

BRANDING BUSINESS FOR A BETTER WORLD:
AN EXPLORATORY STUDY OF MARKETING
STRATEGY FOR SOCIAL ENTERPRISES

By

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ABSTRACT

This exploratory study of marketing strategy for social enterprises first defines what a social enterprise is, and how it is different than for-profit and not-for-profit business models. A compare and contrast of these business model's marketing strategy leads to a case discussion of three nationally recognized social enterprises: Warby Parker, TOMS, and FEED Projects. Through analysis of these companies, this research aims to develop criteria of marketing strategy that social enterprises must meet to be successful in the marketplace. The essence of this research is to explore what it looks like to brand business for a better world.

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TABLE OF CONTENTS

INTRODUCTION	1
LITERATURE REVIEW	2
What is a social enterprise?.....	2
Table One: Key Differences in Organizational Approaches to Social Action	7
Social Enterprise Marketing Strategy vs. For-Profit Marketing Strategy.....	8
Social Enterprise Marketing Strategy vs. Not-For-Profit Marketing Strategy	13
Audience of Social Enterprises	15
The Strategy of a Social Enterprise	17
Authenticity in Social Enterprises	18
METHODOLOGY	20
Warby Parker	21
Overview.....	21
Statement of Purpose	22
4 P's	22
Identity Stamp.....	25
Measuring Impact	26
Community Projects.....	27
TOMS	27
Overview.....	27
Statement of Purpose	29
4 P's	29
Identity Stamp.....	33

Measuring Impact	34
Community Projects.....	35
FEED Projects.....	36
Overview.....	36
Statement of Purpose	37
4 P's	38
Identity Stamp.....	41
Measuring Impact	41
Community Projects.....	42
DISCUSSION	43
Warby Parker	43
TOMS	43
FEED Projects.....	43
IMPLICATIONS	44
CONCLUSION.....	45
APPENDICES	47
REFERENCES	51

INTRODUCTION

The idea of business for a better world isn't necessarily a new one. The widely accepted definition of a business is simply an exchange of value. Value came to be identified with value-in-exchange or the "price paid by the customer and received by the firm" (Lusch, Webster, 2011, 130). This often means an exchange of dollars for dollars, service for dollars, or goods for dollars. All of these common business transactions are familiar within today's society. Charitable donations, volunteer efforts, and even cause related partnerships are long-standing elements of many companies and corporations. However, the social enterprise business model continues to grow in popularity and is disrupting many consumers' perceptions and assumptions surrounding the well being of society related to business relationships. Saul theorizes the Social Capital Market is rising due to five different drivers: corporations are more powerful than government, consumers are more powerful than citizens, social issues are now business ideas, philanthropy has become a commodity, and the value of intangible assets is rising (Saul, 2011). The rise of the Social Capital Market has led the way for a new business model: the social enterprise. When analyzing this model marketing strategy for social enterprises specifically, is an underdeveloped topic. This research will explore the key elements of a company whose objectives are to create business for a better world, while making a profit.

There has been substantial research of the definition, implications, and expectations of social enterprises, but very little research concerning the marketing strategy for social enterprises. A social enterprise is defined as, "organizations intent on using the power of the marketplace to solve social and environmental problems, with its sales directly linked to charity and it must remain profitable to survive" (Masseti, 2011,

50). The management, financial, and operational differences between social enterprises, for-profits, and not-for-profits are all key distinguishing factors between the business models, but the overall branding strategy for a social enterprise is an area of research that has not been adequately studied. A social enterprise *must* have a distinguishable marketing strategy from other business models because its goals are vastly different. In order for a social enterprise to be successful, its marketing strategies must be developed in a way to support its business model.

Through theory-based case study research this thesis will examine the differences between the social enterprise model, the for-profit model, and not-for-profit model in order to determine the marketing implications of those differences. The various definitions and confusion around what a social enterprise is and is not, the types of social enterprises, and the social enterprise's audience will all be discussed. Identifying the most impactful elements of current social marketing tactics will highlight the aspects of marketing strategy that social enterprises must adopt in order to meet their goals.

LITERATURE REVIEW

What is a Social Enterprise?

The various definitions of a social enterprise have led to confusion in the marketplace. The general understanding of the business model is that a social enterprise is a business whose primary goal is to provide social value, while making a profit. So by definition, a social enterprise cannot be a not-for-profit even though many confuse the two. Examples of social enterprises that will further be examined in this research are: Warby Parker, TOMS, and FEED Projects.

Further confusion stems from for-profit companies who partake in cause related marketing and social marketing initiatives. But without their profits being directly tied to solving a social mission, for-profit companies do not meet the definition of a social enterprise either. Well-known examples of for-profit companies supporting social causes are: Coca-Cola and the World Wildlife Fund, Yoplait and Susan G. Komen for the Cure, and Starbucks and the Opportunity Finance Network. A social enterprise is not, “strategic philanthropy, corporate social responsibility, or values-driven business” as many like to think (Saul, 2011, 32-34). Social enterprises must be clearly distinguishable from the mass of businesses that partake in these social marketing strategies.

Social enterprises continue to grow in popularity and without a more clear definition not only is the concept weakened, but the model loses its ability to differentiate itself from others. The legitimacy of the social enterprise may also come into question without a clear definition. In order to stay legitimate, social value creation must be the primary objective in order for an entrepreneurial activity to be classified as social entrepreneurship. “At the heart of the business is not the profit motive, but the willingness to serve the less fortunate in a society” (Williams & K’nife, 2011, 70).

Despite the confusion and overlapping interests of for-profits wanting to do good, and not-for-profits who’s sole purpose is to serve others, the root of social enterprises are to promote the power of business to achieve fundamental social change. “In many ways, social enterprises are used today as a tool to combat market failure” (Teasdale, 2011, 108). This has come about because “the convergence of economic, social and political pressures is fostering collaboration across various sectors of society as a viable and necessary approach to dealing with complex social problems” (Sakarya, Bodur, Yildirim-

Oktem, Selekler & Goksen, 2012, 1710). The emergence of social enterprises also becomes clearer when considering Michael Porter's theory of the Five Competitive Forces That Shape Strategy. It is the balance of each of these forces that leads to a successful competitive strategy. But as Porter notes, often business leaders view the forces to be at odds with one another (Porter, 2008). It is this tension that has led to new business models being developed. As complex social problems change, government will change as well, and models for social enterprises may be molded to a great degree based on how well or how poorly the government first solves social needs (Kerlin, 2013). The source and consequent distribution of wealth a company creates is where social enterprises best differentiate themselves from other business models. For-profits generally need to be creating wealth for their stakeholders, which can limit re-investment in the company, and severely limits re-investment in the community. Alternatively, not-for-profits are limited in the ways in which they raise funds to support their social cause because of their status as tax-exempt organizations. At the same time, "social enterprises are operating in an environment characterized by growing competition for donors and grants" and are seeking new opportunities to raise funds (Sakarya, et al., 2012, 1712).

The social enterprise business model was created as a hybrid to serve an area between the for-profit and not-for-profit business models. Thus, there needs to be a distinguishable gap between the social enterprise and other business models. For the purpose of this research a social enterprise will be defined as the following: "Social enterprises are organizations intent on using the power of the marketplace to solve social and environmental problems, with its sales directly linked to charity and it must remain profitable to survive."

To further define social enterprises this thesis will rely upon Massetti's Social Action Framework. There are five qualifications that an enterprise must meet in order to be considered a social enterprise. The Social Action Framework qualifications are: (1) social legitimacy; (2) mission congruence; (3) always community internalizing; (4) profits required from resources consumed; (5) clear social contributions. "Social legitimacy comes from society's wider fixation with business ideology and the belief that the market knows best" (Teasdale, 2011, 106). Thus the market will drive a social enterprise's success and profitability.

