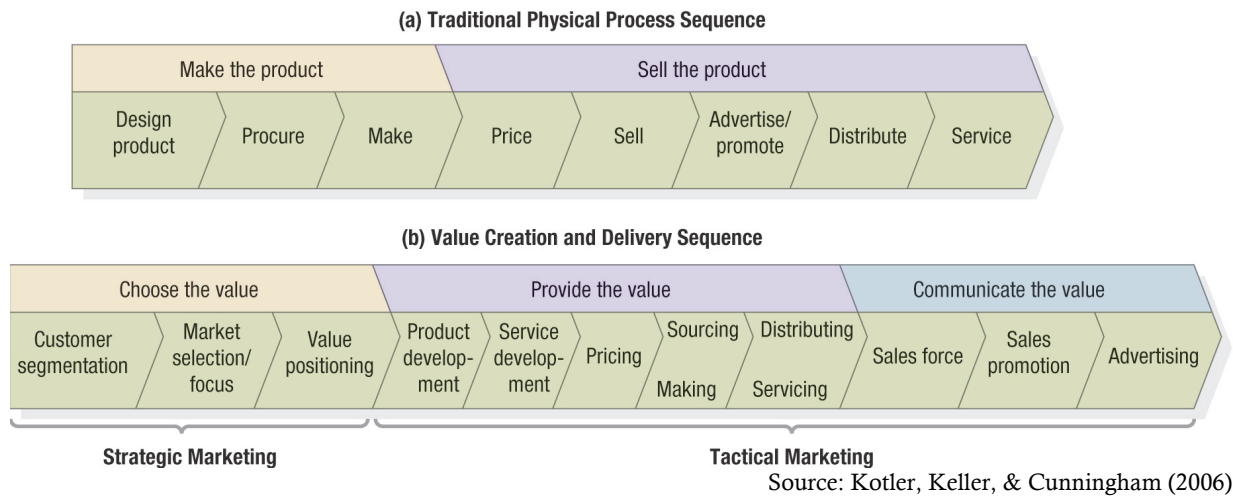
Building upon the American Marketing Association definition of marketing provided by Keefe (2008) above, Varadarajan (2010) defines marketing strategy as:

“... an organization’s integrated pattern of decisions that specify its crucial choices concerning products, markets, marketing activities and marketing resources in the creation, communication, and/or delivery of products that offer value to customers in exchanges with the organization and thereby enables the organization to achieve specific objectives.” (Varadarajan, 2010, p. 128)

In other words, “the total sum of the integration of segmentation, targeting, differentiation, and positioning strategies designed to create, communicate, and deliver an offer to a target market (El-Ansary, 2006, p. 268).

An issue with the current marketing strategy literature is a reliance on the division between *strategies* and *tactics*, which is both confusing and problematic (Varadarajan, 2010). Figure 2 demonstrates a typical model found in marketing textbooks displaying this artificial division. The value delivery process, (b), representing a sequence with marketing integrated throughout the process, is contrasted against the physical delivery process where marketing is not considered until the selling phase.

Figure 2: Visualizing the Value Delivery Process



Varadarajan argues that rather than a division between strategy and tactics, in fact the model should be one where in any given situation, certain issues are more or less strategic depending on the specifics of the situation. In other words, strategy is a “continuous variable” that varies depending on the level of the organization – one of corporate, business, or functional – making a strategic choice. These levels of the organization are discussed shortly, but the central idea is that strategies flow from the top of an organization down, from corporate to functional, and at each phase different strategies become more or less important (or appropriate).

Varadarajan & Jayachandran (1999, p. 121) summarize marketing strategy as consisting of three main components: content, process of formulation, and implementation, and note that its importance extends beyond the simple product level to the business unit and corporate levels as well. They further assert, “corporate strategy, business strategy, and functional strategies such as marketing strategy interact to shape the competitive advantage of individual businesses within a firm’s portfolio” (p. 122). Porter (2008, p. 65) defines *sustainable competitive advantage* as comprising the following characteristics:

- Establishes a unique competitive position for the company relative to the market.
- All of the firm’s activities are tailored to the strategy.
- Clear trade-offs and choices are made vis-à-vis competitors.
- Competitive advantage arises from fit across activities.
- Sustainability is a systemic outcome resulting from the interaction of all firm activities, not from any subset of those activities.
- Operational effectiveness is a given and must be present at all times.

The linking concept is “all of the firm’s activities are tailored to the strategy”. This is exactly what Varadarajan proposes. All levels of an organization’s marketing strategy must be in

sync, but with varying emphasis on certain strategic elements. For example, a firm may aspire to be a market leader with respect to a particular product or service. In order to achieve that market position, the firm must decide at the corporate level exactly how they define market leadership in this instance – revenue, market share, customer satisfaction levels, etc – and how the firm can best achieve the results implied by that definition. The firm may decide to segment the available market in such a way that they can attain a leadership position by delivering value specifically targeted at a large subset of the overall market. From this decision, the business and functional strategy for the particular product or service takes on a more direct role, implementing approaches such as segment-specific advertising, or segment-focused product definition.

Despite the obvious importance of strategy, there is a tendency for organizations to fail to utilize it adequately. Porter (2008) sums up why this discrepancy occurs:

- ***Failing to choose:*** Firms, either because they do not or cannot recognize the need, fail to make decisions regarding strategic direction. This might be best summed up by the lesson learned from the failure of strategic planning: analysis cannot generate synthesis, and synthesis is the very nature of strategy itself (Mintzberg, 2007, p. 375).
- ***Obsession with growth (profitable or otherwise):*** Growth, in and of itself, whether defined financially or in terms of market share, is too vague a goal for firms to use as a directing force for strategy formulation. Porter argues that focus on growth leads organizations towards spreading their efforts rather than reinforcing existing competitive advantages.
- ***Leadership:*** Individuals responsible for decision-making ultimately dictate the level of importance given to strategic thinking within an organization. If organizational leaders do not actively engage in the strategic components of their positions, organizational strategy will be underutilized.

Similar to Varadarajan & Jayachandran (1999), El-Ansary (2006) summarizes marketing strategy as being divided into two phases: strategy formulation and strategy implementation. However, El-Ansary notes that the crucial link that integrates the formulation and implementation phases is branding, which is integral to creating differentiation of the value offering. The next section discusses branding and its link to firm marketing strategy.

2.2.1 The Role of Branding in Marketing Strategy

A brand is “a name, term, design, symbol or any other feature that identifies one seller’s good or service as distinct from those of other sellers” (de Lencastre & Côte-Real, 2010, p. 401). Brands are given meanings as forces in an environment – specifically organizations, cultural industries, intermediaries, and customers – engage with the brand (Holt, 2004).

Wong & Merrilees (2007) draw links between marketing strategy and organizational performance by illustrating how brand orientation mediates the linkages. A “brand-based”

strategy – i.e. brand orientation – derives from the concept of market orientation, which has been empirically linked to firm performance through numerous studies (Kohli, Jaworski, & Kumar, 1993). The construct used by Wong & Merrilees to test brand orientation consisted of the following:

- Branding prevalent in all marketing activities.
- Branding core to the strategy.
- Branding core to running the company.
- Long-term brand planning critical to future success.
- Brand an important asset.
- All employees aware branding is top priority for the business.

Brand orientation was found to be a mediating factor that enhanced the marketing strategy-performance link; that is, firms with higher brand orientation derive greater performance gains from their marketing strategies. Branding, or brand orientation, then is a viable strategy firms may employ to achieve greater performance by fostering more holistic thinking and providing a conceptual benchmark for decision-making across organizational functions, including marketing.

Recently, the role of branding the organization – corporate branding (Balmer & Greyser, 2002, 2006) or identity based marketing (Alsem & Kosteljik, 2008) – has been forwarded as requiring elevation in the marketing theory discussion, to fill a void in the current marketing strategy literature (Alsem & Kosteljik, 2008, p. 907). Corporate-level marketing considerations are viewed by some researchers as the gestalt of the corporation itself (Balmer & Greyser, 2006). Branding plays a crucial role at the corporate level as an organization's identity, and the meanings accrued to that identity, ultimately become what the organization *is*. As Fombrun & Rindova (2000) note, “[c]orporate reputations are aggregate perceptions of outsiders about the salient characteristics of firms.”

Critical to corporate-level branding is understanding that organizations actually consist of many different identities, and “[o]rganizations must manage their multiple identities to avoid potentially harmful misalignments” (Balmer & Greyser, 2002). These identities are summed up by Balmer & Greyser (2002, p. 73–75) as:

- ***Actual:*** Aggregate identity based on the sum of all facets of an organization, including organizational structure, employee values, ownership model, target markets, etc.
- ***Communicated:*** Articulated identity portrayed in controlled corporate communications.
- ***Conceived:*** Perceptions of the organization by relevant stakeholders.

- **Desired:** The vision for the organization held by the organization's leadership.
- **Ideal:** Optimum positioning of the organization in its market.

The links to marketing strategy stem from the choices an organization makes in terms of attempting to move from an actual identity to a desired or ideal identity.

From marketing strategy as a general discipline, the next section examines the literature dealing specifically with marketing strategy in social enterprises, to better understand how the current concepts have been applied, and what empirical investigation exists into the state among practitioners.

2.3 Marketing Strategy in Social Enterprises

The importance of marketing to traditional businesses is well understood. As Boschee (2006) states: "marketing is not a business function – it *is* the business." An attempt to review the literature regarding marketing strategy in social enterprises yielded surprisingly few results, and a curious emphasis on research into cultural organizations, particularly museums (Carmen & José, 2008; Izquierdo & Samaniego, 2007).

Searches of relevant academic journal databases did not yield any significant results with respect to the intersection of marketing strategy and social enterprise. Some work does exist investigating marketing (Dolnicar & Lazarevski, 2009) and marketing strategy development (Pope, Isely, & Asamo-Tutu, 2009) but more is needed to develop understanding for both academic researchers and social enterprise practitioners.

In discussing the perils faced by social enterprises, Boschee (2006) cites six key strategic marketing questions that these organizations must answer:

- Who are our customers?
- What do they want/need/value?
- Can we provide it?
- Should we provide it?
- How should we position ourselves?
- Can we win? That is, can the organization be successful?

Based on the answers to these questions, Boschee asserts two fundamental marketing strategies can be employed by social enterprises:

- **Market push:** The introduction of a product or service that has not previously been commercialized into a market.

- **Market pull:** Firms are enticed to deliver products or services to a market due to a recognized need.

Traditionally marketing would prefer to be pulled by existing customers and needs than to attempt to force products and services into a market that may not even want them. However, push markets do exist, for example in technology intensive sectors (Mohr & Sarin, 2009), where pioneering organizations (also called *first movers*) can leverage networked markets to establish a base of users from which to grow market share (Srinivasan, Lilien, & Rangaswamy, 2004, p. 54). But, Boschee's model, while providing a general conceptualization, is not rich enough to understand how marketing strategy plays out in the social enterprise sphere.

To understand marketing strategy in firms with social missions, one possibility is to explore marketing strategy as it has developed in other organizations with social missions. Specifically, a great deal of literature exists with respect to non-profit organizations, which are similar to social enterprises in their desire to pursue a social mission. Exploring marketing strategy in non-profit organizations may help anticipate what might be expected with respect to social enterprises.

2.4 Marketing Strategy in Non-Profit Organizations

In Canada, a non-profit organization, also known as a *not-for-profit*, is defined by the federal government department responsible for domestic industry and trade, Industry Canada, in the Canada Corporations Act. The act defines non-profits as those organizations whose purpose is "not to make money for members, but rather to carry on some activity of a national, patriotic, religious, philanthropic, charitable, scientific, artistic, social, professional or sporting character, or the like" (Industry Canada, 2007). This definition, while broad and encompassing, is not dissimilar from the definition of social enterprise outlined earlier in this proposal. The emphasis in both definitions is that the output of the organization involved is a benefit to society that goes beyond purely financial returns.

The concept of utilizing marketing in non-profit organizations has a long history (Kotler & Levy, 1969). However, current research into marketing strategies used by non-profit organizations demonstrates that marketing may still be considered undesirable. In particular, three stigmas can hamper the adoption of marketing approaches (Andreasen & Kotler, 2003):

- **Waste of money:** Particularly important for non-profits that receive public funding, there is a perception that marketing is a superfluous activity that diverts financial resources from achieving the primary mission of the organization.
- **Intrusive:** Market research can include interviewing customers or potential customers to better understand their needs and goals. Some view this type of data collection as an undue burden on individuals, which leads to accusations that marketers invade the privacy of others.

- **Manipulative:** Marketing activities, especially advertising, have the potential to mislead and manipulate if not planned and executed correctly.

These stigmas can lead non-profit organizations to adopt approaches to marketing that do not place enough emphasis on understanding the target market, but rather focus internally on the organization itself (Dolnicar & Lazarevski, 2009). Some researchers have investigated the need for non-profits to address this deficiency directly by adopting more market-oriented approaches (Gainer & Padanyi, 2002; Zhou, Chao, & Huang, 2009).

Arguably *the* textbook in the area by Andreasen & Kotler (2003) outlines crucial marketing processes for non-profit marketing practitioners. The authors provide a series of recommendations for non-profit practitioners to improve their organizations through marketing practices:

- Non-profits must adopt a customer-centric focus – identify their customers and orient the non-profit organization activities around serving *all* of their customers.
- Market research and analysis is crucial to any marketing activity, and nonprofit managers (as with their for-profit peers) must understand the value that timely, accurate market research brings to an organization.
- Non-profits must design and budget for an appropriate marketing mix. Consider three levels of products: core (central need addressed), tangible (form of the product), and augmented (product plus any after-market services).
- Non-profits must actively manage communications and PR and develop strategies around both that are integrated with the strategic planning.
- Non-profits must evaluate, measure, and control outcomes.

Mottner & Ford (2005) attempt to measure marketing strategy performance within non-profit organizations. The authors develop a model for museum stores, based on the extant literature, where educational strategies and financial strategies (although separate) each impact both educational performance and financial performance. The authors also invoke the “7Ps” (product, price, place, promotion, people/participants, process, and physical evidence) to outline the tactics a museum store’s marketing strategy might employ.

A key finding is that the adoption of financial marketing strategies actually improves the “altruistic” educational strategy of museum stores, and hypothetically the social missions of nonprofit organizations. However, emphasis on the educational strategy, which aligns closely with the social mission of a non-profit, actually has a negative impact on financial performance. Lougheed & Dankervoort (2002) voiced a similar negative relationship in discussing their experiences leading the social enterprises Inner City Renovations (Winnipeg, Manitoba) and Potluck Café Society (Vancouver, British Columbia).

2.4.1 Development of Marketing Strategy in Non-Profits

Pope, Isely, & Asamo-Tutu (2009), noting the lack of available theory with respect to non-profit marketing strategy, examined how marketing strategies develop in non-profits. The authors view non-profit target markets as falling into three categories:

- **Consumer:** Clients who utilize the products or services.
- **Volunteer:** Important for non-profits who may utilize volunteerism. The key is that non-profits must market to volunteers in order to secure participation.
- **Donor/Funder:** Individuals who contribute through donations to the organization.

The results and recommendations of the Pope, Isely, & Asamo-Tutu (2009) exploratory study reflect a sector still learning about marketing, but also point to specific areas where dramatic improvements in organizational effectiveness could be achieved:

Results	Recommendations
Marketing rated very important for the majority of non-profits	Must increase awareness of marketing (broaden definition to more than fundraising). Seek board members with marketing experience.
Lack of resources and/or support for marketing considered a major barrier to adopting marketing practices.	Must increase funding for marketing activities.
Brand recognition an issue, especially for smaller non-profits.	
Ambiguous definitions of target markets and competition.	
Failure to fully utilize Internet for marketing capabilities.	Organizations must grow their website usage and presence.

One of the recommendations put forth by Pope, Isely, & Asamo-Tutu (2009) involves increasing funding for marketing operations, to increase marketing practice. While a useful recommendation, non-profit organizations may face significant barriers, both economic and social, to following such a recommendation. For example, non-profits that receive significant portions of their funding through charitable donations may face public relations issues if additional money is spent on marketing activities directly, rather than putting money towards areas more closely linked to the organization's social mission (Stater, 2009). Again, there is an issue of misaligned identities (Balmer & Greyser, 2002). The perception on the part of non-profit stakeholders, perhaps, is that additional marketing activity involves upfront cost with the "promise" of greater returns over the longer run. Further discussion of stakeholders, and the impact of revenue sources on marketing strategy, occurs in the next sections.

2.4.2 Stakeholder Marketing

Aligning with earlier work on marketing in not-for-profit organizations (Andreasen & Kotler, 2003; Herron, 1997; Oster, 1995), there is a trend in marketing literature calling for the need to move away from the focus on customers as the primary targets of marketing activities (Smith, Drumwright, & Gentile, 2010). The movement, referred to as *stakeholder marketing*, calls on marketers to consider how best to deal with different stakeholders with whom their organization interacts when performing marketing analysis (Bhattacharya, 2010; Ferrell, Gonzalez-Padron, Hult, & Maignan, 2010; Gundlach & Wilkie, 2010; Smith, et al., 2010). This is consistent with the understanding that not-for-profit organizations typically have a myriad of target markets or customer groups, including clients, volunteers and donors/funders. In the non-profit literature, there is recognition not only that multiple stakeholders exist, but also that multiple marketing strategies are necessary to reach these divergent audiences (Andreasen & Kotler, 2003; Gainer & Padanyi, 2002). Social enterprises, like not-for-profits, must consider a myriad of stakeholder groups, but as noted in Bhattacharya & Korshun (2008, p. 114), stakeholders' needs are rarely closely aligned, making accomplishing this task challenging.