Often the first goal of the social enterprise is organizational stability that will support the social cause. This idea has developed to create the social enterprise double bottom line. The double bottom line is composed of two parts: "doing good" (the social) and "doing well" (the economic) (Dart, 2004). This concept is how a social enterprise meets the most basic requirements of the business model, so identifying from where profits originate is extremely important for the social enterprise. Alternatively, for-profit companies focus on the singular bottom line of "doing well." If more money is coming in than is going out, then the bottom line is met. On the other hand, "social and community enterprises aim to create social value rather than personal wealth for the leader-manager" (Chell, 2007, 17). Thus, social enterprises must meet two requirements: First, is the business making a profit? Second, is the business making a positive social contribution?

The second aspect is much more difficult to measure but there are two methods to consider when analyzing the double bottom line. The first objective can be measured through a value proposition, which is how the enterprise proposes to positively affect the customer. Value proposition defines desired outcomes (customer experience), and not

outputs (products) (Lusch & Webster, 2011). The second objective can be measured through impact. “Impact is defined as significant or lasting changes in people’s lives, brought about by a given action or series of actions” (Sakarya et al., 2012, 1712). This impact can be social transformation at the cultural, economic, and/or political levels. The double bottom line also explains why social enterprises must always be community internalizing. Community externalizing defeats the purpose of the social enterprise. If a social enterprise must reach outside its own entity to meet the double bottom line then by definition, it is not a social enterprise. Thus a social enterprise is community internalizing: completely self-sufficient in meeting its goals and objectives.

Social enterprises are entrepreneurial in nature. This is because entrepreneurship is fundamentally about change that relies upon innovation to influence perceptions and to drive markets. Entrepreneurship at its best is the pursuit of opportunity without regard to resources currently controlled (Stevenson, Roberts, Sahlman, & Hammermesh, 2006). Through being powerfully motivated by a social cause, social enterprises tend to be more familiar with an above average degree of risk, and tend to be more willing to accept that risk in order to create social value. Because social enterprises need to make a profit while clearly making social contributions, resources are heavily re-invested into the company and the social enterprise must operate in many ways like a start-up company. “Social enterprises are unusually resourceful in being relatively undaunted by scarce assets in pursuing their social venture” (Williams & K’nife, 2011, 69). A definition of a social enterprise derived from the definition of entrepreneurship follows as, “the social enterprise would create and pursue opportunities *relentlessly*, without regard to *alienable* resources currently controlled, with a view to *both* creating wealth that may be reinvested

in the business to assure its sustainability, and *social value*” (Chell, 2007, 13). In summary, social entrepreneurship is a specific form of entrepreneurship that is committed to value creating in a sustainable, self-sufficient manner. Additionally, the value created is intended to create social change or meet social needs.

Table One: Key Differences in Organizational Approaches to Social Action

(Masseti, 2011, 59)

Social Action Framework Criteria	Social Enterprise	Corporate Social Responsibility	Not-for-profit Charity
Strategic			
Social Legitimacy	X	X	X
Mission Congruence	X		X
Tactical			
Always Community Internalizing	X		X
Compliance-driven Community internalizing		X	
Operational			
Profits required from resources consumed	X		
Clear social contributions	X		

To further define the differences between business models, the Social Action Framework Criteria outlines the major aspects that set apart the social enterprise. In table

one, corporate social responsibility refers to for-profit companies that utilize social marketing strategies. From this table a for-profit company is one that is socially legitimate based on market expectations, and is driven by standards and goals set for the organization. A not-for-profit is a business that is also socially legitimate, and is expected to have mission congruence (i.e. company efforts are in-line with the social cause), through constant, community internalizing reassurance and affirmation of that congruence. Social legitimacy is also based on the notion “that the very reason corporations are permitted to exist is to allow people to come together to make productive contributions to society” (Arnold & Valentin, 2013, 1907).

Not only must a social enterprise meet all of the requirements of a not-for-profit, but must also create a profit that exceeds resources consumed and simultaneously make a clear social contribution. A social enterprise must take into account the community’s well being as much as the organization’s well being, and balance accountability and sustainability. The profits created by a social enterprise must be acceptable to the market and clearly make a social contribution. Neither for-profit nor not-for-profit business must meet those two requirements.

Social Enterprise Marketing Strategy vs. For-Profit Marketing Strategy

Why do businesses engage in social causes in the first place? “Broadly speaking, proponents of corporate social responsibility have used four arguments to make their case: moral obligation, sustainability, license to operate, and reputation” (Porter & Kramer, 2006, 3). When for-profit companies partake in initiatives with a social mission it is often referred to as cause related marketing. “Cause related marketing occurs within for-profit organizations and is intended to enhance both the reputation of the organization

and the welfare of society” (Masseti, 2011, 60). For-profit companies are often focused on creating shareholder wealth, and view cause related marketing as one of the marketing strategies to do so. Inherently, “opinions differ as to whether corporate involvement in cause related marketing is driven fundamentally by the profit motive rather than by altruism” (Bennett & Sargeant, 2005, 798). Social enterprises do not participate in cause related marketing because the enterprise *is* the cause. They are not focused on creating shareholder wealth but stakeholder wealth, with the primary stakeholders being those who are to benefit from the social enterprise’s mission.

Cause related marketing is extremely beneficial for many companies, but also very challenging because “fit” is a major concern within cause related marketing. A company must find a cause that is congruent with their current values, operations, audience, management, style, feel... etc., otherwise the marketing efforts will appear in-genuine and do more harm than good for the company. Fit is not an issue for social enterprises because social enterprises *are* the fit. The social issue they are working to solve is the reason the enterprise exists. The fit is non-questionable. Now, the way in which the social enterprise connects the product or service they offer to the cause they are wanting to impact may not be the best fit in the mind of the customer, but that is different than the cause not fitting the company.

It is suggested that both the cause and the brand are perceived more positively after exposure to the alliance (aka: cause-brand alliance: “CBA”) when a company implements successful cause related marketing (Lafferty & Goldsmith, 2005). On the other hand, a social enterprise isn’t trying to create an alliance but rather a single,

cohesive brand. One of the reasons social enterprises may be gaining in popularity is because customers prefer brands with a social conscience (Lafferty, et al., 2005).

The degree to which social enterprises tie the cause to their company makes it easier for the customer to make the connection between the two. “The anchoring and adjustment theory explains how subjects “anchor” on information that is most easily accessible, and is a key element for successful cause related marketing” (Lafferty, et al., 2005, 423). This can be as simple as consumers associating the golden arches with McDonald’s, and the color red with Coca-Cola. Those strong associations prove as strong anchors, and it would be very difficult for brands to adjust those anchors. An example of a continuously successful cause related marketing initiative is Yoplait packaging each yogurt with a pink pull-off lid during the month of October to promote breast cancer awareness. Since 1997 Yoplait has donated more than \$34 million to the cause through the “Save Lids to Save Lives” campaign (Yoplait, 2012). The longevity of this campaign makes it easy for consumers to anchor on the idea of pink aluminum lids being associated with Yoplait yogurt, and the color pink is easily associated with breast cancer awareness. Creating strong associations is often where for-profit companies struggle because the best they can do is create a strong cause-brand alliance. Social enterprises aren’t concerned about creating a strong alliance because they *are* the alliance.

Social marketing is another marketing strategy which for-profit companies use to tie a social cause to their organization. The term was first coined in 1971 to describe a business’ expanded role for utilizing marketing to create behavioral change (Dann, 2010). Social marketing’s goal is, “to persuade individuals to alter their individual behavior to improve their *own* health and welfare” (Wymer, 2010, 103). Social marketing seeks to

utilize techniques derived from commercial marketing in pursuit of social goals (Peattie, 2009). Thus, social marketing is focused on the individual and influencing their actions. The majority of social marketing initiatives are through partnerships. “A partnership is a voluntary collaboration between two or more private sector, non-profit (or government) institutions that have 1) a written agreement; 2) goal of mutual benefit; 3) resource transfers; and 4) substantive purpose” (Madill, O’Reilly, 2010, 135).

Social marketing initiatives are often a reaction to natural disasters, consumer boycotts, NGO pressures, or a number of other corporate crises (Becker-Olsen, 2006). Social marketing is often viewed as a reactive initiative vs. a proactive initiative. Often a company will not partake in social marketing until a certain event has occurred, or tipping point has been reached. An example of this is BP Partnering with the National Fish and Wildlife Foundation after the gulf oil spill in 2010 (BP, 2013). “Social marketing is also much more akin to services marketing, in that the key issue is accessibility” (Peattie, 2009, 164). This means that for-profits often engage in social marketing to raise awareness of a social cause. “Corporate social strategies, from grants to volunteering to environmental auditing, were designed to satisfy society’s expectations, not to create business value” (Saul, 2011, 6). How business value is created is the main difference between a for-profit’s social strategy and a social enterprise.

Another major aspect of social marketing revolves around fear and guilt appeals. While consumers believe guilt appeals are everywhere they look, they continue to remain powerful tools for social marketers (Brennan, Binney, 2010). On the other hand, social enterprises utilize marketing very differently. Social enterprises are constantly responding to their social cause through their marketing, and are not an initiative to guilt or scare one

into improving their health and welfare. The focus is *not* on the betterment of the individual customer, but the betterment of another person the customer often has zero relation with. “Social marketing initiatives often fail because of marketing problems, rather than the service/organization not being able to deal with the social issue” (Bennett & Sargeant, 2005, 799). Further difficulty stems from companies wanting to partake in social marketing because “many companies pit business against society, when the two are clearly interdependent. Second, they pressure companies to think of corporate social responsibility in generic ways instead of in the way most appropriate to each firm’s strategy” (Porter, Kramer, 2006, 2). Hence, it is crucial that the social enterprise ensures that its marketing efforts are in-line with their social actions, and not perceived as a partnerships like many social marketing initiatives.

Social marketing seeks to maintain newly adopted behaviors in its target audience. If the behavior is not maintained, or if awareness has not been raised for those who are not yet ready to commit to a behavioral change, the social marketing campaign has failed. This is often because the barrier to change is too high, and was not taken into proper consideration by the company. In most social marketing initiatives the costs of changing behavior are not financial. Costs may be in terms of time and effort, overcoming psychological barriers, or even a physical addiction (Peattie, 2009). Thus the audience’s point of view must always be kept in mind when for-profit companies engage in social marketing efforts. On the other hand, a social enterprise *must* be able to adequately address and not simply bring awareness to the social issue. This can only be done through effective marketing initiatives. The ultimate goal of generating revenue or

servicing a social cause, and the way in which that is communicated to stakeholders, is what differentiates for-profit marketing strategy and social enterprise marketing strategy.

Lastly, for-profit companies may use internal resources to create a socially conscious product or service in attempt to narrow the gap of tying the cause to the company. Many challenges arise when a for-profit company turns its focus to a social mission when it previously had not. When Procter & Gamble created PuR sachets as an affordable water treatment strategy that was proven to reduce diarrheal disease by a 20-90% reduction, the product never broke-even. As a result, “P&G was not able to generate the revenue necessary to be profitable in the long term or recoup start-up costs in the short-term. Lose-win scenarios are unsustainable for business policy, but may be candidates for charitable activity... Despite being unprofitable, P&G continued the PuR project on a charitable basis because of the significant benefit it brought to moderately and extremely poor markets” (Arnold, Valentin, 2013, 1910). A lose-win scenario (i.e. the product isn't making a profit, but it is improving the lives of individuals) could never occur within a social enterprise because the business model does not allow for activity that cannot be fully financially supported.

Social Enterprise Marketing Strategy vs. Not-For-Profit Marketing Strategy

The greatest overlap in customer's minds occurs between social enterprises and not-for-profits. The focus on social causes encourages many to think of the two models simultaneously, or social enterprises as not-for-profits that generate revenue, which is contradictory to the name not-for-profit itself. “The culture and ethos of the social enterprise are based on principles of voluntarism, ethical behavior and a mission with a social cause,” much like not-for-profits (Chell, 2007, 11). The most notable difference is

customers of social enterprises are *not* donors. Social enterprises need customers to survive, and without a strong, paying customer base, the business would not exist. Not-for-profits do not rely upon a strong customer base but a strong donor base. Donors are willing to give money to a not-for-profit often in exchange for no other value than internal satisfaction. The social enterprise came about as a way to create more sustainable funding to solve social problems, rather than the reliance on charitable philanthropy, as economic downturns and donor fatigue decrease not-for-profit's funding (Smith, Cronley & Barr, 2012). Social enterprises are not affected in the same way during economic downturns because they are providing a substantial exchange (i.e. a necessary or wanted product or service) for an individual's dollars. The social cause is the sole selling point for a not-for-profit; individuals donate to the cause. Social enterprises have two selling points: the good or service *and* the cause. Thus, marketing initiatives for a not-for-profit have one clear message they want to communicate while social enterprises have two.

According to the Social Action Framework, social enterprises must make clear social contributions while producing financial contributions that exceed their resource consumption (Masseti, 2011). Alternatively, "not-for-profits face less pressure to have their actions make clear social contributions" (Masseti, 2011, 61). As long as the cause is addressed, and some effort is put towards bettering the situation, a not-for-profit is considered legitimate. Donors are likely to continue to support nonprofits engaging in social enterprises that they perceive as competent (Smith, et al., 2012).

Social enterprises are held to a different set of expectations because of the double bottom line. If both expectations are not being met then the social enterprise fails. Not-for-profits on the other hand do not have to constantly succeed (Masseti, 2011). They are

able to financially function as long as some sort of donation is made. An executive director with entrepreneurial experience said, “In the nonprofit sector, there’s a real naïveté about what’s involved in starting a business, never mind a social enterprise, which is fraught with a whole level of other challenges conventional businesses don’t even see—social service support, housing issues, legal issues, addictions...” (Smith, et al., 2012, 145). If a social enterprise has poor operations it will not generate revenue, and will not succeed as a business or in solving its social cause. Interestingly enough, some not-for-profits are reluctant to speak of their organization in the likes of social enterprises, or talk about other streams of earned income, for fear that their donors will reduce their donations (Smith, et al., 2012). When not-for-profits attempt to develop new ways to gain funds, often the distinction between customers and donors is not made, and the attempt is not profitable. This is because the marketing strategy for customers and donors is not one in the same, and this is the primary distinction between the not-for-profit and the social enterprise marketing strategy.

Audience of Social Enterprises

“Human development and the reduction of poverty remain as significant challenges of society” (Sakarya, et al., 2012, 1711). As long as these challenges exist, society will need to continue to develop methods to address them. While the origin is not clear, the general population’s increase in awareness of poverty and other societal needs exposes the previously “invisible market of four billion people living on less than \$2 per day” (Arnold & Valentin, 2013, 1904). TOMS, founded in 2006, is one of the first nationally recognized social enterprises, due to the success of the innovative one-for-one business model. Since then, social enterprises have become “the next big thing,” and

cause-focused companies continue to gain popularity. A study conducted in 2008 found that “85% of Americans believe it acceptable for a company to partner with a cause in their marketing efforts... and almost 80% say all other things being equal, they would likely switch from one brand to another that is associate with a cause. Americans now expect businesses to support social causes as part of being good corporate citizens. In fact, 52% of Americans believe that companies should continue to participate in helping causes, even during the economic downturn” (La Ferle, Kuber & Edwards, 2013, 365, 370). Clearly, Americans are comfortable, and even advocates for businesses being tied to a social cause. They are even willing to try new products from companies they perceive a socially responsible (Lafferty & Goldsmith, 2003).