Embedded in stakeholder marketing is the central notion that marketing, in general, has been too focused on purely financial outcomes, in particular profit maximization (Bhattacharya & Korshun, 2008, p. 113). Social enterprises, by definition, are focused on societal outcomes. A recent study (Mish & Scammon, 2010) suggests that triple-bottom-line organizations consider the interconnectedness of stakeholders in the development and delivery of value propositions to those stakeholders (p. 12). The authors refer to this as *principle-based stakeholder marketing* (p. 18). However, the qualitative study focused on nine public, for-profit triple-bottom-line firms of significant size (in terms of revenue), which does not provide insight into social enterprises currently operating as not-for-profits and/or charities. However, the findings presented by Mish & Scammon do point to an important tension that arises in firms, such as social enterprises, that are looking to pursue principle-based stakeholder marketing bottom lines, namely tensions that arise as a result of what the authors term "single-bottom-line expectations" (p. 21). In other words, tensions that arise within the organization as a direct result of the stakeholder pressures associated with maintaining financial health, in particular revenue and profit.

2.4.3 Influence of Revenue Sources on Marketing Strategy

Stater (2009) argues that the method by/through which non-profit organizations acquire sources of revenue greatly impacts their marketing strategy. In particular, the fact that many nonprofits receive some funding – whether large or small amounts – from voluntary donations or public subsidies, means that part of the marketing messaging is around trustworthiness. This resource acquisition process affects the type of marketing strategy utilized by a non-profit organization. Additionally, as non-profits move towards generating some portion of their operating funds through revenue generating activities – such as fee for service – they necessarily encounter challenges around how to market those activities (Stater, 2009).

2.5 Literature Summary and Thesis Research Focus

In examining the literature on social enterprise, marketing strategy, and the confluence of these fields, I conclude that marketing strategy offers approaches that may be beneficial to socially oriented organizations. We do know that organizations with social missions exist, and that they are an increasingly important part of the overall economy. We know that marketing is an important business function, and that marketing strategy offers myriad approaches that may be beneficial to socially oriented organizations. However, little current research exists on how marketing strategy is currently being used by social enterprises, and examination of literature concerning marketing strategy in other organizations with social missions – namely non-profits – while useful, is not focused enough to advance practitioner or researcher knowledge.

The literature does suggest limitations social enterprises face with respect to marketing functions. These limitations relate to a) how marketing – when geared towards profit making activities – might be perceived in the context of non-profit organizations, and b) the limited availability of funds to funnel into marketing activities, as there is an expectation that financial resources should be channeled into the social mission. How the contradictions and tensions – between the benefits that marketing offers and the limits on marketing activities – are resolved is not addressed in the literature. As well, while the role of branding has been considered as extremely important in the development of marketing strategy in recent years (de Lencastre & Côte-Real, 2010; Wong & Merrilees, 2007), I could find little examination of the role that branding plays in marketing in social enterprises (or in not-for-profit organizations for that matter – although Pope, Isely, & Asamoah-Tutu (2009) explored branding in a minor way in their work).

This thesis asserts that more direct research into the practice of marketing, and marketing strategy formulation and implementation specifically, within social enterprises is necessary to advance the literature of both fields. The purpose of the thesis is to take up this challenge and address the following research questions:

- Do social enterprises utilize marketing strategies, and if so, what are the predominant strategies?
- How is marketing, as a business function, viewed by social enterprises?
- Do tensions exist, within social enterprises, with respect to the limitations and constraints these organizations face concerning marketing? If so, under what context do tensions exist, and how does the context impact marketing strategy?

In answering these questions, I develop a model of marketing strategy in social enterprises (Figure 3) that illustrates how tensions experienced by social enterprises impact marketing strategy. This model serves as an extension of existing theory with respect to current models of marketing strategy, and is a platform for future research to build upon and test against.

3 Methodology

Researchers use qualitative methodologies for the development of theory where “partial or inadequate theories exist for certain populations and samples or existing theories do not capture the complexity of the problem we are examining” (Creswell, 2007, p. 40). This thesis uses an inductive, grounded theory methodology inspired by the works of Charmaz (2006) and Glaser & Strauss (1967). Because there is a dearth of research with respect to marketing in social enterprises, it is both appropriate and necessary to undertake qualitative research in order to build understanding of this phenomenon and to begin to develop theory in the area. Grounded theory consists of systematic “guidelines for collecting and analyzing qualitative data to construct theories ‘grounded’ in the data themselves” (Charmaz, 2006, p. 2). To develop a model, this study involves a comparative analysis of fifteen cases of social enterprises.

3.1 Sampling

Participation was sought from individuals representing disparate organizations from a large city in Eastern Ontario, and its rural environs. The intent was to obtain as wide a range of perspectives as possible. As no formal legal designation and no comprehensive sampling frames exist for social enterprises in Canada, I created a database consisting of 46 social enterprises within the target geography. This database was constructed by amalgamating existing data sources concerning social enterprise locations, and by searching the Internet for enterprises that met the definitional criteria. To be included in the database, an enterprise had to (a) demonstrate an underlying drive to create social value rather than just personal or shareholder value, and (b) utilize private sector business practices to achieve organizational goals. I then utilized purposeful sampling (Miles & Huberman, 1994) in selecting 15 cases, which represented the variety of social enterprises, for in depth study.

Table 1 below provides summary data concerning the organizations that agreed to participate. To ensure anonymity of participants and their organizations, as guaranteed by the terms of the ethics consent form, each organization has been assigned a generic codename. Three of the organizations, Org01, Org06, and Org11 operate multiple social enterprises under the umbrella of a parent organization. Conceptually the social enterprises act almost as discrete business units, with dedicated management staff and budgets, but with overall reporting and accountability feeding into the umbrella organization. To disambiguate between the different social enterprises, a unique letter is appended to the end of the organization code name, for example Org01a. The three organizations that operate multiple social enterprises are in contrast to the other organizations in this study that operated a single social enterprise. In Table 1, highlighted rows represent the three parent organizations and their social enterprises to indicate that they are related to one another. Note that social enterprises operated under a parent organization exist to support the social mission of the parent organization.

Table 1: Organization Summary: Mission, Age, and Structure

Code Name	Mission	Industry (Business Activity)	Org Founded	Social Ent. Founded	Legal Structure
Org01	Pre-employment and Employment Services	N/a	1977		Not-For-Profit Charity
Org01a		Food Services (Catering)		1999	
Org01b		Property and Lawn Maintenance Services		2005	
Org01c		Bicycle Refurbishment and Sales		2010	
Org02	Laundry Services	Laundry Services	1999		Not-For-Profit Charity
Org03	Promoting Social Causes and Organizations	Software (Online Advertising)	2009	2009	Incorporated
Org04	Counseling, Education, and Support Services	Employment Assistance Program (Services)	1914	1989	Registered Charity
Org05	Development of Nations	Software (Public Financial Management)	1984	1984	Incorporated
Org06	Employment Services	N/a	2004		Not-For-profit
Org06a		Food Services (Restaurant)		2008	
Org06b		Printing Services		2006	
Org06c		Interior/Exterior Maintenance Services		2004	
Org06d		Coffee and Spice Distribution		2004	
Org06e		Antique Refinishing and Restoration Services		2004	
Org06f		Packaging and Distribution Services		2004	
Org06g		Commercial Recycling Services (Paper, Plastic, Metal, Electronics)		2008	
Org06h		Agricultural Labour Services		2005	
Org06i		Furniture and Decorative Products		2004	
Org07	Affordable Housing	Home Improvement and Décor Products	1993		Not-For-Profit Charity
Org08	Community Outreach Services	Retail (Clothing, Household Goods, and Children's)	1986		Not-For-Profit Charity
Org09	Equitable Trade and Community Development	Fair Trade, Organic Food Products	1999	1999	For-Profit Worker Cooperative
Org10	Resource Conservation	Community-based Social Marketing	2005	2005	Not-For-Profit Charity
Org11	At-Risk Youth Services	N/a	1971		Not-For-Profit Charity
Org11a		Jewellery		2009	

Code Name	Mission	Industry (Business Activity)	Org Founded	Social Ent. Founded	Legal Structure
Org11b		Commercial Bottle Collection and Recycling Services		2009	
Org12	Financial Services	Financial Services	2000	2000	Not-For-profit
Org13	Sustainable Food Supply	Food Services (Restaurant, Catering, and Wholesale)	2001	2001	Privately Owned
Org14	Environmental Sustainability	Environmental Consulting & Contracting (Auto Services)	2000	2000	Incorporated
Org15	Day Supports and Services for Disabled Adults	Packaging and Distribution Services	1982		Not-For-Profit Charity Cooperative

Table 1 also presents information regarding when the organization and social enterprises were founded, to highlight the fact that in the case of several of the not-for-profits, the social enterprise component developed after the initial founding of the organization. This is significant because it provides an opportunity to explore whether the perceptions of marketing in those organizations differs from the perceptions reported by organizations founded as social enterprises.

All organizations in the sample have headquarters located in a large Canadian city and the region surrounding it. All but two organizations, Org06 and Org08 were headquartered within the geographic limits of the city itself.

Table 2 below provides additional comparative information about the organizations involved in this study, specifically statistics to give a sense of the size of the organizations involved. Where possible numbers are drawn from published annual reports or directly from the interview data, or through follow-up contact with participants. Not all participants were willing to disclose these figures. Note that one organization, Org03, actually went out of business in December 2010.

Table 2: Organization Size: Employees, Volunteers, and Revenue

Code Name	Employees (Full and Part Time)	Volunteers (Org)	Volunteers (Soc. Ent.)	Soc. Ent. Revenue	Org Revenue (All Sources)
Org01	Did not disclose	Yes			Did not disclose
Org01a	44		No	\$200,000	
Org01b	15		No	\$60,000	
Org01c	11		No	\$53,000	
Org02	32	Yes	No	\$104,000	\$200,000
Org03	4	No	No	Out of Business*	Out of Business
Org04	60	Yes	No	\$800,000	\$3,200,000
Org05	Did not disclose	No	No	Did not disclose	Did not disclose
Org06	Did not disclose	No	No	\$1,407,158†	\$1,407,158
Org06a					

Code Name	Employees (Full and Part Time)	Volunteers (Org)	Volunteers (Soc. Ent.)	Soc. Ent. Revenue	Org Revenue (All Sources)
Org06b					
Org06c					
Org06d					
Org06e					
Org06f					
Org06g					
Org06h					
Org06i					
Org07	14	Yes	Yes	\$281,975	\$1,186,045
Org08	8	Yes	Yes	\$200,000	Did not disclose
Org09	13	No	No	\$6,148,890	\$6,148,890
Org10	17	Yes (Per Campaign)	Yes (Per Campaign)	Did not disclose	Did not disclose
Org11	Did not disclose	Yes			\$752,659
Org11a	2		No	\$15,000	
Org11b	16		No	\$40,000	
Org12	2	Yes	Yes	\$7,000	Did not disclose
Org13	Did not disclose	No	No	Did not disclose	Did not disclose
Org14	5	No	No	\$1,000,000	\$1,000,000
Org15	31	Yes	No	\$60,350	\$1,766,069

* Org03 ceased operations several months after participating in this study.

† Revenue figures provided for Org06 were taken from the organization's 2010 annual financial statement, and that statement did not break down the revenue derived from each social enterprise.

With respect to the interviewees involved in this study, Table 3 below provides a listing of their job titles. All participants were senior decision-makers within their organizations, and all were responsible for marketing-related decisions. In the case of Org01, I formally interviewed the senior manager responsible for Org01a, a food services business. However, through additional time spent conducting research at the parent organization, Org01, I gained knowledge of Org01 as well as the two other social enterprises (Org01b and Org01c) that it operates. In the case of the other organizations that operate multiple social enterprises, Org06 and Org11, I interviewed the Executive Director to whom the social enterprises report.

Table 3: Participant Job Titles

Organization	Job Title	Tenure - Current Role (yrs)	Tenure - With Organization (yrs)
Org01a	Operations Manager	5	8
Org02	Coordinator	5	8
Org03	CEO	8	8
Org04	Director, Global Marketing & Alliances	4	10

Organization	Job Title	Tenure - Current Role (yrs)	Tenure - With Organization (yrs)
Org05	Director, Global Marketing & Alliances	6.5	10
Org06	Executive Director	6	6
Org07	CEO	7	7
Org08	Executive Director	7	7
Org09	Marketing and Communications Manager	0.5	0.5
Org10	Executive Director	1	1
Org11	Executive Director	3	3
Org12	President	8	8
Org13	Founder/Owner	10	10
Org14	Founder/President	10	10
Org15	Executive Director	6	6

By and large the participants began working for the organization in the current role they occupy, specifically a senior decision-making role. In general, participants also had been involved with the organization for a significant number of years; participant tenure averages for both Current Role and With Organization were 5.25 years and 6.43 years respectively. The participants were able to provide the information sought in this research study, as well as discuss issues raised during the research process.

3.2 Data Collection

Consistent with qualitative research, and Grounded Theory approaches in particular, the primary source of data for this thesis was semi-structured interviews (Creswell, 2007, p. 131) of approximately 90 minutes in length. Interviews were recorded on a digital audio recording device and later transcribed into electronic document format for analysis.

In addition to conducting interviews, I collected other forms of qualitative data through taking notes while participating in two social enterprise conferences attended by several of the participating organizations, a 10th anniversary open house event conducted at one of the participant organizations, and two separate site visits to social enterprise operations to gather data prior to conducting interviews with participants of those organizations. As well, prior to conducting the site visit interviews, each organization web site was researched in order to lessen respondent burden in terms of obtaining necessary information and to allow triangulation of data. Further, during most site visits and interviews, study participants passed on electronic and or paper copies of previous/current marketing strategies and campaigns, as well as other key related documents. These sources were analyzed in the research and allowed for triangulation of various pieces of data.

Additionally, to ensure accuracy in terms of participant interview data prior to coding, participants were provided with electronic copies of the interview transcripts to allow for the opportunity to clarify or correct any statements made during the interview.

3.3 Data Analysis

Grounded theory calls for an inductive approach involving grounding the findings in the data (Charmaz, 2006; Glaser & Strauss, 1967). Data analysis involved an iterative process consisting of understanding each case separately and conducting comparisons across the cases to search for patterns of similarities and differences, all using the constant comparative method (Charmaz, 2006; Glaser & Strauss, 1967).

In understanding each organization, attempts to validate data provided by the interviewee were done through triangulation against the other sources of data available – including the organization’s marketing plan, examples of marketing materials developed and used by the organization, as well as information from the organization’s website.

Data for each case was coded first using initial or descriptive coding (Charmaz, 2006; Miles & Huberman, 1994) to establish categories of analysis representing very closely the views of participants. For example, the following two quotes were coded during initial coding:

“I guess just traditional ad servers, I suppose, or other companies or organizations that do online advertising on some level. But I think we’re pretty unique in the market space. At a technical level, nobody is doing what we’re doing. In terms of technology, the only similar thing is something called an ad blocker, but it’s not really a product, it’s more a service, a technical service that’s free actually, that eliminates ads altogether online. Which has its own issues in and of itself. So just, I guess other types of online ad servers and ad networks I guess would be our closest competitors.” – Org03 (coded as *Competitors*)

“In terms of [the social mission], the customers are families in need that are unable to attain mortgage financing through traditional banks or lending institutions. In terms of the [social enterprise], the customers would be anyone who wants to purchase discounted, quality home improvement or home décor items. These are people who want a deal – similar in concept to shopping at Winners – and can include small contractors, individual homeowners, and Do-It-Yourself proponents. Also includes all those that want to save the environment by reusing and recycling.” – Org07 (coded as *Customers*)

Subsequently, theoretical or inferential coding (Charmaz, 2006; Miles & Huberman, 1994) was conducted to aggregate codes created in the earlier phase of the coding process, and to move to a more conceptual level of analysis. Miles and Huberman (1994) informed these attempts, in particular that “codes should relate to one another in coherent, study-important ways; they should be part of a governing structure” (p. 62). For example, the two initial codes of Competitors and Customers were structured as child codes under a parent code called Environment (External), a theoretical code that categorizes all coded data related to the market conditions and factors external to the organization related to marketing.

Throughout the analytical phases of the thesis research, I pursued memo writing (Charmaz, 2006; Creswell, 2007; Miles & Huberman, 1994) to conduct comparisons across the data, and to abstract concepts revealed in the data into new theory. These memos also helped link concepts.