Another interesting aspect of the audience of social enterprises within the U.S. is the fascination with a capitalistic society. Many successful business people who make charitable contributions have a respect for an organization that is “out there trying to do nontraditional things [such as social enterprise] in order to support the organization. Many of them have made their money in business and they just think it’s fantastic that business can be used to do good things, and you don’t have to constantly be begging or working on the mind-set of where your next dollar is going to come from” (Smith, Cronley, Barr, 2012, 145). Men and women who have more market-economy feelings towards business may be a more accepting audience of the social enterprise business model. On the other hand, the people which social enterprises serve is another factor that inclines individuals to support the business model. Serving impoverished communities, or even entire industries of people, is a way for the audience to feel they are making their contribution to society. Thus, “many would argue that the financial success of a social

enterprise may be because of—and not in spite of—its social and environmental mission, since many consumers prefer socially responsible and environmentally sustainable products and services” (Plerhoples, 2012). So understanding the true reason behind the success of the social enterprise model, and why they have become wildly supported by various audiences is still largely unknown. It is a balance between many economic and psychological factors.

The Strategy of a Social Enterprise

There are many aspects that make up the marketing strategy of social enterprises. Strategy is still a challenge for most companies in the U.S. as “39% of small businesses are profitable, 50% fail in the first 5 years, and that it is even tougher for the social enterprise, because of conflicting priorities and the lack of a business perspective” (Chell, 2007, 12). There are some clear patterns though which have developed within social enterprise marketing strategy. First, social enterprises should refrain from using guilt-appeals in advertising. Through the study conducted by Brennan and Binney, “participants felt negatively towards marketing campaigns that used guilt appeals, even when they recognized that these campaigns were for a ‘good cause’ (Brennan, Binney, 2010, 143). Especially considering that many social enterprises are competing with companies that are not tied to a social cause, and even may have a less-superior product, the consumer would not choose the company that evokes feelings of shame.

Second, affinity marketing is currently the best-named marketing strategy for social enterprises. It differentiates itself from many common cause related marketing techniques like social marketing or corporate responsibility programs. Affinity marketing is set apart through two factors: empathy and obligation. “Empathy refers to the

awareness of another person's internal state and putting oneself in the place of another to experience his or her feelings. Obligation refers to the responsibility to act in particular situations according to social norms" (Fock, 2011, 674). Affinity marketing focuses on creating consumer advocates through the internalization of the company's mission and values. Thus, this also creates consumers who are advocates for the social cause.

Marketing strategies that focus on sympathetic and altruistic behaviors, versus empathy and obligation, are better suited for donors of not-for-profits.

Thirdly, social enterprises thrive by situating themselves in the ideal market combination of affordability, profitability, and empowerment (Arnold, Valentin, 2013). It is this key spot in the market that social enterprises are able to prove their legitimacy and remain authentic. Lastly, a key strategy for social enterprises is to remain entrepreneurial. Because of the great expectation that a social enterprise is creating profits while serving a social cause, innovative thinking is necessary. A social enterprise is in great danger if their social cause or market evolves in a way that it is not prepared to handle. Social enterprises can think entrepreneurially by "recognizing actions and decisions do not simply emerge from situations; those actions and decisions should arise as a consequence of the active mental processing of information and perceptions *before* arriving at a judgment of the potential... imagined venture" (Chell, 2007, 16). Acting proactively positions a social enterprise to best serve all of its stakeholders.

Authenticity in Social Enterprises

Authenticity is arguably the most important characteristic of a social enterprise. Consumers will not hesitate to "punish firms that are perceived as insincere in their social involvement... and 52% [of those surveyed] stated that they would boycott the insincere

firm if reasonable alternatives were available” (Becker-Olsen, Cudmore & Hill, 2005, 46, 52). Authenticity is crucial to maintaining legitimacy and the right to propose a call-to-action. “Compliance requires regulation, a sense of duty, and a concern for the thoughts of others,” and without meeting these requirements a social enterprise will not create customers or cause-activists (Brennan & Binney, 2010, 140). The authenticity must travel throughout the entirety of the organization. Each employee and board member must understand where the real value of the organization lies. A social enterprise that is able to instill this 360-degree authenticity will create a culture of loyalty, and will see themselves as activists vs. advertisers (Fock, 2011).

Social enterprises must also be aware to not exploit those that are being served through the social mission. This is where many social enterprises are viewed as inauthentic or disingenuous. “Marketing some products or services to the moderately and extremely poor (MEP) is properly regarded as wrongfully exploitative. An exploitative approach is contrasted with an empowerment approach that respects the human rights of the MEP” (Arnold, Valentin, 2013, 1904). Warby Parker utilizes an empowerment approach through creating jobs and entrepreneurial opportunities for the communities they serve. This is viewed as an extremely authentic marketing technique.

Another aspect that questions social enterprise’s legitimacy is the United States citizens’ familiarity with cause related marketing. “The decades of CRM by U.S. companies and recent escalation in use leave American consumers with a healthy skepticism, questioning the believability and credibility of CRM campaigns” (La Ferle, Kuber, Edwards, 2013, 366). Consequently, a social enterprise must be able to differentiate itself from cause related marketing to prove its authentic mission. Social

enterprises are up against the cynicism that social initiatives are primarily motivated by corporate self-interest, and must not portray serving a social cause as an added-bonus of doing business. The social cause must be *the* reason that the business exists.

METHODOLOGY

Overview

To further understand what current social enterprise marketing strategy entails this thesis will develop cases around three prominent social enterprises. These companies are: Warby Parker, TOMS, and FEED Projects. The data for these cases was collected through previously published interviews, company websites and social media platforms, and various articles. The objective of these cases is to highlight patterns of marketing strategy that social enterprises are currently using.

The major strategies that each of these social enterprises follow aligns with the Social Capital Market. The three elements which are evident in each company's marketing strategy are: "One, it's just not about reputation anymore. Two, it's okay to respect an economic return for doing good. Three, social strategies must become business strategies, and measurement must become a core competency" (Saul, 2011, 15-16). Upon analysis of the research, the following cases are built around a framework of five different criteria which each social enterprise's marketing strategy meets. Statement of purpose focuses on the core of why the company exists, and directly how it is impacting a social cause. The statement of purpose is different than a mission/vision statement because it answers the question of *why* the business exists, versus *where* the business is going and *how* it will get there. As mentioned earlier, affinity marketing is key to the social enterprise. Affinity marketing creates consumer advocates through internalizing

the company's statement of purpose. This in turns creates consumer advocates who act based upon empathy and obligation. The 4 P's of marketing strategy are product, price, place, and promotion. Each of these aspects are crucial to revealing what sets apart social enterprise marketing strategy from other marketing strategies. The 4 P's must align with the market combination of affordability, profitability, and empowerment. Identity stamp is a look at how each social enterprise approaches branding and creating brand awareness, which is key in authenticity. Measuring impact focuses on how social enterprises quantitatively measure their success as a company and their success in lessening a social challenge. Lastly, community projects reveal how social enterprises utilize communities near and far to further their social mission. Community projects also keep the company entrepreneurially minded by continuously learning of new markets.

Warby Parker

Overview

Warby Parker was created to be a new concept in eyewear. The four founders saw an underdeveloped market in need of a re-haul. Interestingly enough, the company was not founded to solely provide eyeglasses for those in need. The company was founded to offer prescription eyewear at a revolutionary price. But, one of the founders was previously the Director at the non-profit VisionSpring. With the knowledge that one billion people worldwide lack access to glasses, the founders tied this crisis implicitly to the eyewear company. For every pair of Warby Parker glasses sold, a pair is distributed in need (This program is called "Buy A Pair, Give A Pair"). Warby Parker also aids low-income entrepreneurs to sell affordable eyeglasses in their communities, providing them with an income and business skills. The company's profits are directly linked to charity

and one's success is dependent upon the success of the other, thus Warby Parker meets the criteria of a social enterprise.