3.4 Establishing Trustworthiness

In order to establish the reliability and credibility of the data analysis (Creswell, 2007; Miles & Huberman, 1994), I have undertaken a number of strategies to ensure the quality of the thesis research. A complete account of how this research was conceived, conducted, and reported is provided within the thesis, to give as accurate an accounting of the work as is possible. The thesis uses a theoretically diverse sample that is richly described, to assist with comparability with other research samples. As much as possible, “thick descriptions” of all relevant findings are provided to allow readers to make their own assessments of the findings’ validity, and consider the transferability of the findings to other contexts. Wherever possible, additional sources of data were sought out to help confirm information provided by interview participants. The additional sources included media reports, public web sites, and official documents published by the participant organizations, such as marketing plans, strategic plans, annual reports, and examples of promotional materials.

The thesis supervisors made a review of coding procedures and analysis, independently, after I had finished coding three interviews. A code list and two coded interview transcripts were provided to each supervisor for verification. The review was conducted to ensure proper coding processes were being followed, and that sufficient categorization of data occurred.

Study participants were sent a formal report that outlined the findings of the thesis, including the model of marketing strategy in social enterprises developed. Participants were asked to provide feedback on the report as a form of member checking. Of the fifteen participants and one additional informant who were sent a copy of the report, most were too busy to provide feedback. One participant, from Org06, provided direct feedback to the effect that the findings were complete based on her professional experience working in social enterprise.

While no research is ever “perfect,” I have undertaken these processes in order to ensure a high level of research quality, and to provide a measure of verifiability that this work is consistent and correct, excepting all aspects of deviation that are beyond my control.

4 Findings

The data analysis portion of this thesis ultimately culminates in a theoretical model of marketing strategies in social enterprise (Figure 3). In order to get to a point where that model can be discussed, this thesis first reflects on several key areas of the interview data,

specifically how the participants, who are senior leaders within their organizations, view social enterprise, and also how they view marketing. These two areas are important to investigate as the views expressed with respect to these concepts inform the remaining analysis. After discussing the initial participant views of social enterprise and marketing, the thesis explores how the participants articulated the limitations and constraints under which they operate. In particular, the limitations and constraints manifest as dualities that impact marketing strategy usage in particular contexts. After analyzing these relevant categories of data, the thesis explores the specific marketing strategies social enterprises in this sample employed. The linkages between the previous discussion points and the outcomes, in terms of actual marketing activities, are discussed as well.

4.1 Participant Views of Social Enterprise

Before proceeding to discussion of marketing, it is first valuable to understand how the participants in the study viewed social enterprise as an approach to both pursuing a commercial activity, and achieving socially beneficial outcomes other than general economic prosperity. The data suggest that senior managers in social enterprises view their social enterprises as much more closely aligned with what many people would consider for-profit, commercial attitudes. For example, the participant from Org10 specifically described the approach of his organization as a stark contrast to other social sector organizations operating to achieve similar social goals:

“We actually take a much more commercial approach than a lot of non-profits. A lot of non-profits are used to being very low-key, low budget. I’ve got to be very low profile and that’s what people expect of me. And in the energy efficiency world it’s this group that hugs each other ... and then is afraid to take on other things, and the real world almost. And [our CEO is] not like that at all, he’s ‘look you’ve just got to get out there, you’ve got to talk to people, you get volunteers, you go door to door, face to face, you talk to anybody.’ And it’s impactful really.”
– Org10

Org06, which owns and operates nine independent social enterprises under its umbrella, was so commercially successful within its region that it was being lauded within its community for being a successful commercial enterprise, not only a successful example of a social enterprise. The attitude of the participant, the Executive Director, was that commercial success was an important plateau for social enterprises to reach in order to get beyond the stigma of social service:

“Otherwise the risk is that you’ll be considered and viewed and perceived as a social service rather than a social business.” – Org06

Exactly why this was important became apparent later in the same interview when we discussed consumer perceptions:

“If people are buying from us out of charity because we’re a social business we won’t survive. People need to buy something because they need it, and they need to purchase something according to their needs, and they want something that will last a long time if that’s what they are looking for, and that’s what we promote. We don’t want people buying out of pity ... or to say, oh it’s done by people with an intellectual disability; I don’t want to label the people.” – Org06

This need for social enterprise to trend towards the commercial end of the spectrum in order to escape the potentially negative associations stemming from the social sector legacy recurred in other conversations:

“...what we really thought that we needed to do at the very start was to have people take us seriously as a business and not see us as a social service agency. When I first took over there was a misconception that working with people with disabilities, or barriers to employment, or mental health, [meant] that we were going to be offering a product at a lower price range to people for those reasons.” – Org01a

“And we don’t hide behind the fact that we’re a non-profit. That all things being equal, if we provide a higher quality service and we’re competitively priced, the fact that all of our net revenues go back into reinvestment in the community, it’s a triple win. And that’s starting to resonate.” – Org04

The data suggest that this concern of legacy social service stigma may be more common in not-for-profit organizations than for-profit: none of the participants from for-profit organizations expressed the same concerns.

A central theme in the data is that social enterprises are striving to fulfill a desire to be self-sufficient (or autonomous). Social enterprises seem to define self-sufficiency in different ways, for example some see it as becoming completely self-funded with no reliance on government funding or charitable donations, while others believe that while total self-sufficiency is not possible, they view self-sufficiency as increasing the percentage of revenue over which they have more control. Tied in with the concept of self-sufficiency is the notion of growth; almost all of the organizations in the sample are looking to grow the revenue obtained through business activities, and this growth is desired to grow their capacity to meet social goals.

These notions of self-sufficiency and growth will be discussed in detail later in this thesis. However, it is important to keep them in mind while exploring the remaining aspects of the data.

4.2 Participant Views of Marketing

In working towards answering my research questions, one of the first things to fully comprehend from the data was the prevalent view towards marketing. In particular, it is important to know whether the strong social orientation of social enterprises would lead to a less favorable view of marketing and its usefulness. Participants overwhelmingly viewed

marketing as a positive endeavor, even if there were still lingering doubts stemming from the negative perceptions of using marketing approaches. The participant representing Org02 put it like this:

“[B]randing and marketing are not sins ... It doesn’t have to go against the vision and the mission of social enterprises or social areas or social organizations or people themselves.” – Org02

Her view illustrates an understanding that marketing is not inherently something to avoid, while still demonstrating awareness that the negative perceptions do linger in the broader community involved with social issues.

In terms of the sample used in this study, the following table illustrates broadly the perception of marketing as either positive or negative within each of the organizations included in the study:

Table 4: Participant Views of Marketing

Organization	Legal Structure	View of Marketing
Org01	Not-For-Profit Charity	Positive
Org02	Not-For-Profit Charity	Positive
Org03	Incorporated	Positive
Org04	Registered Charity	Positive
Org05	Incorporated	Positive
Org06	Not-For-profit	Positive
Org07	Not-For-Profit Charity	Positive
Org08	Not-For-Profit Charity	Positive
Org09	For-Profit Worker Cooperative	Positive
Org10	Not-For-Profit Charity	Positive
Org11	Not-For-Profit Charity	Positive
Org12	Not-For-profit	Positive
Org13	Privately Owned	Positive
Org14	Incorporated	Negative
Org15	Not-For-Profit Charity Cooperative	Positive

An interesting note to this finding is that the participant who reported negative views of marketing represented a for-profit organization. One might expect that if any of the participants reported negative views of marketing, they would be from organizations with a history rooted in social service provision, of which there are several in this sample. The lone negative response highlighted a lack of understanding as the primary reason for the negative perception:

“I have to reveal my prejudices and bias, I don’t understand marketing and I don’t really like it (laughs), I really don’t. It seems to smack more of consumerism and promoting unsustainable lifestyles...” – Org14

The participant highlights promotion in the context of the negative sentiment, and that is important because, from the sample, ten of the fifteen participants (66%) generally equated marketing foremost with its promotional aspects, and raising awareness. For example:

“From what little understanding I have of it, or more than most people perhaps, I think advertising in general is equated to marketing, and maybe it’s difficult to differentiate between the two. But, what is important is messaging and getting out what we’re trying to do. And if that means marketing, yes, very important. But I think generally marketing, or advertising perhaps more so, the bottom line is to sell: sell a product or sell a service of some sort. So our concept is a little bit different because we don’t really have to do that; it’s not really a hard sell necessarily. It’s more about getting the information out about what this is trying to do, and how you can help.” – Org03

“Marketing isn’t about developing TV commercials or anything like that; it’s our presence in the community. Whether it’s newspaper articles in the large circulated papers like the Citizen or local community papers, telling a story as to what our services are. It’s hard copy materials, brochures, pamphlets materials. Website obviously is an absolute necessity to being able to market yourselves effectively.” – Org04

“Well for me marketing is making sure that the people that we’re trying to reach are aware of what we do, how we do it, and why it’s different.” – Org05

“...marketing for us is really A) to get clients, but also to track potential funders. That’s our two, those are the two groups that we want to get our message to...” – Org12

A few participants did discuss the role of marketing in developing a product, and emphasized that the product had to be not only financially viable, but also fit with the social mission of the organization. For example, the following quote is from Org01a, a food services business operating under the umbrella organization Org01, whose social mandate is to provide support and employment opportunities for individuals with disabilities or mental health issues:

“So we had to establish our marketing niche, we couldn’t be everything to everybody, and we had to find something that our workers were going to be able to do well, and that they were going to eventually be able to remember and work towards sustaining it themselves.”

This highlights the need, for at least some social enterprises, to carefully consider their potential value propositions in order to achieve balance between revenue generation and social goal fulfillment.

4.3 Marketing Limitations and Constraints

Overwhelmingly, participants in the study sample reported that the number one constraint in terms of their marketing activities is lack of financial resources. Specifically this tended to refer to the costs associated with promotional activities, such as advertising and events, but overall the data suggest that social enterprises simply do not have money for marketing. Tables 5 and 6 below summarize participant responses to questions of limitations with respect to marketing, as well as the reported annual marketing budget for the organization in question.

Table 5: Marketing Limitations and Budgets: Not-For-Profits

Organization	Biggest Limitation	Annual Marketing Budget	Org Revenue (All Sources)
Org01	Financial	\$12,164	Did not disclose
Org01a	Financial	\$5,100	
Org01b	Financial	\$3,600	
Org01c	Financial	\$7,500	
Org02	Financial, social enterprise Capacity	\$1,000	\$200,000
Org04	Financial	\$5,000	\$3,200,000
Org06	Financial	\$43,657	\$1,407,158
Org06a	Financial	\$2,000	
Org06b	Financial	\$2,000	
Org06c	Financial	\$2,000	
Org06d	Financial	\$2,000	
Org06e	Financial	\$2,000	
Org06f	Financial	\$2,000	
Org06g	Financial	\$2,000	
Org06h	Financial	\$2,000	
Org06i	Financial	\$2,000	
Org07	Financial	\$6,000	\$1,186,045
Org08	Financial	\$1,000	Did not disclose
Org10	Perceptions of acceptable business practice	Did not disclose	Did not disclose
Org11	Financial, Human Resources	\$6,100	\$752,659
Org11a	Financial, Human Resources		
Org11b	Financial, Human Resources		
Org12	Financial, Expertise (skills)	Did not disclose	Did not disclose
Org15	Financial	\$10,000	\$1,766,069

Table 6: Marketing Limitations and Budgets: For-Profits

Organization	Biggest Limitation	Annual Marketing Budget	Org Revenue (All Sources)
Org03	Financial	\$0	Out of Business
Org05	Capacity to decentralize marketing responsibilities	Did not disclose	Did not disclose
Org09	Financial	\$89,000	\$6,148,890
Org13	Financial	\$7,000	Did not disclose
Org14	Financial	\$1,000	\$1,000,000

The data in Table 6 show one organization (Org09) as a major outlier in that they reported an annual marketing budget of \$89,000, which was substantially larger than other

budgets reported within the sample. It is interesting to note that not only was Org09's budget the largest, the participant was also able to articulate that \$30,000 of the budget was set aside specifically for advertising and promotion. No other organization in the sample provided budgetary numbers that distinguished between promotion and non-promotion marketing activities in terms of costs. Non-promotion costs were typically subsumed within other general administration costs. The manner of the reporting by Org09 indicates a greater level of sophistication with respect to reporting costs associated with marketing activities, and is consistent with the professional marketing experience of the individual interviewed.

The amounts reported in the table may not seem remarkable without providing some context as to their size relative to costs such as promotion. The participant from Org13 reported a cost of \$3,000 to publish two advertisements in a single edition of a local, print magazine dedicated to weddings. The wedding magazine in question is published semi-annually with approximately 10,000 copies per issue¹. Similarly, the participant from Org06 reported having engaged in a radio promotion costing \$500 per month that ran for 12 months, for a total of \$6000, fully one-third of the combined marketing budget allocated to all nine social enterprises operated by the organization. Both of these examples serve to highlight the stark contrast between available budget and relative costs. How organizations in this sample overcome the challenges associated with financial constraints, and implement marketing strategies, is discussed later in this thesis.

In general, participants reported that marketing was positively viewed within their organizations, and so the lack of funding is not tied to an inherent distrust or animosity towards marketing activity per se. The data suggest that the difficulties faced by social enterprises, with respect to marketing budget, may stem from a composite of legacy mindsets and perceptions typically applied to purely social sector organizations, in addition to an overall lack of financial resources available. Social enterprises vary on the levels of these tensions involved, however, thus different outcomes are observed with respect to budget allocation. The tensions are discussed in the next section.

4.3.1 Tensions Within Social Enterprises: Financing the Social Mission

One of the central themes that emerged from the analysis is the tension between the social mission and the drive to generate revenue through for-profit business activity in social enterprises. The data indicate that 12 of the 15 enterprises experience this tension. These tensions are known, and social enterprise managers attempt to actively manage them.

The interviewee from Org11 indicated that one significant tension arising from the social sector stakeholders is that individuals donating funds towards the organization's operations (whether as a donation or in sponsorship), have a desire to see the money put towards certain programs or services offered by the organization:

¹ Source: <http://www.ottawaweddingmagazine.com/advertise.html> accessed March 7th, 2011.

“[T]hat is a real problem in the charity world because you do not want the perception that you’re spending a lot of money on advertising or marketing your product or service ... Because when people donate dollars to a charity they want it to go to... whatever they think the charity is all about.” – Org11

This suggests that there may be restrictions in the way organization funds are used, and those restrictions are linked to perceptions of the organization based on its pursuit of a social mission. The interviewee went on to articulate a rough formula for this financial restriction:

“[B]asically the golden rule is you can’t put more than 15% of any donated dollars into anything other than frontline service. So you can play with 15%.” – Org11

Contributing to the financing tension is recognition that in many social enterprises the social mission and the for-profit activities used to finance the social mission are inextricably linked. For example, the Executive Director from Org06, discussed the challenge that managers of social enterprises face in terms of rationalizing their directive to operate as a business against the limitations imposed by the social mission:

"I'm asking [my managers] to manage the business as if it was their own business, and for sure when I'm sitting down with a manager and he says, you know Linda, you're asking me to manage it as if it was my own business; if it was my own business probably I would not hire five people with an intellectual disability."
– Org06

Several study participants raised issues of additional costs that social enterprises face that are limited to organizations serving a social mission. For example, managers of the social enterprises operated by Org06 highlight the single largest cost that they must manage daily: the employees of the businesses, individuals with mental and physical disabilities, who are the clients serviced by the social mission:

"You have a lot more people calling in sick. The nature of our business [is] that we are casual, it's usually at the last minute, which leaves us scrambling, which means our supervisors and managers are doing the job of what somebody coming in at minimum wage might normally be doing. We have a higher percentage of waste because we're constantly training. Depending on how an individual is feeling, somebody may have [the job] bang on for 10 months out of the year and then for 2 months a year they've forgotten all of it; you're constantly having to train. You have extra training costs because you have supervisors that always have to be present to make sure the product going out is at the level that we want it to be going out at.

We deal with a lot of issues with people that are going through rough times with their mental illness or some life situations that are coming up. ... Those aren't things that you would see offered if you went to another catering company (laughs). But the majority is constantly having to deal with little bumps and then having to scramble at the last minute." – Org01a

The participant went on to link this concept of additional costs directly to the organization's ability to market, specifically in terms of the kinds of products and services the organization would offer:

"I think just that it's important to realize that the social costs really do impact your marketing ability as well, not just on a financial side. You have to be aware of the skills and the limitations of your employees and what your purpose was of starting this enterprise, and not lose focus." – Org01a

Other participants in the study describe internal tensions towards revenue generation and for-profit concepts in a culture dominated by achieving a social mission:

"When we first introduced the term for-profit social enterprise, it was even uncomfortable internally ... I'm not sure why people wouldn't understand that we are for-profit as every other business is, but putting those words out there, for-profit, seemed to cause a lot of discomfort internally." – Org05

"We're sustainable right now but we're sustainable with grants... So is our goal to be self-sustaining without those grants, [or] is our goal to support our clients and take small steps towards that as a sustainable business with government support? And that's a struggle for us because the more you try to move towards sustainability, the harder it is to balance those social objectives because you have to think more on a business front. There's things in [running a social enterprise] that you wouldn't even think to classify as expenses [in a traditional business], like just having somebody crying in your office for an hour, and then well that's an expense because that's not the main focus of my job and that's considered case management and support." – Org01a

In summary, pursuing a social mission costs social enterprises in ways that differ from organizations pursuing solely economic goals. These costs come in the form of additional time, money, lower productivity, and employee stress. The data indicate that these costs may be unavoidable.

4.3.1.1 Self-sufficiency

While every social enterprise in the study had goals unique to their social mission, such as helping individuals with disabilities gain employment or providing environmentally sustainable transportation options, there was a common theme in terms of organizational goals: self-sufficiency. The exact definition of self-sufficiency differed between organizations, but in general it referred to a desire to increase the revenue obtained through business practices as a way to gain a level of autonomy over the organization's operations. This autonomy would, in turn, provide the organization with opportunities to further their social mission by growing their capacity to service the target population(s).

"I: You said the [Community Economic Development (CED)] portion this year you think will pay for itself. Was that always the goal with the CED portion, to cover off that cost?

R: To cover itself, yes, that was always the goal. To help on the [non-revenue programs], maybe that will occur next year and it will be fantastic if we could go that route." – Org02

"There are many many different types of social enterprises but basically my point is that we are one of the only enterprises in Canada, and possibly across North America, that has made as much revenue as quickly as we have, where we are moving towards sustainability in such a short period. There is one in Toronto called Eva's Phoenix, but it took them eight years to break even, and we likely will be sustainable within the next year, maybe year and a half." – Org11

The participant from Org04 discussed the view that increasing revenue-generation provides autonomy with respect to how the organization spends money, and also suggests a rough target percentage of gross revenue that would provide that autonomy:

"We'd like to have [our ability to generate funding] grow because your social enterprises and your fundraising allows you... It's untethered dollars, it's the money you make from that allows you to carve out a vision and put money where you see needs. Obviously we're perfectly happy with receiving funding from governments, United Ways, but oftentimes that's very targeted money, which is fine but there's limited flexibility, there's certainly not necessarily enough to cover overheads. And you're always going to be at the whim and the mercy of governments and when they change. An ill wind can blow [and] wipe out your funding if they don't believe in certain programs ... [W]e are a non-profit so we know that we have to be ultimately accountable to our community ... We know we're not going make such money that we are actually a for-profit; all of our net revenue just simply goes back into investing in our community based programming ... We don't have a hard target but if we have 30 to 40% of our entire gross revenue was generated [from our activities], that would give us flexibility."

– Org04

In terms of how to reach self-sufficiency, the participant from Org01a expressed the view that small, achievable growth each year was their strategy.

"R: We want to make sure that what we put in our budget are actuals of what a business out in the community would be paying out as well, so we have administration costs, we have equipment costs, all of our expenses, rent, telephone, IT, everything like that. So we can actually break it down to see where we are standing on coming sustainable and our goal is to increase that by 3-5% each year, to move towards sustainability.

I: Okay. So sustainability is the long-term goal?

R: It is, so that if something happened that we would be able to keep going and keep operating as a business. Right now we're not there, like I said we still receive funding..." – Org01a

The participant also voices the notion that self-sufficiency was a goal in order to ensure against the risk that the parent organization might not be able to continue operating, for any reason. The idea is that the employees, who are the targets of Org01's social mission, would not be as severely impacted by influences, such as funding changes, to Org01 because Org01a would have a measure of financial autonomy.

The data suggest that where marketing strategy fits here is that social enterprises desire self-sufficiency, but what logically precedes it is a lack of money generally, and for marketing specifically. Organizations are happy to use any and all marketing channels available to them, and recognize the need to do so, but they cannot afford certain activities, so they have instead relied on cheaper alternatives.

"If the restriction of money were lifted, meaning that money for marketing was unlimited, the organization would pursue more expensive promotional opportunities such as television commercials, billboards, bus seat signs, etc." – Org07

Within the sample, organizations that have larger revenue did mention the need to do "more marketing" and move beyond low-cost activities; in essence, to be more purposeful about the activities they pursue if they want to grow. In the case of the organization, Org09, that has one of the larger reported marketing budgets, the participant talks directly about pursuing formal marketing campaigns the way that a commercial venture would, as the next step towards increasing their social and economic revenues.

4.3.2 Tensions Within Social Enterprises: Growing Pains

In recent years there has been an increasingly vocal critique of western society's views on growth, specifically economic growth. The sentiment is that we are reaching, or have reached, a point where continued economic growth for its own sake is unsustainable, and furthermore may actually be dangerous for society and the environment. The data suggest that social enterprises are seeking a sustainable growth rate based on their organizational capacity, but that for many organizations there is a ceiling beyond which additional growth is not desirable:

"Honestly I think we're maxing, I think we're getting to the point where we're going to level off and just try and maintain. We have some other projects coming up. We just got approved for a \$110,000 grant with a committee that we're on, we're the banker of the lead agency and that's going to be in food securities for growing food and marketing local food and a few other projects there. So I think the focus will be changing a bit, hopefully the store will maintain where it's at." – Org10

The participant from Org08 echoed the concept of a growth threshold, above which tensions begin to occur. Org08 has been steadily improving the revenue generated through its retail

operations. With these increases in revenue generation, however, the participant sees at least the possibility of tension stemming from public perceptions of the amount of money the organization is able to generate:

"I: That \$200,000 amount ...?"

R: We're getting to that point I think ... When I announced a few years ago that we made \$75,000 it blew everybody's mind ... And then to be making \$200,000, it's like well why am I donating to you when you're making that kind of money? So I may not be promoting that as much, like that won't be the highlight of my reports, at all."
– Org08

For some organizations, in particular for-profit social enterprises Org05 and Or14, growth brings with it a risk of taking organizations away from their original, core purpose:

"[Engaging] becomes more difficult as we continue to expand outside the core headquarters, I think we have offices now in more than six countries. – Org05

"I think we've just scratched the surface but as we become bigger and bigger we're going to be attracting more people that want us ... And it's going to be harder and harder for us to maintain our sustainability ... the real reason I did this is to reduce the number of cars in [the city], so that's going to be harder and harder as we're attracting people that just want cheap transportation." – Org14

The participant from Org05 was especially vocal in expressing that mistakes or failures experienced by his organization, in his view, were generally directly attributable to a loss of focus stemming from distractions related to opportunities derived from organizational growth.

Amongst participants, marketing was viewed as important to facilitating the desired growth. For example, the participant from Org09 expressed the view that the growth of her organization before and during the recession might have simply been a function of the growth of organics/fair trade products generally in the market. During the recession time period, Org09 was not conducting much in the way of marketing activity, in part due to the economic climate. She speculated that now there is a need for marketing to be undertaken in a much more strategic way if the organization is to continue to grow, which they desire to do. Similarly, the participant from Org15 linked marketing to growth:

"... if we want to have more people buying our services, then we need a big plan that would be developed that wouldn't need [government] funding. So we have to look differently than what we've looked at as a non-profit organization. We have to look at risk and those kinds of things, so it's really the direction of the organization is going to go in. Our only reason to market would be to grow." – Org15

"... it's 10 years, it's time to get serious about marketing ... We've been trying to put in place the basic infrastructure, the website and all that, and getting ready now to go

out. In the new year, marketing is going to be really key because we need to raise \$10 million, you know, over the next five years or something.” – Org12

The participant from Org06 discussed a view that with her organization's growth had come the possibility that their current marketing activities would no longer be sufficient, and that perhaps alternative approaches would be necessary to continue growing:

“... so far the word of mouth was the best one and I think it’s the best one to maintain what we already achieve. But to go further and beyond we need some tools and we’re not in the electronic stuff like the Facebook and social media and all of that ...” – Org06

However, with the financial constraints social enterprises reported, the issue of marketing to grow becomes one that could generate tensions between the mission of the organization and the actions it pursues. For example, if social enterprises need to market to grow, but do not currently have the financial resources to expand their marketing activities, would social enterprises consider re-allocating financial resources from other activities related to their social mission? The data from this study suggest no; that social enterprises will pursue marketing strategies consistent with their financial means.

To summarize, growth presents special challenges for social enterprises that must contend with the desire to grow in order to expand their ability to address their social mission, while not losing touch with their original purpose.

4.3.3 Tensions within Social Enterprises: Who Are The Stakeholders?

What really stands out from the data is that social enterprises have significantly different concepts of stakeholders and customers, depending on whether they are legally structured as a for-profit or a not-for-profit organization. Paralleling the literature on marketing in not-for-profit organizations, social enterprises structured as not-for-profits concern themselves more frequently than social enterprise for-profits with attempting to acquire and work with many different types of customers:

"It can get a little complicated. Ultimately the person we’re trying to influence [through our energy saving social marketing programs] is the person at the door, and they don’t pay for anything directly. They pay indirectly because they pay fees to the utilities, they pay taxes to the governments, and those are the organizations that fund us. But none of them pay directly for what we’re doing ... Whoever’s funding us is a customer in a certain way; sometimes it’s contractual, sometimes like I say it’s grants." – Org10

“Positive marketing helps us to attract more donors, funders, suppliers, volunteer, potential families and positive upbeat media coverage, for both the [parent organization] and our [retail stores].” – Org07

This multiplicity of customers exists, because, while the organizations in this study use for-profit activity to generate revenue towards accomplishing a social mission, most organizations do not receive all of their funding through for-profit activity. For example:

"The [social enterprise] covers approximately 30% of the operating costs of the [organization]. Money designated by donors goes directly to whatever they designate it to, usually towards [non-revenue generating programs], as does much of the money raised by special events... Designated fundraising goes towards whatever the money was raised for. The majority of building materials are donated, as are professional services. We raise \$120,000-\$130,000 in actual cash, and \$75,000 in donated materials and professional services, plus the land. Land is often donated or we buy it for part cash and part tax receipt." – Org07

Overall, the majority of the organizations receive some amount of financial resources in the form of charitable donations, government grants, fundraising, transfer payments, or other sources (or some combination of these). Table 7 outlines the multitudes of forms of funding the social enterprises in this study receive apart from their revenue-generating activity.

Table 7: Sources of Funding

Code Name	Charitable Donations	Government Grants	Fundraising Events	Transfer Payments†	Other*
Org01	Y	Y	Y	Y	N
Org02	Y	Y	Y	Y	N
Org03	N	N	N	N	Y
Org04	Y	Y	Y	Y	N
Org05	N	N	N	N	Y
Org06	N	Y	N	Y	N
Org07	Y	Y	Y	N	Y
Org08	Y	Y	Y	Y	N
Org09	N	N	N	N	Y
Org10	N	Y	N	N	N
Org11	Y	Y	Y	N	N
Org12	Y	Y	N	Y	N
Org13	N	N	N	N	N
Org14	N	N	N	N	N
Org15	Y	Y	Y	Y	N

† Note that transfer payments refers to the transfer of funds from another organization, such as a government department or other not-for-profit organization such as the United Way, to the social enterprise.

* Other sources of funding included personal investment by the founder/CEO, prior venture capital investment, mortgage interest accumulated from previous home building projects, and class A preference shares, as well as financial loans.

The data in Table 7 suggest that social enterprises must conduct marketing activities aimed at a variety of individuals and organizations (which can be termed either customers or stakeholders) to secure funding opportunities, which in turn impacts the types of marketing social enterprises undertake. For some organizations, such as Org13, the effort required to undertake the process for dealing with all these different possible stakeholders (in this case ‘grantors’) appears to be too great and require time that they do not have:

"I'd love to put forth the blood sweat and tears to actually receive a grant, but [I] haven't yet put forth the time." – Org13

For other organizations, like Org14, previous experience with certain stakeholders has led to eliminating them from their current consideration set:

"[T]he government doesn't give us anything... I don't want their money... I didn't want to have any government funding because I know once they give you money they can also rip it away very quickly and then you don't have a program anymore. So I wanted it to be sustainable just on the use of the membership." – Org14

The opinions expressed by Org13 and Org14, both for-profit organizations, lay at one end of a spectrum with respect to attitudes towards stakeholders, particular those that are potential sources of funding. However, not spending effort focusing on sets of stakeholders may be beneficial in terms of marketing, because it narrows down the array of marketing activities an organization must pursue, and thereby the cost, in terms of time or money spent. The next section discusses the challenges social enterprises report with respect to marketing to disparate stakeholder groups.

4.3.3.1 Marketing the Many-Faced Organization

The data suggest that certain types of social enterprises may face a significant balancing act when it comes to marketing. In particular, this balancing act occurs with social enterprises that existed previously as a not-for-profit organization, but that have more recently added revenue-generating activities, and social enterprises that use multiple identities to address different organizational constituents. These types of social enterprises report difficulties in maintaining adequate separation between what can appear as opposing identities when marketing their organization and their activities, especially with respect to maintaining brand identity and values.

In this study, Org06, Org09, Org11, and Org15 represent the various facets of this observation. Org06 is an umbrella organization, which means it is a single entity that serves as the parent organization for nine social enterprises that operate almost as business units within a large multidivisional organization. Each social enterprise operates in a distinct industry, and, in fact, only a few are located in the same city as the parent organization; the social enterprises are scattered around the townships where the parent organization operates. The unifying theme between the parent organization and the social enterprises is

that they all service a common social mission: to provide individuals with disabilities with meaningful employment opportunities. The participant representing the parent organization, its Executive Director, commented that it is a difficult balance in terms of promoting the individual businesses and the parent organization, without promoting one at the expense of the other.

Org09 is a for-profit worker cooperative, and has been since its foundation in 1999. The organization maintains a cooperative identity that is used when dealing in the context of cooperative, such as with the Canadian Cooperative Association, or with investors, donors, and workers. However, Org09 has created a separate identity that is used with consumers of its products. That brand was recently altered in accordance with the changing focus of Org09's customer-facing product offerings, which itself was in response to increased competition. Org09 therefore maintains marketing effort for two distinct, but clearly intertwined, entities. Customers of Org09's products are directly presented with the cooperative organization identity through product packaging and promotion mechanisms, including through the public website. However, in all of these mediums the customer-facing brand is more prominently displayed and emphasized, with the cooperative brand typically displayed in a secondary manner.

Org11 is a not-for-profit charitable organization founded in 1971 that began two new revenue-generating business activities (Org11a and Org11b) in 2009. The revenue-generating activities take the form of two small businesses staffed by individuals serviced by Org11's social mission, but managed by staff of Org11.

Org15 is a not-for-profit charitable organization founded in 1982 that has chosen to add a revenue-generating program to its overall program portfolio. The revenue-generating program is not a separate business, and is managed by staff from Org15 and employs individuals serviced by Org15's social mission.

Org06, Org09, Org11, and Org15 are examples of those social enterprises with multiple identities, and they stand in contrast to the for-profit organizations in this study that do not maintain multiple brands for different audiences.

In summary, there is a difference between for-profit and not-for-profit social enterprises with not-for-profits social enterprises dealing with many different customer/stakeholders. The for-profit social enterprises' relevant customer/stakeholders are much less diverse.

4.3.4 Tensions within Social Enterprises: Competition and Cooperation

Twelve of the fifteen senior managers in the study's social enterprises, view themselves as facing direct competition in markets where they engage in revenue generating activities. Only Org03, Org07, and Org10 indicated that they had no direct competition, or at least no competition operating in exactly the same market. In general, social enterprise senior managers discuss competition in terms of other organizations that impact for-profit revenue dollars. Nonetheless, about one-third of the social enterprises in the sample

volunteered that they were willing to share with potential competitors in the interest of being cooperative and building strength in the sector. Willingness to divulge current operating practices, strategies, and approaches with potential or actual competitors was also seen as fulfilling a leadership function within the social enterprise community, and many of the organizations conducting such knowledge sharing did not express hesitation at continuing to perform those kinds of activities in the future:

"Other organizations in Canada and even in the States [are] calling us because they find us [on] the Web. [They're] trying to have a similar kind of organization in their cities. So we have a couple of groups in Montreal, one out West, and one in Detroit. So it's been working on that piece and we want our name to be more recognized, more brand recognition but of the whole laundry co-op, [Org02] itself, not [just] the laundry services; the whole organization." – Org02

Willingness to share comes about partly in recognition that there is clearly a reputational benefit to conducting knowledge sharing, not the least of which is the perception of being a knowledge leader:

"We use [Org01a] as a case study for [the training] as well and I do the section on social outcomes and what to expect. I find the connection with [the training, and] in the community has helped us as well because people kind of recognize [Org01a] as one of the leaders in social enterprise for food services." – Org01a

Participants from two of the organizations in this study, Org02 and Org06, actively discussed training competitors. In both cases, the organizations were contacted and asked whether they would be willing to share their knowledge and experience with respect to their specific social enterprises. Org06 has been contacted for this kind of knowledge sharing on more than one occasion, according to the interview participant, and I was present on a tour and information sharing session provided by Org06 for the benefit of another not-for-profit charitable organization.

The tour included stops at several of the social enterprises operated by Org06, and culminated in an in-depth question and answer session with the Executive Director of Org06. The not-for-profit charity who was involved in the tour seeks to assist disadvantaged populations, in particular individuals with mental and physical disabilities, and the intent of the visit was to understand how Org06 structures, funds, and reports on the business activities of its social enterprises. The not-for-profit charity hoped to be able to develop social enterprises that mirrored those operated by Org06 in another geographic location in Canada, however there is the possibility of competition in the future, especially as Org06 continues to grow and seek customers outside of its current geography.