Warby Parker Co-Founder Neil Blumenthal spoke to PSFK about the vision of his company. "We wanted to build a mission-driven organization that we wanted to work at everyday. For us that meant being stakeholder-centric and considering our customers, employees, the environment, and the community at large in every decision we make... While we believe our social mission resonates with our customers, we don't think it's the primary reason why they buy our glasses (the main reason is because they look good on their face!), so it's often not the first thing you hear about us. However, our hope is that this approach (business as a vehicle to do good in the world) becomes the standard for all companies. We believe that businesses can be profitable, can be scalable and can do good in the world without charging a premium for doing so" (Mead, 2013).

Statement of Purpose

Warby Parker's statement of purpose is neither a mission or vision statement. It is simply the declaration of a right, which the company believes to be true, and that directly ties into the product offering. Warby Parker's statement of purpose is as follows: "We believe that everyone has the right to see" (Warby Parker, 2014). Through this statement it is clear as to why Warby Parker is in the eyewear industry, and why their social enterprise backbone is providing eyewear to their customers *and* to those individuals they wish to help.

4 P's

Product: Warby Parker sells prescription and non-prescription eyewear. This includes optical glasses and sunglasses. All glasses are designed, manufactured, and sold

by Warby Parker. Eyeglasses are donated to those in need every time a pair of Warby Parker glasses are purchased, but they are not the same design or style as the pair that the customer purchases.

Price: Prescription eyeglasses are \$95 (non-prescription are also \$95) and prescription sunglasses are \$150 (non-prescription \$95). Limited edition designs start at \$145, and there is an additional cost of \$30 for high-index lenses. Anti-reflective and anti-scratch coatings on lenses are included.

Place: There are 13 Warby Parker retail stores in 10 different states. The company's primary sales channel is through online orders via the Warby Parker website. Warby Parker allows customers to pick out five different frames and have them shipped to their home free-of-charge. Customers can try the frames on for five days, and once they have decided upon a style, they mail the five frames back and their order arrives within 2 weeks.

Promotion: Warby Parker actively updates their Facebook, Twitter, Tumblr, and Instagram pages. Currently, Warby Parker has 261,059 likes on Facebook, 56,200 followers on Twitter, and 99,478 followers on Instagram. They have created a single commercial which is on their website ("Warby Parker," 2014). Warby Parker also utilizes online advertisements through the form of web banners. Clearly, Warby Parker's primary promotional channels are social media platforms. Co-Founder David Gilboa told Entrepreneur Magazine, "Don't view social media as just another way to push your marketing messaging. Think of Facebook, Instagram and Twitter as critical customer service gateways and take the time to respond to each and every customer who reaches out to you there. Each comment, photo and tweet gives you an opening to directly

communicate with them on a meaningful, personalized basis that encourages brand loyalty” (Lachance-Shandrow, 2013). ArCompany conducted further studies and interviews with Warby Parker and found the following about the promotional strategy: One, Warby Parker encourages customers who use their Try-it-at-Home to post pictures of themselves wearing the glasses on Facebook, Twitter and Instagram. The company even gives feedback and advice on these images. Two, Warby Parker uses YouTube to distribute clever and informative videos, and encourages their fans to post their own videos as well. Three, Warby Parker is enthusiastically engaged on all of its platforms. Four, the company Facebook page is full of interesting visuals and again, most posts by others are responded to and welcomed (Tobin, 2013).

Warby Parker’s founders haven’t been shy about speaking to the company’s perceived lack of marketing. Most of their promotional efforts have been focuses on word-of-mouth marketing said Neil Blumenthal, “At first, we were more concerned with creating a great product and an awesome customer experience, namely through an innovative Home Try-On program and a beautiful, user-friendly site. We thought if we created great customer experiences that word would get around, so we didn’t spend any money on marketing and advertising. That said, as the company’s grown, our approach to marketing has changed, while still remaining decidedly offbeat. We ran our first television commercial last year, collaborating with the illustrator Alia Penner to create a quirky introduction to the Warby Parker story. For us, it’s more about collaborations, high-concept events and creating reasons for our customers to tell their friends about us. While we can’t say that we’ve taken a completely passive approach when it comes to marketing, the authenticity behind the brand has done more for us marketing-wise than

any big marketing initiative like the other guys. We have many people to thank for helping spread the word early on and following our growth for the past few years. We can also attribute much of our success to innovative marketing directions such as Warby Barker, our April Fool's joke last year, and the Annual Report, both of which has not only driven a lot of traffic to our site but also further established us as a lifestyle brand instead of just somewhere customers buy glasses" (Mead, 2013).

Identity Stamp

Unlike the majority of eyeglasses, when an individual is wearing a pair of Warby Parker glasses, no company logos are visible. Instead each pair of glasses is printed with the Warby Parker name on the inside of the right arm of the glasses (See Appendix A). Additionally, a small "WP" logo is printed at the bottom of the inner left-arm of the glasses (See Appendix B). Unless the design or coloring of a particular pair of glasses is highly unique to the company, it is extremely unlikely the average individual would recognize a pair of glasses as Warby Parker's. The eyewear industry is too vast, and the competitors and consumer options are too numerous, for an unmarked pair of glasses to be recognized as Warby Parker eyewear.

Warby Parker's identity stamp goes beyond their product. The company is further set-apart by highlighting environmental and business model concerns. Warby Parker is "one of the only carbon-neutral eyewear brands in the world" (Warby Parker, 2014). The company actively works to reduce environmental impact across all of its functions. Warby Parker is also a certified B Corporation and prominently displays this certification on their website. "B Corps are certified by the nonprofit B Lab to meet rigorous standards of social and environmental performance, accountability, and transparency. Today, there

is a growing community of more than 910 Certified B Corps from 29 countries and 60 industries working together toward 1 unifying goal: to redefine success in business.” (B Lab, 2014). Beyond the logo, Warby Parker emphasizes their legal status as a responsibly minded company as part of their identity.

Measuring Impact

Warby Parker could simply say, “for each pair of glasses you buy, we give a pair to someone in need.” Instead, communicating the social impact of the company is heavily dependent upon hard numbers that are focused on the people who the sales of goods are benefiting. These numerical figures are prominently displayed across all promotional and marketing material. It is clear that Warby Parker wants its stakeholders to measure the company’s success based upon the numbers it reaches. The following data points are highlighted across the Warby Parker website in different visual representation:

- 500,000 pairs of glasses distributed to people in need
- 10,000 low-income entrepreneurs sold affordable glasses in their communities
- \$100+ million of economic impact due to increases individual productivity
- Our partners have distributed glasses to 36 countries
- 80% of vision impairments can be avoided or cured
- 90% of the world’s visually impaired live in developing countries
- 703,000,000 people whose vision could be restored with a pair of glasses
- Just 1 pair of glasses increases one’s productivity by 35% and increases one’s monthly income by 20%

Measuring impact through industry facts, figures, and sales numbers are a primary marketing strategy used by Warby Parker. It is difficult for companies to measure social impact and convey to customers how they are a part of the statement of purpose. Thus clear, hard-hitting numerical figures play a key role.

Community Projects

Warby Parker “is devoted to serving [their] community.” This has included sponsoring a local Little League Team, and is primarily highlighted through the Buy A Pair, Give A Pair program. The most prominent community project Warby Parker has implemented is the Warby Parker Class Trip. Taylor Bennett, Warby Parker’s Associate Social Media Manager, said this about the Class Trip: “We outfitted a bus as a mobile store and traveled the country for 14 months on the Warby Parker Class Trip. I traveled with it full-time for the first half of the trip and handled social media promotion throughout. We profiled a variety of creative individuals (and ate some delicious treats) in every city on the Class Trip Blog. This allowed us to establish relationships with a variety of communities in different cities, and cross-promote each of our different undertakings, our Class Trip and their business” (Lei, 2014). The Class Trip highlighted the communities Warby Parker visited nearly as much, if not more than, the Warby Parker’s eyeglasses. Warby Parker greatly benefited from the cross-promotion that occurred during this campaign.

TOMS

Overview

TOMS was founded in 2006 by American traveler Blake Mycoskie. After spending time in a village in Argentina, he was moved to find a solution to provide shoes

to the many children who had none. TOMS was created to be: “A company that would match every pair of shoes purchased with a pair of new shoes given to a child in need. One for One.® Realizing this movement could serve other basic needs, TOMS Eyewear was launched. With every pair purchased, TOMS will help give sight to a person in need. One for One.®” (TOMS, 2014). Many attribute TOMS as the company that started the social enterprise revolution, including Mycoskie himself. “When we started seven years ago, we basically created the one-for-one model,” said founder Blake Mycoskie in an interview with VentureBeat. “People thought it was stupid and crazy, but since then we have sold 10 million shoes and see social entrepreneurship growing as a movement” (Grant, 2013). As the TOMS website states, Blake’s “solution to the problem was simple, yet revolutionary: to create a for-profit business that was sustainable and not reliant on donations.”

TOMS has grown to be one of the most recognized and awarded social enterprises in the world. “In 2009, Blake and TOMS received the Secretary of State’s 2009 Award of Corporate Excellence. At the Clinton Global Initiative University plenary session, former President Clinton introduced Blake to the audience as “one of the most interesting entrepreneurs (I’ve) ever met.” People Magazine featured Blake in its “Heroes Among Us” section, and TOMS Shoes was featured in the Bill Gates Time Magazine article “How to Fix Capitalism.” In 2011, Blake was named on Fortune Magazine’s “40 Under 40” list, which recognized him as “One of the top young businessmen in the world” (TOMS 2014). In 2010 TOMS had distributed over 1,000,000 pairs of shoes and today has estimated revenue of over \$300 million (Chu, 2013). It is no secret that with its

popularity, strong brand, and continued success, many individuals name TOMS as *the* social enterprise.

So beyond its personal mission, TOMS is in the business of influencing all businesses to work towards a better future. “The company’s ultimate vision is to demonstrate the effect of how working together as a society can create a better tomorrow by taking compassionate action today” (Spaulding, Fernandez & Sawayda, 2011). This is subsequently why TOMS has expanded to being much more than a footwear company, but an entire movement.

Statement of Purpose

TOMS has trademarked and is the founder of the popular ‘One for One’ phrase. That phrase encompasses much of the company’s purpose. Furthermore, TOMS’ mission reads: With every product you purchase, TOMS will help a person in need. Also, on the company’s ‘About Us’ page, the statement of purpose is further expanded upon: “We’re in business to help change lives. It’s a big job, and we don’t do it alone. With our customers and Giving Partners, we’re transforming everyday purchases into a force for good around the world. One for One” (TOMS, 2014).

4 P’s

Product: TOMS shoes were inspired by the Argentinean shoes Mycoskie saw while traveling abroad which are called Alpargatas. They are comfortable shoes with a sturdy sole and canvas body. The shoes that are donated in the One for One program through TOMS’ Giving Partners (which are not-for-profits that are carefully vetted through a set of five different criteria to help select the children that are in the greatest need for TOMS shoes) are either black or colorful canvas, classic-style TOMS shoes. In

colder regions TOMS donates heavy-duty winter boots. The shoes are donated to children ranging from toddlers to teens. Beyond the classic TOMS shoes that the company founded itself upon, TOMS shoes are now offered to male and female consumers in a variety of styles including: sandals, wedges, boots, and flats. Different patterns, prints, colors, and materials are all used in the company's vast selection of shoe options.

Today, the company has expanded well beyond footwear. TOMS now has a branded line of sunglasses that follows the same One for One model. When a pair of sunglasses are purchased TOMS donates either prescription glasses, sight-saving surgery, or medical treatment to those in need.

The TOMS marketplace launched in November of 2013 and carries more than 200 products from 30 different companies. Each of these companies are all business models that incorporate giving back. Not all of the companies are social enterprises (many are not-for-profits that sell branded products), but TOMS is becoming the online hub for socially conscious goods. Like many large companies that have expanded well beyond a single industry of products, TOMS has turned from a footwear company into a company offering hundreds of different consumer goods, while keeping its social mission in tact.

Not only is the product important to TOMS, but also how the product is manufactured is key to keeping continuity in the social enterprise. "The management of TOMS Shoes made a strategic decision to start manufacturing operations in Ethiopia and Argentina as part of its social objective to create jobs in the areas where it donates shoes. Some would argue that choosing to provide jobs where it provides charity rather than ship shoes from China, where it also has manufacturing operations, could come at the

expense of company earnings if the labor and raw materials are more cheaply available in China” (Plerhoples, 2012). Thus, TOMS went beyond providing a product that benefited multiple audiences (i.e. the consumers and the receivers of the shoes), but took into careful consideration how the creation of the shoes could further benefit communities around the world.

Price: The classic TOMS shoe retails for \$48, with the most expensive shoe being a pair of special edition women’s crocheted flats retailing for \$180, or a limited design desert boot shoe for men retailing for \$200. Sunglass range from \$98-\$179 for both women’s and men’s eyewear.

Place: TOMS began by selling shoes out of Mycoskie’s apartment in southern California. The first team even filled an order from Nordstrom’s from the small apartment. After that prestigious order, the company grew extremely quickly. Today, “over 500 retailers around the world carry TOMS shoe collections. In its first of couple of years in business, TOMS was able to secure distribution of its shoes with Nordstrom’s, Bloomingdale’s, Neiman Marcus, Whole Foods, and Urban Outfitters. Now TOMS has also expanded to retailers that are independently owned small businesses. TOMS continuously seeks retailers that are passionate about TOMS’ mission” (Spaulding, et al., 2011). Beyond retail outlets, the TOMS website is a major purchasing hub for the company, as it carries every style and variety of its now extensive product line. Other major retailers (like Nordstrom’s) also sell TOMS products online.

Promotion: As previously discussed, creating brand advocates through internalizing the statement of purpose is crucial in representing oneself as an authentic brand. TOMS, like many other social enterprises, relies heavily upon social media for its

promotion tactics. One, because of its cost-efficiency (especially in the early days of the company), and two, social media is one of the best sources of consumer generated content and word-of-mouth marketing. “TOMS Shoes has taken proactive steps to encourage word-of-mouth communication. Each pair of TOMS Shoes comes with a blue-and-white TOMS’ flag and a small card asking customers to take pictures of themselves wearing their new shoes and holding up the flag. The customers are then asked to upload those photos to the "HOW WE WEAR THEM" section on the company's website, in addition to other social networking websites such as Facebook and Twitter (See Appendix C). The photo of customers using TOMS products increases both awareness and the credibility of the brand” (Spaulding, et al., 2011). Currently TOMS has 2,170,192 likes on Facebook, 2,180,000 followers on Twitter, and 161,777 followers on Instagram. TOMS rarely advertises in the traditional sense.