The views on competition offered by Org02 and Org06 stand in stark contrast to conventional thinking about competition within a market. You might expect firms to closely guard their information, and certainly not freely divulge operational details to other firms, as was expressed by the participant from Org11:

“I’m pretty careful what I tell people though; if I’m starting another business I’m not going to tell anybody until it’s ready to go and I have the money. Because the larger organizations always like to copy because they don’t have enough creative juice, especially the youth organizations, and other organizations period. So I don’t tell anybody anything until I’m ready to launch. And all my staff know that. Nobody says anything if we’re in the process of working on something.” – Org11

Overall, social enterprises appear to live in a world where they understand and accept that they are competing with other organizations and firms, but because they also work to help others, they are often pulled in the two directions of competition and cooperation. The data suggest that assisting other organizations to develop revenue-generating activities may stem from the multi-faceted nature of social enterprises; generating revenue is important, but more important is achieving positive societal impact.

The next section moves away from tensions and into analysis of the various marketing strategies employed by social enterprises in this study.

4.4 Marketing Strategies

Broadly, the discussion with participants, with respect to marketing strategies, consisted of exploring their organization’s activities with respect to market research, product and service development, pricing, promotion, branding, and measurement of outcomes. While the responses to questions in these areas were varied, several clear trends emerged. The subsequent sections in this thesis explore these trends with examples.

4.4.1 Market Research Strategy

In terms of researching existing and potential markets, in general social enterprises mentioned the use of customer feedback mechanisms, formal and informal, to access information. Formal feedback included information solicitation directly by the social enterprise, while Org09 reported using a private sector market research firm to conduct consumer investigations. For example, the following data illustrate the development of products and services through feedback forms and customer surveys:

"We had a standard menu ... We do seasonal menus four times a year as well, and then we send the feedback forms out at the end of each month; if it's repeat customers we only send them one. But we ask them to rate the food, to rate the service, then there's punctuality, those types of things. And then also to give us feedback on anything they feel they could help us improve upon. And if we get a lot of feedback on certain items that [are] really positive or not very positive: if it's not very positive we will take them off the menu and try something new, or if we're getting a lot of feedback saying you should really have something like this, this would be a really great idea, [then we will see if we can do it]. " – Org01a

"Well we basically were doing some market surveys ... I would go around and talk to people at bus stops and dry cleaning Laundromats and coffee shops and basically ask people, can I do a survey? And, just to talk about the idea or the concept in terms of was there an interest and what sort of things were people looking for. And based upon that survey I ended up saying, okay I believe there [is an interest in this product/service]." – Org14

The participant from Org14 also reported securing members (customers) as the final phase of the survey:

"I knew that it was going to be a slightly different model here in [the city], it was more of a neighbourhood car share. But based upon that I went to four [neighborhoods located within the downtown]. I did my little survey, and based upon that people said yes. I might have talked to 50 people, and of those 50 people four of them said, yes and I'd like to join. So I said, okay I'm taking down your name." – Org14

The participant from Org07 also reported using limited customer surveys through their retail outlets to provide feedback on their operations. The participant from Org09 reported using a market research firm, Harris Decima, to conduct survey-based consumer research, beginning first in 2010. The primary motivation was that Org09 had recently moved more into the consumer product space, and the organization wanted to continue to move in that direction. The organization recognized that to appeal to a larger percentage of the consumer market, not just their existing focus on individuals and groups pre-disposed to purchasing organic/fair-trade goods might require different approaches. Hence, additional research was required.

Consistent with the findings reported in the section on tensions related to stakeholders, organizations with multiple customers reported the need to consider research on each type of customer when developing products and services. For example, the participant from Org10 discussed his organization's market research approach, both towards the customer they try to reach with community-based social marketing programs, and the organizations that contract Org10 to conduct those programs:

"I'd say until very recently it was almost entirely the entrepreneurial way of doing it, which is [the CEO] happens to be a pretty smart guy [laughs]. And he pays attention to what's going on in the world ... So he was aware of community based social marketing but it was almost incidental, it was just what he thought would work, and he proved basically that it did in terms of what worked [with the customers of the social marketing campaigns]. And he also learned very quickly when you're [talking to a social marketing campaign customer face-to-face] what's working ... It's not really rocket science, you say, well I think this will work, and so you see what happens. And you see the reception [when you are face-to-face] and 95% of the time it's pretty effective." – Org10

"[T]he approach we're taking now is a much more commercial type approach I would say, which is to identify the market potential; where are the motivated people with money? And that right now, Ontario Utilities for example is a prime target where they have requirements, again regulator-imposed requirements, on having their customers consume less. They've had experience with that in the past bunch of years and they're struggling a little bit with it, we have an approach that they're somewhat familiar with but not fully, we've added a few things to it ... And so you have to be, we have to familiarize ourselves with the regulatory environment in each province and state, because it's different in most of them. What their set-up is with the utilities, what [are] their RFP processes, it's a much more business like approach. And we're dealing at more the program manager level than [if the CEO] were to go to the CEO of whoever it was and say, listen to this, and the CEO would say, that's fantastic, and the thing would go down. [W]e're not going to stop doing that but we can't rely on that." – Org10

Two interesting aspects to the participant from Org10's responses were the mention of RFP, Request For Proposals, which typically proceed all publicly-funded contract opportunities, as well as the element of experimentation. The use of the RFP process as a method for gathering information about clients, both current and future, in a market space was mentioned by participants from three other social enterprises: Org04, Org05 and Org15. For example:

"This last year has been the most busy RFP season in the history of our company but you know, the nice thing is that you've got a library of requirements and so every country, every government is going to put out slightly different requirements for, let's say a purchasing system. And so what we do is we compile all of those... We respond of course, but our product management team compiles all of that information and kind of validates it against our product. Certainly if we are to win an opportunity then we have to make sure that all of the requirements that we've responded to are contained in our product. So that's kind of a constant stream of evolution for the product." – Org05

The participant from Org04 discussed the value of the RFP process in terms developing product and service pricing:

I: Are you able to benchmark very well against what a competitor would be offering price-wise?

R: Usually.

I: How are you able to do that? How do you know what they charge for similar services?

R: Key contacts in key places (laughs) ... I mean some brokers will be quite open about, well here are the prices and this is what they were and this is how they came in. [If you bid on] an open RFP you are entitled to see what the winning bid went for and you can figure it out from there ..." – Org04

In keeping with the concept of researching with the intent of developing product and service pricing, the participant from Org03 also discussed the process used for his organization's products: online advertising space.

"R: Just research, research in the industry in what comparable sites and ad networks are charging for similar impression counts and a targeted audience. So it's just research based on sort of what the current going rate is, if you will.

I: Okay. Where do you go to get information like that?

R: Well, for example Google of course is a great resource, so any time you run an ad campaign, for example, you can do a keyword search before to let you know how much it's going to cost per keyword, as one example. You can also go to several online ad networks and look at what particular sites are charging for ads and the CPM rates that they're doing. So we would go and look at websites that are related to green initiatives, or social issues or causes, and see what kinds of rates they're getting. So a lot of this information is accessible online. We gather the information from that, and when we are formulating our business plan and realize where we fit in that market space... And curiously, our rates are lower [laughs] than most.

I: Really, is that deliberate?

R: On some level. I think one it's a good way to enter the market, I mean we're not talking substantially lower, but enough to make a difference. And I think also some of the organizations we deal with, frankly, don't have the budgets of major brands, so we want to be able to try to level the playing field when organizations and causes want to get their word out, so we try to make it affordable." – Org03

With respect to the experimentation aspect, mentioned earlier by the participant from Org10, the participants from Org01a and Org08 respectively mentioned a similar trial-and-error approach to meeting customer needs:

"R: But then working poor has become a real focus and so that's why we felt it was important to be open on Tuesdays, and that's worked out well. And later on Saturdays helps too ... I mean it was a lot of discussion and who's going to man it, how are we going to pay for it, and let's give it a try and see what happens. We did a couple of experimental tries in the summer a couple of years ago, we decided well let's stay open until 4, you know, one day a week, and so we kind of eased our way into it.

I: And did that work?

R: It did, and that's sort of what kind of kept us thinking, well maybe we need to open up more hours." – Org08

"[W]e experiment with baking and things like that and we always keep in mind, is this something that's going to be easy to make, is it going to be cost effective, and what's the labour going to be like involved in this and how is it going to look, how is it going to present and taste? And we take all those factors in and then try and come up with some standard items, but then if we see we're getting a lot of requests for specific things we will add them." – Org01a

In addition to how social enterprises research the needs and wants of their customers, was the idea expressed by the participant from Org05 that listening to customers did not equate to finding avenues to "up sell" or "entrench" the social enterprise further into the customer's organization. Specifically in this quote, the participant is referring to a situation where one of the customers, a local police service, was faced with a significant tragedy where an officer was killed on duty several days before the social enterprise was due to become a counseling service provider:

"Well it really does come down to relationships and as simple as simply asking them what is it they desire, what are their goals? And having an [Employment Assistance Program (EAP)] is a benefit, what do they hope to achieve? In being able to achieve that, what would they need to achieve that? ... You would hope that you can gauge what might be important to an organization by the relationships you develop, the ability to simply ask the questions ... We're local and our contracts are local so we stay abreast of what issues are impacting [a local police department]. So I think we intuitively sense this is what they could use, yet at the same time, knowing the police environment and having worked closely with the police when I was a child abuse investigator or counselor, I also know that they get a lot of their support through their own peers. Coming in and insisting that somehow we got to play a role in helping them deal with their trauma is not effective. Just to let them know we're here; whatever it is you need we can provide, but at the same time respect your boundaries. It was a combination of listening, being patient and not for a second thinking, all right how can we really entrench ourselves in this, and make this even bigger? [Up-selling], which is what sometimes EAP providers do - never crossed our mind." – Org04

In the example above, it is worth noting that the social enterprise offered its counseling services to the police department immediately, even though the formal contract was not due to go into effect until several days later, and the services would be provided essentially for free until that time. The service provider who was under contract when the tragedy occurred made no attempt to contact the police service, or to offer its counseling services.

The next section explores social enterprise product/service and pricing, and how organizations in this study pursue these strategies.

4.4.2 Product Quality Strategy Versus Pricing Strategy

In terms of developing products and services, generally social enterprises in this study emphasized the need to create offerings of superior quality. The view of participants was that the emphasis on quality served several purposes: it is necessary to help establish social enterprises as businesses first and foremost, and also to impact perceptions with respect to pricing:

"[W]hat we really thought that we needed to do at the very start was to have people take us seriously as a business and not see us as a social service agency. When I first took over there was a misconception that working with people with disabilities or

barriers to employment or mental health [meant] that we were going to be offering a product at a lower price range to people for those reasons. And it was trying to get away from that misconception and stereotype around mental illness, that our workers are just as capable of putting out a product that's as competitive and high quality as some of these other catering companies that do the same type of catering that we do." – Org01a

"[W]e promote the quality beyond everything. And we don't promote "cheap price"... You know those marketing strategies based on "have more for less" ... in French we say: it's nice and it's cheap. Cheap not meaning [poorly made], cheap meaning it's easy to purchase because it's low cost. We don't use this tactic because here our material, it's fabricated by people with an intellectual disability; if I say it's at low cost the perception may be that it's not done properly, it's not strong, after a couple of years you'll sit on your chair and it will fall apart. We don't want this idea to fly into the mind of our customers, on the contrary. Maybe [our product is] more expensive than the one you'll purchase made [in] China out of pine, maybe it's more expensive but we guarantee that it's a good product. So quality is very important." – Org06

The data suggest that a critical aspect of determining how social enterprises can best develop quality products or service offerings, is to remain focused on customer needs, and leveraging the key differentiating factors the social enterprise can offer to those customers. The participant from Org05 expressed why this view is critical:

"I think the biggest things [are] when we lose focus on what it is that we do and what is kind of core to our company. A lot of people ask us why would you just focus on government? The reality is that government is the largest customer in the world. The sales cycles are challenging sometimes but for us maintaining that singular focus is critical. And I think when we fail or when we maybe make decisions that don't support that, it's when we've lost focus." – Org05

The participant from Org04 discussed an instance where his organization moved away from its true differentiation capabilities while attempting to compete with for-profit rivals:

"[M]aybe five, six years ago, and this is not only in this office but in our broader national network ... I think we were trying to compete with the large [Employee Assistance Providers (EAP)], the Shepell's – where I used to work at – Ceridian's, at their level. So we were trying to be as technologically savvy, we were trying to talk the same language they talked, as glitzy. And you can't do that stuff on the cheap, and so you just come across looking like a poor cousin. And if you don't have enough people within your network who believe in that, then it's a half-assed commitment. So I think we really had to look at ourselves in the mirror and say, we are an EAP that delivers effective counseling. We don't have a disability management program, which a number of EAP providers will provide because that's where the money is. That's not who we are and there's a good reason that we're not that way." – Org04

It is interesting to note that the participant mentions that lacking financial resources is a limiting factor, one that prevented Org04 from competing against for-profit rivals "at their level."

While product quality is important, for some social enterprises, pricing is a delicate balancing act, and lower prices may be used as a deliberate strategy. Org08 is focused on assisting a target audience that are dealing with issues of poverty, although as discussed in the section on customers, Org08 is aware that not everyone who shops in their retail store is necessarily doing so out of financial need. However, Org08 must monitor pricing closely to make sure that they are charging acceptable rates:

"[O]ur prices are still quite low compared to other places but we try ... We have to make the best use of resources, that's sort of the mantra, so we constantly keep track of what is acceptable in the community, what pricing is like ... We try and get as much as we can without being too high." – Org08

The concern for Org08 partly stems from previous incidents where customers took advantage of the lower prices in order to buy at the retail store and then sell the same items to other consignment or thrift stores for a higher price.

Other social enterprises discussed price as a key differentiator between their own product or service offering, and those of competitors:

"Zipcar charges much more, we charge around \$6 an hour when you take our hourly charge and our kilometre charge [into account]; Zipcar charges \$9 to \$10 an hour. But they get fancier, zippier cars and little Austin Mini's and they kind of market it on a different sort of cool, urban lifestyle; we tend to market ours more of a[n] urban green sustainable transportation lifestyle. So [ours is] a little more pedestrian if you will." – Org14

"For the big kind of turnkey deals, those are typically evaluated on a five year total cost of ownership perspective. When we compete against the likes of SAP and Oracle, all of our proposals are evaluated the same way, and there's a very specific formula, and we're generally successful because our five-year total cost of ownership is lower. A lot of that has to do with the technology, but [also] the small footprint of what we're doing, [and] the speed at which we can implement the system. And the fact that the government isn't going to need to sustain a large team of consultants for an extended period of time." – Org05

Linked with the desire for product quality to be the key differentiator in terms of consumer's decisions, the pricing point is crucial. The participant from Org01a outlined how they arrive at pricing for their catering business, and the strategy behind the pricing choice:

"Well we snoop at other catering companies and menus and sandwiches and things like that, but we also factor in our labour costs and our supply costs and how much

of something somebody is going to order, like quantity ... But really we look at market prices at other caterers so we can position ourselves mid range and be competitive with them. Then also see what produce and what things we can bring in that are going to have kind of stable prices throughout the year, because some things that you start making really spike [in price for things that are out of season]... We want to be competitive, so we don't want to be at the high end pricing, we want to be something where people say, well this is competitive. And then they'll taste our food and they'll say, [f]or what we're getting this is great, this is a great price. So it's trying to get right in there." – Org01a

There was no consensus around using product quality strategies versus pricing strategies based on the sample in this study, but clearly both approaches offer advantages to social enterprises in competitive markets. Related to the notion of competing on price, the next section explores a strategy reported by not-for-profit firms involving the issuance of charitable receipts as a potential enticement for customers, as well as partially negating the issue of product or service costs.

4.4.2.1 Charitable Discounts

One strategy that participants of organizations legally structured as not-for-profit charities reported was leveraging their charitable status as a competitive advantage. For example, one of the social enterprises operated by Org11, the bottle recycling service Org11b, uses a business model whereby the customers donate the products, in this case alcohol bottles, in return for a charitable receipt for the value of the products. The customer organization can then claim the charitable donation on their business taxes, while Org11 recycles the bottles for revenue. The participant from Org11 explained that this approach formed the strategy with respect to attracting new customers, in particular larger bars and restaurants:

"But what I want are cash cows, large bars where they're going to give me all their bottles and they are using Beer Store products. But I still am hoping to get them because I can give a charitable receipt because they're donating the bottles to me."
– Org11

The participant from Org04 went further to explain another advantage of the charitable status with respect to competing in the market:

"[Y]ou can be a non-profit and not be a registered charity, like hockey associations, whereas you can be a not for profit [and] a registered charity, and that allows you of course to be able to issue charitable tax receipts. [Even for] services like ours where we compete in the marketplace, we don't charge taxes because under charitable [Canada Revenue Agency (CRA)] rules we're exempt from that." – Org04

Even Org12, not officially a licensed charity, had found a way to use the charitable receipt approach:

"We can give charity receipts now even though we're not a charity because we have an arrangement with [the city]. [The city] actually gives the charitable receipt [on our behalf]. But it's complicated and so it's not like, click on this button and send us a PayPal donation and you get your receipt, [we] can't do [that]." – Org12

The latter example illustrates the use of the charitable model as a way to entice funding through donations, supported by the city. In the case of Org12, the city is a customer of Org12 in the sense that the organization provides critical infrastructure support for local job creation, a critical aspect of the city's business development goals.