TOMS’ promotion relies heavily upon its consumers telling the company’s story; a concept Fast Company’s Ty Montague coined as *Storydoing*. “ It is a story about children, poverty, hope, and giving back. It is a story that Mycoskie rapidly discovered people wanted to tell each other... Metastory is a story that is told through action. It is not a story that you say, it’s a story that you do. Every individual has one. And every company has one, too... Put another way, people don’t buy products; they take actions that help advance their own personal metastory. As we grow up, all of us learn to manage our own metastory through our actions--the cars we drive, the clothes we wear. All of these choices are components that we know people around us will use to piece our metastory together. If I want a new pair of shoes today, I have a huge number to choose from. If I pick Toms, it is because, in addition to protecting my feet, I want to take an

action that signals my allegiance to the Toms tribe, to make their story part of my story. (Montague, 2013). As seen now with numerous other social enterprises, turning customers into advocates who feel a sense of duty towards the company is a crucial part of why TOMS took the storydoing approach with its marketing. TOMS has excelled in truly consumer-generated content marketing.

Partnerships with numerous well-known designers has brought notoriety to TOMS and provided free advertising for the company. “Already, TOMS has developed successful collaborations with recognizable brands such as Ralph Lauren and Element Skateboard,” as well as currently running partnerships with fashion and home designer Jonathan Adler, artists Tyler Ramsey and Gabriel Lacktman, and the Haiti Artists Collection (Spaulding, et al., 2011). Celebrity support has also been important in TOMS’ popularity, especially in the early years of the company. Stars like Scarlett Johansson, Kiera Knightly, and Ben Affleck were among the first to be shown wearing TOMS shoes and supporting the brand.

Identity Stamp

TOMS’ logo has been prominently displayed on all of its shoes since the beginning. The blue and white flag-like logo is sewn onto the heel and top right of every pair of shoes (See Appendix D), and the TOMS name is embossed on the side of every pair of sunglasses (See Appendix E). Especially in the early years of the company it was important that the brand could be easily recognized, and that the shoes stood-out. The little logo on the heel is the most recognizable aspect of TOMS’ shoes since moving away from the original canvas slip-on style. Despite numerous styles offered today, there is no mistaking whether the shoes are TOMS branded or not. TOMS’ identity stamp is

more prominent than the large majority of shoe manufacturers. Rarely outside of sneakers are logos printed on the outside of shoes. Easily recognized, TOMS-branded products have been crucial in building the company's brand and reputation.

Measuring Impact

As the founder of the one-for-one movement TOMS is built around telling its story of success through numbers. The following numerical figures are shown throughout the TOMS website and social media platforms:

- 1 for 1
- We give in over 60 countries.
- We've given 10 million pairs of shoes to children in need, teaching us 10 million lessons.
- Providing school uniforms, which often includes shoes, to children that cannot afford them can increase school attendance by 62%.
- We work with more than 75 Shoe Giving Partners who have ongoing programs to help kids, families and communities around the world.
- 285 million individuals are blind or visually impaired. But 80% of those cases can be corrected or prevented with available eye care.
- Approximately 90% of people who are blind or visually impaired live in developing countries.
- 150,000 have had their sight restored through purchases of TOMS Eyewear since 2011.
- We help restore sight in 13 countries
- 1 pair of TOMS glasses equals sight for one person

Community Projects

TOMS has focused on using the power of college students from the beginning of the company to grow awareness. The first employees were college-aged interns who Mycoskie hired through a Craigslist posting. Since then, TOMS believes in interns and the power of Universities to help spread its one-for-one movement. Internships are offered every fall, spring, and summer. TOMS campus club are organizations set-up by students at any college across the country. They act as student organizations and host various campus-wide events to raise awareness about TOMS. The company provides valuable resources, recommendations, and opportunities to grow in leadership skills for its campus club leaders. Beyond the campus clubs being great promotion for TOMS, the company truly believes student leaders are furthering their mission. “What started as a company has become a movement. Our supporters have helped us turn a simple idea into a powerful reality. The TOMS Community Team supports and inspires individuals and groups to create positive change in their communities and schools all over the United States. We offer free resources to provide individuals with the opportunity to host fun and educational activities, as well as teaching guides to host discussions about conscious consumerism and social entrepreneurship” (TOMS, 2014).

Perhaps the most notable community project TOMS has begun is its ‘One Day Without Shoes’ campaign. It is one day (normally in the end of April) that TOMS strives to bring global awareness to children’s health and education by encouraging individuals to go without shoes (TOMS, 2014). Starting in 2008, thousands of individuals took the pledge to spend a day barefoot. In “April 2011, individuals and companies in over 25 countries participated in One Day without Shoes. Participants included Kris Ryan,

Charlize Theron, the Dallas Cowboys Cheerleaders, Nordstrom, Microsoft, and AOL. This campaign continues to grow every year” (Spaulding, et al., 2011). Publicity for this community event is far reaching, and its success has led TOMS to introduce the World Sight Day (i.e. A day where individuals wear sunglasses indoors to raise awareness for visual impairment and global blindness).

FEED Projects

Overview

The concept of FEED began in 2005 when Lauren Bush Lauren (acclaimed model, activist, and niece of George W. Bush and wife of Ralph Lauren’s son, David Lauren) designed a bag to benefit the United Nations World Food Programme's (WFP) School Feeding program. As a spokeswoman for the program, Lauren had traveled throughout Asia, Latin America, and Africa where she witnessed extreme hunger and malnutrition. Lauren “first created the FEED 1 bag, a reversible burlap and organic cotton bag reminiscent of the bags of food distributed by WFP, to help raise funds and awareness around these school feeding operations. It was stamped with "FEED the children of the world" and the number ‘1’ to signify that each bag feeds one child in school for one year” (FEED, 2014). Lauren and her cofounder Ellen Gustafson started running into problems between 2005-2007 in distributing the funds. “[Lauren’s and Gustafson’s] efforts to get the UN to sell the bag ran into so many legal and logistical snafus that the project nearly collapsed. So they decided to leave WFP and start their own company, FEED Projects. FEED now works directly with WFP, and other organizations such as UNICEF and Millennial Villages, to fund anti-hunger programs worldwide” (Fenn, 2010). In 2007 a formal LLC filing for FEED Projects took place and the

company that would produce and sell bags was born. (Important note: FEED is not an arm of the WFP. It is an entirely separate entity that has chosen to distribute its goods through the not-for-profit. FEED Projects is a for-profit company and based upon its business model, is a social enterprise).

Today, sales through FEED has provided more than \$6 million and more than 60 million meals for the WFP. In addition to FEED Projects there is the not-for-profit FEED Foundation “which is dedicated to supporting programs and organizations that are effectively working to fight hunger and eliminate malnutrition throughout the world” (FEED, 2014). Now 7 years old, the company has expanded its variety of FEED products and focuses on numerous notable partnerships to continue to grow its brand.

Statement of Purpose

Prominently displayed on the website’s mission page, FEED’s statement of purpose is to “Create good products that help FEED the world.” The company further explains how it accomplishes its statement of purpose: “We do this through the sale of FEED bags, bears, t-shirts, and other accessories by building a set donation into the cost of each product. Thus the impact of each product, signified by a stenciled number, is understandable, tangible, and meaningful” (FEED, 2014). In an interview with Inc., Lauren explained how FEED’s social mission is *the* reason for the business. “Consumers are weary of good-washing and sniff out companies that aren’t authentically doing good work,” she says. “If you’re starting a social business, it has to be the core of your business, not just an extra marketing thing on the side” (Fenn, 2013). FEED is clearly a company that is founded upon a social mission and aims to solve it through the sale of its goods.

4 P's

Product: The original burlap bag remains the company's most popular product. FEED even advertises this product well beyond its others through the slogan, "FEED is proud to help FEED the world, one bag at a time" (FEED, 2014). Beyond selling the original bag, FEED now produces and sells backpacks, messenger bags, totes, purses, clutches, bracelets, pouches, scarves, teddy bears, t-shirts and children's clothes. Today, FEED offers over 55 branded products (Fenn, 2013). Nearly all of the products come in various colors, prints, and styles. Many limited-edition styles of the products are created through collaborations with designers.