The next section discusses promotional strategies through a focus on the specific mediums social enterprises employed to facilitate the promotions.

4.4.3 Promotional Strategies

This section explores the promotional activities that social enterprises in this study undertake, and their relative importance to the success of the organizations. Previously, this thesis explored the financial limitations under which social enterprises operate, and the small budgetary amounts set aside for promotional marketing activities. Finding ways to work within these financial restrictions formed the basic theme of participant responses to questions in this area.

The participant from Org14, who was generally opposed to marketing, provided a cautionary tale from his personal experience that emphasizes the need for social enterprises to compete against rival firms using promotional approaches that are consistent with their means. In other words, social enterprises should pursue promotional opportunities that best reflect their core purposes:

"[I]n 2004 Zipcar came into the Toronto market and in 2005 they came into the Vancouver market. I watched [the founder of a car-sharing organization] spend probably \$100,000 per year on an advertising budget to compete with Zipcar, because Zipcar would come in and take 12 billboards at the Yonge and Bloor subway station ... They take out full-page ads in the Globe and Mail ... I watched [the founder] spend a phenomenal amount of money and then change his whole membership plans around so that they replicated Zipcar's. After the fact [the founder] felt that that was not the best strategy to go head to head with Zipcar because they can always outspend you. Zipcar would take three parking spaces in the most expensive parking lot they could find on Queen Street in Toronto and pay \$400 per month per car space, so they'd have four of them and just park the cars there. This is before they even started their service, just as a way of advertising." – Org14

This sentiment of austerity with respect to promotional activities was broadly consistent across all of the organizations in this sample, and became all the more apparent when organizations were asked what promotional activities they undertake. The majority selections were: social media and website, free media clips, and word-of-mouth. The subsections of this thesis explore each of these in turn.

4.4.3.1 Social Media and Website

One promotional activity that spanned all organizations involved in this study is the use of an organizational website. All organizations had a public-facing website of some kind, although there were significant differences in terms of the range of technologies and features present. Three of the organizations, Org09, Org12, and Org15, were undergoing significant website redevelopment at the time this study was conducted. Org04, Org05, Org06, and Org08 expressed a desire to pursue website redevelopment in the very near future, with Org04, Org06 and Org08 citing lack of funds and lack of skills within the organization as critical barriers to that redevelopment.

The majority of participants reported that the website was primarily used as a static, unidirectional information broadcasting medium designed primarily to provide visitors with information about the organization and its programs. However, several of the social enterprises discussed the idea that they plan to move towards a website that provides more collaboration capabilities, in order to try and build customer communities with the website as a natural collection point. For example, the participant from Org05 described the current limitations and future plans for his organization's website in the following manner:

"[O]ur website had been pretty static for a while ... It still really is lacking that ability to create community, but what we want to do is really find a way and we're kind of strategizing now on what the version 2.0 of our website will be; will likely be dramatically different ... [W]hat we want to really achieve in the website ultimately is to build this [Government Resource Planning (GRP)] or public financial management community where if somebody is interested in what's going on in government procurement that they will be driven to the [Org05] website to find out about that, and be able to impartially find a lot of that information ... And I think part of building our brand is within that community, establishing ourselves as the thought leader or the trusted advisor for government resource planning. So that's kind of the process that we're going through right now is how do we achieve that within the website?" – Org05

The participant from Org09 went a step further to articulate specifically how her organization plans to foster community interactions using an updated organizational website. In particular, she discusses the use of social media as a tool for conducting market research, as well as providing tangible links between product benefits and product usage. An example of the latter is providing recipes that showcase the benefits of fair trade/organic products distributed by Org09, such as distinctive or exotic flavourings.

"The desire is to make the website a community building device by adding elements of social media (Facebook, Twitter, etc). There is a direct plan to use social media to grow a community. For example, using Facebook to recruit participants for market research [such as] focus groups – for new product launches, testing viability of ideas. [We] like the personal aspect of social media, and have a desire to highlight the individuality of the members of the [organization], and to engage with the customer

community in a personal way; put a human face to the organization. Individual personalities infuse the organization's personality, and the organization wants this to come through in the online presence. There is also a desire to create content for the website to allow current product users, and those who are new to the products, to engage with website content equally, but allow for scaling. For example, providing recipes to all website users that could introduce product benefits through a medium that encourages participation for non-users. In other words, establish a center of domain knowledge for all users to access, and leverage that position as a domain destination to grow awareness as well as sales." – Org09

In discussing the use of social media with participants, it was clear that participants generally were either in very much in favour of social media, or did not see the value in it relative to other activities. Table 9 below summarizes the current use and future planned use of social media amongst participants in this study. Note that, generally, participants viewed social media as being Facebook and Twitter specifically, although the participant from Org03 did actively discuss previous use of a StumbleUpon² campaign.

Table 8: Social Media Usage

Code Name	Social Media Usage	
	Currently	Future
Org01	Yes	Yes
Org01a	No	No
Org01b	No	No
Org01c	No	No
Org02	Yes	Yes
Org03	Yes	N/a
Org04	No	No
Org05	Yes	Yes
Org06	No	No
Org06a	No	No
Org06b	No	No
Org06c	No	No
Org06d	No	No
Org06e	No	No
Org06f	No	No
Org06g	No	No
Org06h	No	No
Org06i	No	No
Org07	No	Yes
Org08	Yes	Yes
Org09	No	Yes
Org10	Yes	Yes
Org11	No	Yes

² <http://www.stumbleupon.com/>

Code Name	Social Media Usage	
	Currently	Future
Org11a	Yes	Yes
Org11b	No	No
Org12	No	Yes
Org13	Yes	Yes
Org14	Yes	Yes
Org15	No	No
Totals		
Yes	8	11
No	19	15
Other		1

It is clear there is a trend amongst participants towards greater adoption of social media. When probed about what they hoped to achieve with social media specifically, participants generally discussed the desire to use the technology as a way to keep interested stakeholders, such as customers, volunteers (if applicable), and interested broader community members, apprised of what the organization is doing. Org07 and Org12 both discussed social media in the context of assisting in the generation of new funding:

“I saw what it did to the [2010 fundraising gala] and how it helped sell tickets.”
– Org07

“One we intend to make money off it eventually ... If you can drive your [website] traffic up you get to a point where you become attractive to organizations who want to get in front of small business people and they’ll pay for leads. And we see eventually selling those leads to [organization such as Royal Bank of Canada (RBC) or Business Development Bank of Canada (BDC)]. That’s the [goal], it’ll take awhile.” – Org12

Website development, generally amongst participant organizations, was carried out by third party website design firms contracted to provide the service. Within the sample, only Org03, Org05, and Org10 are directly responsible for their own website design and maintenance. This makes website redesign an expensive undertaking for social enterprises.

4.4.3.2 Free Media Clips

A strategy voiced by many of the participants, specifically Org03, Org04, Org07, Org08, Org11, Org12, and Org13 involved deliberate attempts to obtain media stories in print, radio, or television at no cost to the organization.

"[Org07] has a small formal marketing budget; so marketing activities take the form of free exposure gained through developing relationships with local media ... The

CEO uses every available opportunity to raise awareness of the organization through all forms of media ... " – Org07

The CEO of Org11 has developed significant relationships with writers for several local papers, and it was clear from the interview that the relationship is mutually beneficial: the writers have access to community stories, and the organization has a potential outlet for disseminating news. The participant from Org11 explained that members of the Board of Directors could be important factors in acquiring these kinds of free media:

"[T]he only other marketing that we really do is we're pretty good at getting in the news, on the media regularly, and we have some high profile people on our Board of Directors, which is a big help." – Org11

Participants from social enterprises view this form of promotion as highly effective. The participant from Org13 discussed being invited as a guest on local television morning programs and having individuals come up to him in domestic situations to comment on the segment:

"I mean I've done [so many shows], they know me by name on [a local television station] ... [I]t's amazing the number of people that [approach you] the same day and [ask]: 'were you on TV this morning?' [It] just makes you realize how many people watch [those programs] ... To actually watch and actually register, you're identified thereafter. It's a good thing." – Org13

The danger with media prepared and delivered by someone not tied to the organization is the limitation on controlling the message that is ultimately presented. As the participant from Org08 discussed with respect to a newspaper article that was highlighting a challenge Org08 faces with respect to receiving donations for their retail store that consist of unusable junk:

"Well if you want to call it a marketing strategy, having the newspaper talk about [our organization] ... They did an article on all the junk that we receive here; we had some pictures that was absolutely disgusting. And the reporter took it a little bit further than I would have and she actually said I said something I didn't say. Now I didn't get any backlash from that but I was expecting it." – Org08

4.4.3.3 Word-of-mouth

Within promotional strategy, one approach that cut across technologies and mediums was word-of-mouth. Fully ten of the fifteen participants involved in this study, or two-thirds of the sample, directly mentioned word-of-mouth as a currently used, successful marketing activity their organizations undertake. The importance of this approach was not limited to driving sales or developing new customers, but was also linked to relationships with other stakeholders such as employees, partner organizations, and volunteers. The participant from Org06 articulated it as follows:

"[Word-of-mouth], in my opinion that's the best way of doing business, that's the best way of marketing your business. At the end of the day it all comes from the relationship you are able to establish with your partners, with your customers, with your employees, with your colleagues, and that's the best promotion you can have ..." –Org06

Org06 was one of the larger organizations in the sample, with revenues for 2010 estimated by the participant at between \$1.5M and \$1.6M at the time of the study. Interestingly, the participant felt that word-of-mouth would continue to be an important mechanism for promotion in the future, even as the organization overall moved into higher revenue brackets.

The participant from Org14 viewed word-of-mouth as directly responsible for influencing the decision of approximately 80% of the cooperative members to join the cooperative:

"So [word-of-mouth is] my main marketing [activity] ... and that's how we know how people find about it, you know, we've had ... We have 1,500 current members, well we've probably had 2,500 people join over the last 10 years and of those 2,500 probably 2,000 of them would be able to say, well I've already [come into contact with the services Org14 offers]." – Org14

The participant from Org02 framed word-of-mouth in terms of its importance in developing new business opportunities for the social enterprise because of the nature of the customers being sought:

"Well we use a lot of word of mouth, the one on one ... Because of the type of organization that we target as clients it works better to talk one on one with the correct person on the other side. So it's a matter of identifying who to talk to or who to send a letter to." – Org02

Org10 relies heavily on volunteers in order to implement the community-based social marketing programs that form the basis of its offerings. The participant from Org10 highlighted how word-of-mouth can be an effective tool in acquiring volunteers:

"Sometimes it's just the right person talks to the right person at the right time, and all of a sudden you get 40 volunteers from a school or whatever. [U]sually with the schools it helps if somebody knows a teacher there who says, oh you know what, teacher so and so is doing a class ... And then they get back to you and that weekend you've got 40 kids ready to go." – Org10

4.4.3.4 Participating in Events

Another promotional strategy participants from social enterprises reported using that is in keeping with the lack of financial resources is participation in events. This participation generally took two forms: paying to sponsor events, or donating time and expertise through

participation in educational workshops or community events. For example, Org06, Org09 and Org10 engage in paid sponsorship of events that the participants view as supporting activities related to their target audiences:

"As an example, there [is] the [ploughing match] occurring in [the township where Org06 operates] in 2011 and we purchased publicity for \$2,000, but we have our logo on a card and there's a draw for a car during this event. But on the other hand [the ploughing match organizers] are purchasing their picnic tables [through Org06i], you see." – Org06

"Sponsorships are important because it helps to raise the awareness of attendees towards [Org09 and its products]. For example, [Org09] currently sponsors the Vancouver International Fringe Festival each year because the audience of the festival generally has awareness of organic/fair trade offerings, and so sponsoring the event is a way for [Org09] to raise awareness amongst that target population."
– Org09

The participant from Org10 discussed an award event that Org10 conducts as a way to bring awareness of the organization to current customers, potential customers, and related stakeholders. Interestingly, the participant also mentions that there is a need to keep such events from becoming too ostentatious, otherwise the organization runs the risk of losing its legitimacy as a not-for-profit:

"[O]nce a year we've done [an award], which is... it's an event that we hold... this year we scheduled it at a conference. [T]here were 700 energy efficiency industry people there and we invited them all basically to our soiree, at which we pitched ourselves a little bit to them and did some other things and had some entertainment. So that's our one big thing, we spend \$20,000 on... or something like that, which is a big single expenditure for us in a year... [W]e've done two Catalyst Awards, the one that we just did in Sacramento where we spent around \$20,000, we have to balance it, it can't look too glitzy, because we're a non-profit organization looking for people to give us money and that kind of thing. But we did want it to be something that was appealing enough to get people to go, and so you draw that, you walk that line, and I think we did it fairly well this year." – Org10

In terms of donating time and expertise, the participant from Org12 discussed how a member of his organization created a training workshop directly targeted at potential future clients of Org12:

"We also have Art of the Start, we have a very successful event; [a staff member] started it, it brings in anywhere from 2 to 250 people per [session]. We have it two times a year, and it's aimed at people who are thinking of starting their own business. [I]t's definitely on the small business side ... [M]ost of the events in [the area] are tech focused ... and there was nothing aimed at basically what I would call mom and pop entrepreneurs... and so he started this event so that they could hear from real people

who just started a small business, and we have a big name speaker, or [successful] established entrepreneur." – Org12

The participant from Org12 also discussed hosting events directly targeting potential customers, but in this case it is more directly focused on attempting to acquire new contracts:

"[F]or catering we're having an open house, we invite event planners, food and beverage managers, people that are in charge of making decisions. And we host an open house to showcase the chef of catering and what we do. We did one last year, seems to be one a year, in the fall before the busy season ... We got seven jobs from one open house. [E]ssentially one job kind of brings us up to ... recouping the cost [of the event itself]." – Org13

4.4.3.5 De-emphasizing the Social Mission during Promotion

Specifically regarding promotional activities, this study seeks to explore whether social enterprises tend to emphasize their social mission in promotional materials developed for their revenue-generating activities, or whether they tend to de-emphasize the social mission and focus only on the product or service offering. The results from this study were overwhelmingly that social enterprises tend to downplay their social mission in promotional materials for their revenue-generating activities, in favor of emphasizing their products or service benefits. As the participant from Org09 puts it:

"Historically the social mission was emphasized in promotional material. From now on the organization recognizes that they need to compete now based on product quality, as that is what the mainstream consumer is going to be concerned with. In the past there was a perception that consumers might perceive fair trade/organic products as being of a lower quality, and so should be cheaper. But in reality the product is generally of the same or higher quality, so the price should be competitive and representative of that. In general, there is a move away from emphasizing the social mission specifically and focusing instead on product benefits." – Org09

The participant from Org15 provided a specific promotional example of an advertisement his organization had put in the Yellow Pages:

"For this [Yellow Pages] part we were looking just at the [revenue-generating activity], we wanted to separate all the other [non-revenue generating programs] that we do, and just advertise for the [revenue-generating activity]. So be very specific. It doesn't mention anything else in the ad ... Now something that may be a mistake in the ad is that we put a picture of people with disabilities. Okay, where maybe we should have put somebody who is working, kind of thing, or whatever." – Org15

In discussions with the participant from Org06, the issue of whether the organization would like to have an identifying mark on products created by Org06i – a wood-working shop – indicating that the product was made by individuals with disabilities. Such markings

are used in other countries, such as Germany, as a way to entice consumers to purchase products in order to support organizations who assist individuals with disabilities. The participant from Org06 was quite clear that such an approach would not be desirable:

I: [W]ould you want to have your products and services displayed, or indicated somehow, that they were made by a social business, or would you prefer that they're not?

R: No, I prefer they were not.

I: And can you explain why you feel that's important?

R: Because it labels the people. If people are buying from us out of charity because we're a social business we won't survive. People need to buy something because they need it and they need to purchase something according to their needs and they want something that will last a long time, if that's what they are looking for, and that's what we promote. We don't want people buying out of pity, or to say, 'oh it's done by people with an intellectual disability;' I don't want to label the people. On the contrary at the end if they know... And sometimes we use this card, I use it more to have some funding, you know, support us. At [a parent, social-sector organization] I play that card and I label the people, but I know that at their end it doesn't matter because they label people, they serve people living with an intellectual disability, they're already labeled so I label them and push very hard on the label. But for the customers, if they know at the end and they are amazingly surprised because it's a great quality and they... It will probably have a positive impact in their perception of what an intellectual disabled person can do; wow, they can produce something that nice, that's good. On the contrary, if they purchase out of pity I'd rather not have their business." – Org06

When the participant refers to "playing that card", she is referring to the use of the social mission, specifically helping people with disabilities, when attempting to secure funding. The participant from Org04 also mentioned a specific example of tailoring the use of promoting the social mission to specific outputs:

I: I'll pick one for example; let's say the booths and the fairs that you attend. Do you promote the non-profit angle, the fact that you are [servicing a social mission]... Or is that just there but you don't really make a show of it?

R: Well it depends on who's manning, who's staffing the booth. I mean if it's an EAP because it's an HR tradeshow, [we do not emphasize the social mission]. If it happens to be a booth, let's say at [a local shopping mall] and it's staffed by our people from our other [non-revenue-generating programs], absolutely.

I: Okay.

R: Depends on the audience, it depends on who's staffing it, depends on the purpose of being there." – Org05

The participant from Org10 echoed this view of tailoring promotional messaging to, as he says, not come across as preachy:

"The message when you go out to talk to people to save tax or whatever, people are interested because it's their pocketbook but it's not quite the same as when you're going out and talking about saving the world sort of thing. And [The CEO] doesn't really talk about saving the world, that's another thing. We're not preachy ... we are very careful about the way we pitch that, it is a simple thing that we do at the grass roots level, it has a nice impact in a number of ways that some people like their money ... In the United States the number one thing on energy efficiency right now is national independence. They're less concerned about global warming, they're a little bit concerned about dollars of course, but the number one reason they are interested in environmental issues or energy efficiency is independence from other countries." – Org10

This view positions the value proposed by the product/servicing offering of Org10 in different dimensions: it helps individual users save money through reduced energy needs, it helps Org10 customers such as utility providers meet their goals by meeting regulatory targets laid out by government, and geopolitically it helps nations reduce their reliance on foreign sources of energy. These values can be expressed in promotional messages without the need to express Org10's true social mission:

"... if you want to look at it in a grand way, you know we're one of those organizations that's out to save the world, but in a very practical, simple, community-based way..." – Org10

4.4.4 Branding

In general, study participants discussed branding primarily in terms of visual logos, organization naming, and organization slogans. However, participants expressed several other notable concepts with respect to branding, including reputation and organization values.

"[O]ur brand is everything about our reputation ... [T]here are visible aspects of the brand, we have our logo and some of the imagery that we use has some meaning. That's part of what the brand is. But for us [our brand is] our international reputation and so everything we do is about making sure that our team, wherever they may be, are supporting that reputation. We have enjoyed considerable success, we haven't had a failure of ... a Financial Management System Implementation, anywhere in the world; our competitors can't claim that either. This notion of [Org05] being cost effective, really a lower total cost of ownership and sustainable is a real important part of our brand. And you know, we've kind of architected the company to make sure that what we do reinforces all of those key values." – Org05

The participant from Org04 took the concept of values a step further, by describing how branding is conducted, and that being a not-for-profit organization is not something to downplay in branding materials:

“Well I think an opportunity to communicate with the public and typically a targeted public, depending on your audience. To communicate what your services are, what your values are. I guess in hard terms we’re always looking to brand. We’re looking to with that brand, be able to use strategies like telling stories and providing meaningful approaches to convince an audience that we are worthy of their business. If it’s marketing an [Employee Assistance Program (EAP)], we’re worthy of their generosity if they’re choosing a charitable organization to provide money to ... And when you read through the material you really get a sense of who we are and our passion. And underlying that marketing material was just being able to identify our values, identify what are the key pillars to a great service. And we don’t hide behind the fact that we’re a non-profit, that, all things being equal, if we provide a higher quality service and we’re competitively priced, the fact that all of our net revenues go back into reinvestment in the community, it’s a triple win. And that’s starting to resonate.” – Org04

There are some direct linkages between the approaches of social enterprises in this study and funding, in particular with respect to establishing a reputation. Clearly expressing a brand and articulating what it stands for, as the participant from Org12 states, is critical for accessing certain forms of funding:

“But right now we’re just trying to further brand our name because in our strategy, basically until people understand exactly what we do they’re not likely to donate any more money or any money at all ... And so until people understand that we’re operating enterprises, operating a high school, and all these other things ... I mean we started diversifying our programs and services in 2002, so it is not new. What’s new is that we actually have a plan, a strategy on how we’re going to address the name change, the rebranding, the trying to get the public to understand what it is we’re trying to accomplish here, above and beyond [one of the non-revenue programs].” – Org11

Org08, among its various activities, acts as a logistical site for the local municipal township emergency response units. As the participant explains, a commitment to assisting the local community is a deliberate strategy that can pay off when seeking funding:

“R: [Our logo] kind of gives the idea that we’re supportive and serving a family, and the Christian focus and ... that comes back to being a welcoming place and above and beyond the call of duty. We’ve had fire victims and I’ve called staff in the middle of the night and said, okay we got a victim, they need clothing, and the staff is here ... there’s never any question because they scramble to get here. And we have that reputation, and we’re on the Emergency Response with the township, we’re a logistical site for them ... so there’s a strategy, me being honest ... I strategically got us involved in places that I thought would benefit us.

I: So you think being the logistical centre helps you that way?

R: Absolutely.

I: Can you say how you view that as an opportunity?

R: Well ... when we go asking for money or if we get involved in something we're taken very seriously." – Org08

The participant from Org12 described a scenario where Org12 developed financial literacy materials, which are not necessarily directly linked to the organization's mission, but provided an opportunity to secure significant funding:

"So we put on the first social finance, social financial literacy conference in [the city's] history ... That led to a huge, \$100,000 grant from [a Canadian federal government department]. If you go on our website you'll see a financial literacy toolkit for newcomers; ... it's open source, it's been copied around the world ... Some would say financial literacy, that's on the edge of our brand, but I think it's integral to our brand. We're about helping people become self sufficient, financial literacy is part of that. But it is, it's on the periphery, it's not direct lending ... and that's how we piece together little not for profits, right, we go after projects here and there. So there's a danger of mission drift, of just chasing the grant money ... So I don't think we've drifted too far from that, that's, you know, the Board has been pretty open to giving me some leeway." – Org12

The participant from Org01a highlighted the importance of following through on brand promises for social enterprises that exist as a component of a larger organization:

"[Y]ou need to be careful how you're presenting yourself and how you're representing yourself because if something happened at [Org01a] it could ultimately cost a lot of other programs. I mean let's for example, let's say we weren't careful with our food and our cleanliness, all the things that you put into any kitchen in the community; if we weren't really careful and somebody got sick, it wouldn't just be [Org01a] that would feel those repercussions, it would be every program in [Org01]. And the number of people that help in a year as a an agency, that would be horrific; it wouldn't just be the 20 staff, you know, or 25 staff that we have at [Org01a], it would be the hundreds upon hundreds of people that come through [Org01] doors for support each year. So that is always something that you're, that you think of in the back of your mind is you have to be careful how you're presenting yourself because you're not just representing [Org01a] you're representing [Org01], and it's a bigger entity than just the catering company." – Org01a

The impact to the broader organization, in the example above Org01, as well as other revenue generating and non-revenue generating programs, can be considerable.

4.4.5 Marketing Failures

When asked, the majority of participants were able to articulate some type of marketing activity that they deemed to have been a failure. While all of the failures were promotional in nature, radio, direct mailings, and advertisements in Yellow Pages account for six of the eleven reports. Table 10 below describes the failed marketing activities as reported by participants:

Table 9: Failed Marketing Activities

Code Name	Marketing Activity Failure
Org01a	Out of date website
Org02	Direct Mail
Org05	Inappropriate imagery used during re-branding (images misinterpreted in other countries)
Org06	Radio Contest (coupons)
Org08	Fundraising Dance
Org10	CEO/Entrepreneur guest appearances
Org11	Social enterprise websites (Org11a and Org11b)
Org12	Yellow Pages
Org13	Radio Promotion (points)
Org14	Direct Mail
Org15	Yellow Pages

With respect to promotional failures involving radio, both were promotional giveaways conducted by the same radio station: Org06 was offering coupons for one of its social enterprises as a giveaway prize, while Org13 was a participant restaurant involved in a point collection promotion conducted by a local radio station.

"This year we spent \$500 a month for a radio contract on ... they call [it a] giveaway, that's beyond the number of minutes per day where they promote [Org06]. So we gave [a] gift certificate for [Org06a], \$10 coupon, we gave it to the radio station for a special promotion; no one came. Apparently they had winners, and this is in April we started that, April or May, and we're in December right now, and on no occasion [did] someone come to exchange the gift certificate. So we wanted to do that to have new people coming into the restaurant and exchange their gift certificate ... I hear the promotions but when [I ask] people I know, have you heard us on the radio? No, not necessarily, wasn't attentive. So for me it's the \$6,000 that I would rather have [done something else with]." – Org06

In the case of Org13, the issue was that customers were coming to the restaurant and ordering the cheapest items on the menu in order to secure a "bonus code" for additional points.

"So radio stations have [promotions where listeners] collect points like Air Miles for hopping on-line and sort of just scrolling through to see what's going on and answer a question here, a question there, and they collect points. But with our advertising here we had a radio ad and then it just marketed entirely to the wrong demographic. So we'd have people come in here and they'd sit down and ... go for a cup of chowder and a pop, and can I get my code for my points ... and be out the door ... [We have 30 seats in the restaurant and] we'd have a party of two here and a single here and a guy here and, so they're taking up four seats in a 30 seat restaurant and they're grabbing [relatively inexpensive meals just for the points] ..." – Org13

The participant articulated in another portion of the interview that he was convinced that no one who had come to the restaurant as a result of the promotion had returned as a patron once the promotion had ended.

In terms of advertising in the Yellow Pages, the participants from both Org12 and Org15 discussed their belief that it is a waste of resources. The participant from Org12 stated it like this:

"We're in the Yellow Pages in the financing and you know what, we've tracked that, it's a waste of money. I don't know why I do it. And I may discontinue it next year. We get nothing except for people looking for payday loans. [B]ut we are there. So as far as paid advertising, that's it." – Org12

4.4.6 Participant View of the Outcomes of Marketing Strategies

Finally, with respect to marketing strategies, this study sought to understand how social enterprises view the outcomes of those strategies, specifically what is measured and why. It was clear that for social enterprises in the sample, the true measure of success is determined in financial terms: increasing revenue through for-profit activity, increasing donations, or increasing funding. As the participant from Org11 put it:

"Ultimately the amount of money raised is the determinant of 'success'. This applies both to profits generated through the [revenue-generating activity] as well as to fundraising campaigns. For [Org07] success is measured in terms of the number of families assisted each year. Another measure is how many volunteers we attract, how many new donors/sponsors, suppliers, [and] families. And finally how we are viewed in the community ... for example we are 'rated' as one of the charities that receives the most publicity." – Org07

The participant from Org04 took this a step further and articulated the importance of being successful financially, at least for a not-for-profit:

"[W]e are not a for-profit agency or for-profit provider, we can't lose money. Historically EAP's in the non-profit world, including ours, we lost money. And then we're being subsidized by the charitable side of the agency? That's sacrosanct, you can't do that. So you have to be able to measure, not [only] from the point of view of having a portfolio of profitable contracts that deliver effective service, [but also] then internally do you use your resources effectively? You could make a ton of money but if you spend more than you make you're still [in trouble]." – Org04

Several of the organizations pursued conventional customer feedback to seek opinions, on product and service offerings, through email, telephone, and in-person conversations. However, the gathering of this data, generally across social enterprises, was not systematic or developed in terms of its formalization within a process involving feedback, which leads to evaluation of current practices, which then results in some adjustment in terms of marketing strategies. The exceptions were Org01a and Org13, both involved in the food

services industry, who were very active in soliciting feedback and adjusting their offerings accordingly.

Another interesting aspect to the manner in which participants from some social enterprises answered questions related to measuring was the notion of tracking how many individuals are able to 'leave' the organization. For example, Org01a and Org11 have social missions that centre on assisting at-risk populations gain employment opportunities. In both cases, the for-profit activities each organization pursues employ individuals targeted by the social mission. The participants from both organizations discussed the idea that as individuals gained experience through working in the revenue-generating activity. The goal was to assist those individuals with moving to finding employment in more traditional organizations. Org01a does not view this movement as a necessity, but recognizes that for a portion of their employees, specifically those who demonstrate the ability to work and have a desire to earn more money, can and should move to other employment opportunities. The participant from Org11 viewed the movement of employees from Org11a and Org11b as essential to her organization's social mandate. Further, the participant viewed organizations that did not work explicitly towards such employee transitioning offered little more than a sheltered workshop environment. Providing a measurement of the number of individuals Org11 had helped to move into employment opportunities outside of Org11 was something the participant described as critical to report:

"The revenue, big time, is a measure for me. I'm not interested in any sheltered workshops or, you know, sort of ... I'm interested in using it as what some would call a practice firm, in social service language, in the sense that they're practicing here for the real world. But the skills that they're learning have to be skills that they're going to use in the real world, with the understanding that you can't stay in the enterprise forever because that's a sheltered workshop. You have to get out on your own at some point and do something with yourself, so we're going to help you do that here with the understanding that you can't stay [here] forever; you have to get out of the enterprise. And a lot of the enterprises keep the same people that have been there years and years and years, and that's great but to me that's not a good measure. Because you have to be able to provide those opportunities to as many people as possible if you want to try and get them out of being another Welfare generation ... So there's the volume, I would measure on volume too, how many people are getting employment opportunities, how many unique people? Not just how many people, how many unique people." – Org11

By way of comparison, Org06 also assists at-risk individuals, specifically individuals with mental and physical disabilities, to find employment through the nine social enterprises Org06 operates. The participant from Org06 did not discuss the notion of assisting individuals to leave Org06, but rather discussed that she would rather have employees of the businesses paid competitively for their work, where the organization could afford to do so. Org06 therefore undertakes employee satisfaction surveys to measure internal satisfaction and retention. Org01a currently only offers minimum wage to its employees, hence the desire of some employees, once they have the necessary skills and confidence, to seek employment elsewhere. Similarly, Org11 offers minimum wage to the youth who work for

Org11b. Org11a sells jewellery hand-made by youth employees, which must be sold in order for the employees to receive income. What this means is that there is a natural incentive for employees of Org01a, Org11a, and Org11b to move to higher-earning employment once they have developed the necessary skills, whereas employees of Org06 have less financial incentive to move. From a social mission perspective, Org06 measures the number of individuals with disabilities they employ, and seek to grow that number through expanding business operations. Org01a and Org11 want to expand their operations as well, but some portion of their social mission is focused on helping individuals pursue the employment opportunities that will be in the best interests of the individuals, and that includes movement to opportunities outside of Org01a and Org11.

An interesting notion that emerged from two of the participants was the view that at some level, outcomes of the organization need to be measured in terms of customer outcomes. Org05 and Org10 expressed this view:

"You know, that's something that we struggle with right now to be perfectly honest, as a small company, but for 2011 we are moving towards key performance indicators for each department ... But we're trying to move to this concept of triple bottom line reporting where we want to look at how do we measure outside just the financials; how do we measure the financials, the people and the impact? So we have a team now that is looking at reputation management, and that's not necessarily [our] reputation management but our customers' reputation. [T]he biggest thing, from a company perspective, that we measure our success by is how successful are our customers, and there are a lot of measurements that are used. You have corruption indexes, you have transparency ratings, government performance; all of these international independent assessments of how a government is progressing and how a government or country is achieving it's objectives ... a lot of what we do, we measure our success by their success." – Org05

"[O]bviously the measure of success [of] our marketing to funders is whether we get funding, and how much funding we get. So that one's pretty straightforward. To a certain extent we do have goals in terms of diversity of funding, in terms of government, utilities, charitable donations and where we get the donations from, etc. So we've got a diversity goal as well, which it's nice if we meet. Ultimately like any organization what we really need is dollars coming in the door; that's our biggest challenge always. And so that's pretty straightforward. On the campaign side we have this matrix of about nine categories really of objectives, starting with the mission of the organization. So if we do a campaign like the fuel campaign, the campaign manager [reports to me, and] I give her the objectives for the campaign, [and] then we talk about them and we massage them a little bit as we go through. But number one is mission fulfillment and that's, are we helping communities become more energy efficient?" – Org10

There is a parallel here to what was expressed by Org11 above in terms of measuring social mission outcomes. In each case the concept of a customer shifts to mean the customer/client beneficiary of the social mission.

The next section explores the role that the Board of Directors plays with respect to marketing strategy.

4.5 Role of Board of Directors in Marketing Strategy

Within social enterprises whose organizational structure includes a Board of Directors, the data suggest that the Board directly influences marketing decisions. This influence includes a range of activities, from higher level strategic planning, down to specific implementations of marketing-related activities, such as web site development.

“We’re working with a private communication company for marketing for [the parent organization] ... and because [an employee of the communication company is] on our Board, she’s doing it pro bono for us.” – Org11

“For the website we don’t have a budget for that so it’s all volunteers, and we have been very fortunate the last year and a half to have a couple of young ladies at the Board level that are working on the website and on the type of communication piece.” – Org02

As well, Board members promote the organization through their interactions with their own individual network of peers:

"[P]art of it is networking and on one of those days [at a networking fair] one person from our Board happened to talk to a person from the [social sector organization] Board, and this is what we do, we do laundry for clients. And they were stuck with laundry, lots of laundry ... So that’s how it came to be." – Org02

In general, the Boards of social enterprises provide critical skills that may not otherwise be accessible to the staff of the social enterprise, including marketing-related skill sets.

The next section discusses the broader context of the findings in this study through linkages to relevant literature.

5 Discussion

The research described in this thesis has developed a deeper understanding of how marketing is perceived in social enterprises, which marketing strategies are employed in social enterprises, and the context in social enterprises that appear to affect the marketing strategies employed. The next sections outline a proposed model of marketing strategy in social enterprise, and discuss the specific elements of the model in more depth.

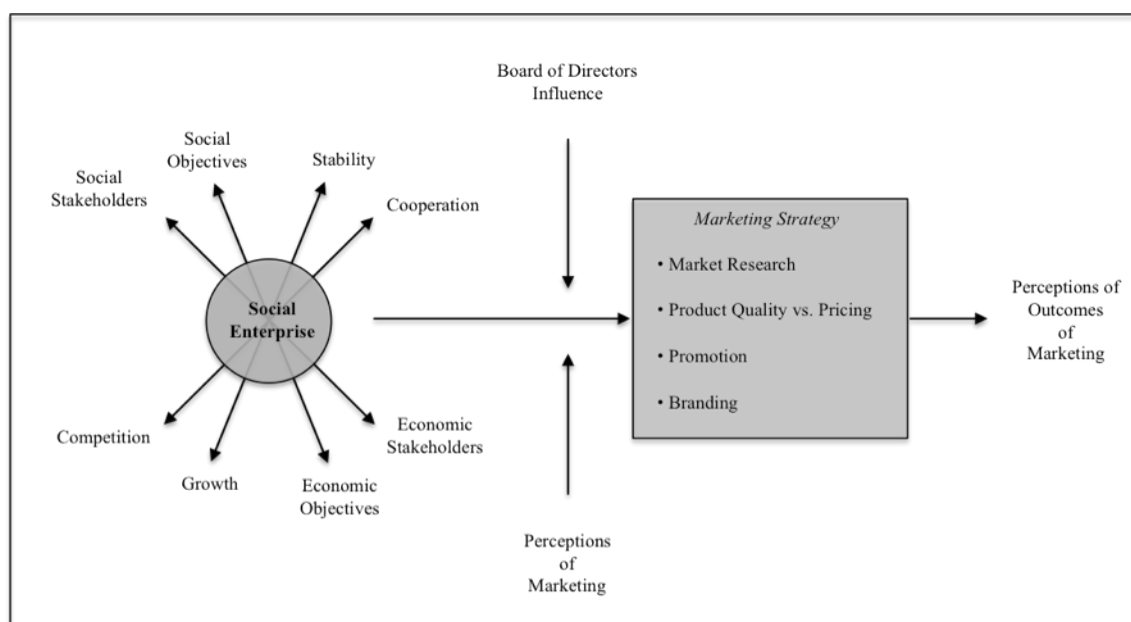
5.1 A Model of Marketing Strategy in Social Enterprise

The findings from the thesis research are mapped into a conceptual model of marketing strategies employed in social enterprises (see Figure 3). The model shows social enterprises dealing with four tensions, or dualities, reported in the analysis:

- financing the social mission
- growing the organization
- managing social and economic stakeholders
- competition versus cooperation

The data suggest that social enterprises employ marketing strategies rooted in the context of these dualities. Both the Board of Directors and perceptions of marketing within the social enterprise appear to be important in marketing in social enterprises, and are viewed as playing moderating roles between the social enterprise context of dualities, and the use of particular marketing strategies within the social enterprise.

Figure 3: Marketing Strategy in Social Enterprise



Central to the model is that the social mission of a social enterprise acts as a fulcrum around which the dualities are centred. How the dualities presented are resolved differ from social enterprise to social enterprise, depending on factors unique to each organization. For example, as discussed in the analysis, whether an organization is legally structured as a not-for-profit or a for-profit alters the tension resolution with respect to pursuing economic versus social objectives. Not-for-profits in this study, as discussed, reported greater stigma attached to legacy social sector connotations than did for-profits, and as such faced different challenges in becoming more commercially oriented through the addition of for-profit revenue activities.

5.2 A Context of Tensions and Dualities

The Oxford Dictionary of English defines duality as “the quality or condition of being dual...; an instance of opposition or contrast between two concepts or two aspects of something” (“Oxford Dictionary of English,” 2010). The dualities that social enterprises face pull the organization in polar directions and have implications for understanding the context in which marketing strategies are employed. For example, while enterprise growth may offer increased resources to put toward achieving more of the social mission in the enterprise, it appears to be very difficult to manage and brings its own set of challenges (i.e. concerns that the economic mission might overshadow the social one were revealed in the research); therefore there also appears to be competing forces working toward stability and against such growth. Also, while there is recognition that engaging in promotional activities and pursuing economic goals is advantageous in the sense that additional revenues improve the ability of the social enterprise to achieve its social goals, there are costs associated with such endeavors that other enterprises, such as business firms, do not face. Extensive engagement in economic goals may be constrained by expectations regarding how funds can be both generated and deployed in social enterprise, by the level of capabilities and skills of employees, and by the priorities that managers in social enterprises need to attend to. As an example, Org08’s ability to generate \$200,000 in revenues puts the social enterprise in a position of tension with donors, and has implications to promotional activities. Similarly, social enterprises that face competition from other enterprises with whom they may wish, or be expected to, cooperate also experience a duality.

Tensions and dualities have been observed in different contexts in business firms (Bouchchikhi, 1998; Lewis, 2000). Similarly, the literature on social enterprise has attended to the double (or triple) bottom line (Bhattacharya, 2010; Boschee, 2006; Dees, 2007; Mish & Scammon, 2010) and by doing so, has acknowledged at least one tension or duality that social enterprises face. This research goes further by pointing to additional dualities (stability and growth, cooperation and competition) that social enterprises need to contend with as they engage with marketing strategies.

5.3 Marketing and Marketing Strategy in Social Enterprise

Generally, the marketing strategies employed by social enterprises appear to have more in common with not-for-profit organizations than they do with for-profit organizations. For example, the research shows that similar to not-for-profits (Andreasen & Kotler, 2003) and in support of recent writings proposing consideration of multiple stakeholder groups in marketing (Ferrell, et al., 2010; Gundlach & Wilkie, 2010), social enterprises must deal with multiple stakeholder and customer groups. For example, a social enterprise may be faced with: (a) customers who may be purchasing catering services from the social enterprise, (b) customers in poverty who may be receiving free food from the social enterprise, (c) governmental organizations who may be providing grants, (d) donors, as well as (e) volunteers who may work in various capacities in the social enterprise. While some research in not-for profit organizations has shown high support of marketing in such organizations (Pope, et al., 2009), the level of support for marketing in social enterprises

may be more similar to for-profit organizations where it is recognized that marketing is an essential function in revenue generation and profit making. As well, branding knowledge and utilization may be more similar to practices in for profit organizations where it has become a critical component of marketing practice (de Lencastre & Côte-Real, 2010).

Consistent with literature on marketing being viewed in a strong light in not-for-profit organizations (Pope, et al., 2009), overall, marketing is seen positively in social enterprises – as a way to help achieve financial self-sufficiency. This was a goal common across the social enterprises in the study, and has been found in other studies of social enterprises such as Austin, Stevenson, & Wei-Skillern (2006) and Madill, Hebb, & Brouard (2010).

The level of sophistication of the social enterprises in terms of marketing knowledge appears to be quite variable. In keeping with much of the previous literature on marketing in not-for-profit organizations, promotion and marketing are often seen as the same thing (Dolnicar & Lazarevski, 2009). However, in contrast to previous research on not-for-profits (Pope, et al., 2009), most of the social enterprises appear to utilize some form of information gathering (market research) to inform their marketing choices.

Most of the social enterprise managers in this study are aware of and deal with strategic choices around the quality of products and services that are best for their enterprises to offer and how pricing might impact customer and stakeholder perceptions of this quality. As well, the social enterprise managers were cognizant of the need for social enterprises to be quite conscious of the messages they might be sending concerning the quality of products and services that they offer depending upon how these products and services were priced. Overwhelmingly, social enterprise promotion strategies are constrained by the limited marketing budgets under which they operate. Accordingly, the most common promotion approaches utilized include social media and web sites, free media clips and word of mouth. However, as was reported by Pope, Isely, & Asamo-Tutu, there is generally a lack of web site sophistication (p. 194), although generally the social enterprises in this study were conscious of the usefulness of the web site, and several were moving towards greater use of web site technology for marketing activities.

Most of the social enterprises are quite aware of issues around branding of their enterprises and products and services and consider it an important part of their marketing approach. Pope, Isely, & Asamo-Tutu only mention branding challenges within not-for-profit marketing strategy briefly, but they do so to mention that it is a struggle for not-for-profits to gain brand recognition (as an organization). At least part of the issue is that social enterprises are faced with many stakeholders (Bhattacharya & Korshun, 2008), a key tension discussed in the analysis, and the identity social enterprises use with those stakeholders can pose challenges to establishing brand meaning and brand identity. For instance, to be considered a leader in a commercial setting, social enterprises may necessarily need to shed overt ties to their social mission, at least in terms of promotional activities (Lougheed & Dankervoort, 2002). Identity management, and the avoidance of identity misalignment (Balmer & Greyser, 2002), is a critical consideration for social

enterprises, in particular those that operate multiple commercial businesses, or that are legally not-for-profit or charity organizations using for-profit activities as a method of providing supplemental revenue generation.

5.4 Stakeholder Unification and Co-creation of Value

In a recent Marketing Science Institute (MSI) paper, Lusch and Webster Jr. (2010), exploring the notions of value within enterprises, categorize marketing history into three eras:

- Era I – Marketing as Utility Creating & Value Adding
- Era II – Marketing as Customer Oriented & Value Proposing
- Era III – Marketing as Stakeholder Unifying and Value Co-creating

The current era, Era III, is defined by concepts such as co-creation of value, value in context, and total value for all stakeholders (Bhattacharya, 2010; Lusch & Webster Jr., 2010; Mish & Scammon, 2010). Conventionally, co-creation involves firms and their customers creating the value of a product or service offering together. A practical example might be in the software industry where customers of a piece of software might develop and share portions of code, samples, techniques, and information related to that software with one another, which provides value for customers. This value is in addition to the value provided by the firm responsible for publishing the original software product. The total value is greater than that provided solely through the product offering. Co-creation seems to have another dimension with respect to social enterprises, where value is co-created through providing commercial products and services to customers, whose patronage creates/supports social value creation through the social mission of the organization. For example, customers purchasing catering services from Org01a receive the value of the services themselves, but in doing so they support employment opportunities for individuals with disabilities, which create social value in a variety of ways. In this manner, Org01a fulfills the notion of stakeholder unification expressed by Lusch and Webster Jr. (2010).

Social enterprises may inadvertently be exemplars of value-creation organizations that think of the total value created as that generated by a system: the sum of all stakeholders, and constantly seek to maximize the value of the system. The manner in which Org02 and Org06 shared information with potentially competing organizations, and the attitude of social enterprises towards growth, lend support to this theoretical view. Similarly, Org06's approach to its nine social enterprises where revenue is shared, thereby helping to keep all of the businesses operating to maximize the number of at-risk individuals being serviced, is further evidence of a systemic view.

6 Conclusions, Limitations, and Directions for Future Research

In summary, the work presented here provides empirical baseline data on marketing practices employed within the social enterprise context – a sector of the economy that is growing in importance in most nations worldwide. It also proposes a model in order to advance marketing theory in the field of social enterprise. The research and the model highlight the dualities that are part of the reality of operating a social enterprise and suggest that these dualities impact the employment of marketing strategies within social enterprises.

6.1 Limitations and Directions for Future Research

As with any study, this thesis research has limitations. The inductive nature of the study, combined with the small, regional sample size, means that the findings and theory development presented in this thesis should not automatically be assumed to generalize across all social enterprise contexts. The model developed in this thesis points to the need to conduct future research on exactly how the dualities identified map onto the selection of specific marketing strategies by social enterprises. Future research could look to develop hypotheses and test various components of the model developed in this thesis using a survey of an expanded sample. Further, this thesis research was conducted in Canada, and it will be important to expand research on marketing in social enterprises to other countries where these types of ventures are also a growing phenomenon for dealing with social problems.

6.2 Managerial Implications

The research and model are suggestive of the important role that the social enterprise's Board of Directors might be able to play with regard to selection and utilization of different marketing strategies. One clear managerial implication then is that social enterprises might consider this carefully and select members to their Boards who can work with the enterprise and assist in marketing. Lastly, the research shows that managers in social enterprises can seek out other like-minded social enterprises and cooperate with such enterprises in achieving mutual goals. Or, they may seek other enterprises and learn about approaches to dealing with common marketing problems – there appears to be a culture of knowledge sharing prevalent in social enterprises.

As growing pains were identified as a key tension facing social enterprises in this study, it is worthwhile for managers within social enterprises to be mindful not to let obsession with any form of growth unduly influence strategy formulation (Porter, 2008).

6.3 Policy Implications

The research presented here is suggestive of several implications for policy makers. First, it suggests that there is a need for governments at all levels to build organizational expertise concerning the social enterprises. Given the important and growing role that social enterprises are playing in the economies of many nations, it is important that more attention be given to gathering data concerning the numbers and sizes of such organizations so that better understanding of the role that they play within the economies of nations will be possible. As well, there is an important role for governments to create formal designations of such enterprises – this has happened in countries such as the United States and Britain, but has not happened in countries such as Canada (and others) where this research was conducted. Such designations would arguably allow and foster the freedom for such enterprises to pursue financial self-sufficiency without the current constraints that limit revenue generating abilities in social enterprises that take the organizational form of charities and not-for profit organizations in countries such as Canada.

The research reveals an acceptance of marketing and an appetite for its application by social enterprises that might be limited by their knowledge and skills in developing effective marketing strategies. It would also be useful if social entrepreneurship centres were established by government with the goal of building marketing knowledge within this sector. In a related vein, there needs to be increased linkages in both colleges and universities between faculties such as social work and management schools that have traditionally been quite bifurcated. Links between such schools around the offering of training and the conducting of research on social enterprises would improve the sector.

6.4 Conclusion

Social enterprises represent an interesting and challenging approach to solving social issues. Marketing is a diverse and important business function, but also a highly relevant field for the betterment of society. This thesis is an attempt to develop insights into how social enterprises are currently using marketing strategies, and how the strategies are similar to, and differ from, those employed in not-for-profit and for-profit organizations. What has been uncovered is that the context of social enterprise does matter for how and what marketing strategies are employed, and this is important for the field of marketing, concerned as it is with value creation, delivery, communication, and exchange. Testing traditional marketing theory against social enterprise may help researchers identify theoretical gaps, or develop new theory, that will expand our knowledge of marketing for all practitioners. Further, helping social enterprises to examine and refine their marketing approaches will help to make social enterprises even more successful than they are today. The success, in turn, will increase social enterprise capacity to service social missions, which is an obvious benefit to society.

Appendix 1: Interview Protocol

This is a meeting with [name], [title/position], [organization]. Thank you very much for meeting with me today. I'd like to start first by covering some background information about you personally, and your organization

Organizational Background

- Describe for me, in your own words, [organization's] mission.
- Describe, briefly, your own professional background and experiences.

Funding

Thank you. This is very helpful and allows me to understand you and your organization in context. I'd like to move now to discuss your organization's funding.

- How is your organization funded?
Probe: What percentage of total revenue does each funding method represent to your organization?
Probe: What other sources of funding have you pursued?

Marketing Activities

Thank you. That last set of questions is important to help me compare and contrast your organization with others that I interview. I'd like to move now to discuss marketing within your organization.

- How important is marketing to [organization]? Why?
Probe: How much time would you say is spent on marketing within your organization?
- What is the most important marketing activity your organization performs?
- What other marketing activities do you undertake?
- Does [organization] currently have a marketing plan?
Probe: If so, what is the plan? Are there plans to create a plan?

Market Research

All right, so we've discussed marketing generally, and funding. Now I'd like to move into a more specific line of questions related to marketing.

- Who are your customers?
- Who are your competitors?

- How did/do you decide on what products/services you are going to sell?
- How do you decide on the prices you charge for [*product/service*]?

Website

Thank you. The last set of questions is very interesting in terms of understanding how the organizations I interview see the environment in which they exist. I'd like to focus briefly now on [*organization's*] website.

- Explain the role of [*organization's*] website.
Follow on: What kinds of things are you hoping to achieve with the website?
Probe (where relevant): Discuss the role that social networking/media plays.

Branding

Terrific. Okay, there's one last specific marketing area I'd like to discuss, and that's branding.

- Can you explain to me what branding means to your organization?
- Would you say that branding is essential to effectively running the organization? Why or why not?

Final

Thank you. This concludes my set of questions. I really appreciate all the time you've given me. This has been a very educational experience.

- Is there anything else you would like to add, that I have not already talked about, that is important to your organization?

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