FEED also prides itself in responsibly producing its products. FEED uses environmentally friendly materials in all of its goods and fair-labor production. "Some of the more expensive bags are hand made in Guatemala and Kenya by organizations that employ local women, while the bulk are made in China "at a fair trade factory that we have audited by a third party," says Bush. A new initiative that addresses hunger in the U.S. will start with a high end "Feed NYC" bag that will debut at Bergdorf Goodman in September. "Every bag will be made in New York," Bush says, "so we'll be supporting the local garment industry" (Fenn, 2010).

Out of the cases discussed in this research, FEED is the social enterprises that clearly addresses that part of the company's success is due to the generation in which it exists. FEED isn't shy in saying that it is creating products targeted towards the millennial generation. "A millennial herself, Lauren describes her products as keeping in line with her generation's consumption patterns. "I think it's part of the ethos of consumers nowadays," she said, "especially from millennials and young people who

really want to do good through their consumer dollars, through their purchases. FEED is just one outlet to do that" (Huffington Post, 2013).

Price: A FEED 10 Burlap Tote retails for \$20 and provides 10 school meals. The most expensive bag FEED produces is the FEED 1000 clutch that retails for \$495. Accessories range from \$10-\$165, and apparel ranges from \$10-\$40. Upon clicking on or reading the tag of each product, the impact is listed and measured in number of meals provided, or number of children meals are provided for, for one year.

Place: FEED products are sold at 21 national retailers like: Godiva, Gap, American Eagle Outfitters, Whole Foods, Amazon.com, Barnes and Noble, Forever 21, Pottery Barn, Target and Nordstrom. Hundreds of local retailers also carry FEED products. The FEED website is a complete ecommerce site, carrying all the varieties and styles of FEED products.

Promotion: FEED has numerous prestigious partnerships with well-known, and well-respected, brands and designers. These partnerships escalated the brand's credibility and image at rapid speed, especially in the early years of the company. FEED Projects has offered specialty products in collaboration with: Rugby, Barnes and Noble, Bobbi Brown, Kenneth Cole, Bergdorf Gordman, Donorschoose.org, Product^{RED}, Judith Leiber, and DKNY. While these partnerships have been perhaps the most crucial and prominent strategy of FEED's promotion, the partners were carefully vetted. "We evaluate partnerships first and foremost on shared values," Lauren said. While she's not naming names, she says that she's turned down potentially lucrative partnerships because the values were not aligned. "Keeping the brand pristine is so important," she says,

"especially for a do-good brand like FEED. If we lose that credibility, we lose everything" (Fenn, 2013).

The partnership that most recently took FEED Projects to the next level was the co-created product line with Target. "Most of FEED's giving has been directed overseas, but Bush Lauren made a decision, right before the recession, to bring some FEED love home. "I knew that I wanted FEED to support feeding hungry Americans but I wanted to do it big and I wanted to do it with the right partner," she says. She immediately thought of Target, which has a reputation for its philanthropic efforts -- the company gives more than \$4 million each week to local communities. Target is also accustomed to managing alliances with designers. "The partnership came about very seamlessly," she says" (Fenn, 2013). The collection (which included kitchenware, bags, home décor, jewelry, tech accessories, and blankets) was created to provide meals within the U.S. through Feeding America and local food banks. The products were sold in-stores and online from June 30th – August 31st 2013. While Target is widely known for its designer collaborations, the FEED collection "marks the first time Target has treated a cause related campaign like one of its designer collaborations, with TV and print ads, as well as a digital campaign and broad-based support in store. 'It's the first time we've had a really broad storewide effort behind social consumerism,' said Michelle Mesenburg, VP-style marketing at Target. 'In the past we've done smaller efforts around individual product categories or brands or a holiday initiative. We've never done anything at this magnitude before. ... It's in line with what we've done with other design partnerships like Prabal Gurung or Phillip Lim'" (Zmuda, 2013). The massive promotional and product development budget Target provided for FEED introduced the company into entirely new product categories, and a

new audience. "Target (has) such a massive reach that we (FEED Projects) just don't have," Lauren says. "So it's wonderful when we can partner with Target to really just blow it out and have such a big impact in a short amount of time" (Malcolm, 2013). The goal of the partnership was to donate 10 million meals. The goal was met and then exceeded on August 19, 2013.

FEED Projects has the following presence on social media sites: 60,336 likes on Facebook, 14,237 followers on Instagram, 1,861 followers on Pinterest, 14,700 followers on Twitter, and 163 subscribers on YouTube. The channels are all updated regularly, but comparative to TOMS and Warby Parker, FEED has a much smaller social media presence and relies on partnerships to carry the bulk of promotion.

Identity Stamp

FEED products, and bags in particular, are highly recognizable. The FEED logo is large and printed on the front of each tote (see Appendix F), and the number of meals provided by (or number of children provided for) through the purchase is printed on the back (see Appendix G). Other accessories have the FEED logo clearly printed on them as well (see Appendix H). In a highly saturated market of fashion accessories, FEED products need a clearly identifiable identity stamp in order for the brand to gain recognition, and so that consumers can proudly show-off the value that they purchased.

Measuring Impact

Just like Warby Parker and TOMS, FEED Projects promotes its impact through hard-hitting numbers. But, unlike the other two social enterprises, FEED does not follow a one-for-one model. An \$80 bag provides meals for one year, while a \$20 bracelet provides 10 meals. Without the direct relationship between dollar amount and impact,

FEED must clearly explain and promote how its products benefit people. The following numbers are pulled from the FEED website:

- "FEED the children of the world" and the number '1' to signify that each bag feeds one child in school for one year.
- To date, FEED has been able to raise enough money through the sale of products to provide over 60 million school meals to children around the world through WFP.
- Providing over 46,000 children with essential nutrients.
- FEED has donated over \$6 million and 60 million meals

Community Projects

FEED Projects is unique in that it publically partners with numerous not-for-profits in order to further its mission. Currently FEED works with 13 different charity partners, providing more than meals. FEED has ventured into providing school supplies, nutritional supplements, and clean water through these partners. While FEED primarily remains a company who's goal is to aid in eradicating hunger, it is interesting to see the company put its efforts toward other social causes. Perhaps understanding that this may cause confusion for customers these unique partnerships (i.e. the one's that aren't directly tied to hunger) are not widely promoted.

The popular co-founder Lauren Bush Lauren regularly speaks at conferences, banquets, and events promoting social enterprises, social causes, and women in business. Through FEED, Lauren is committed to furthering her mission of using business for good, and invests in various community projects.

DISCUSSION

Warby Parker

Warby Parker differentiates itself amongst a mature eyewear industry and identifies as a social enterprise through its unique marketing strategy. Primarily, a revolutionary price offering, creative purchasing channels, and strong customer-centric social media strategies are the elements that have allowed Warby Parker to be a stand out social enterprise.

TOMS

TOMS is undoubtedly the most popular and recognizable social enterprise today. Its key elements of success include: founding the one-for-one model, producing a product in an industry that has high profit margins and can be directly tied into giving back, excelling in content generated marketing, utilizing the power of college-aged students, having a prominent identity stamp, and creating a globally recognized community project. TOMS truly is the company that sets the benchmark for all other social enterprise's marketing strategies.

FEED Projects

FEED Projects is a notable social enterprise first because it proves the validity of the business model (The WFP could not successfully sell the bags to help its audience). FEED also stands out through its heavy reliance upon partnerships to build its brand image and audience. Lastly, it is clear that FEED's marketing strategy includes targeting the millennial generation who they believe are willing to pay a premium for goods that are tied to a social cause.

IMPLICATIONS

Based upon the findings from the cases in this research, there are three main strategic elements that social enterprises must focus on in their marketing strategy. First, offering the right good and/or service for the right cause. The majority of social and cause related marketing is all about fit. The social enterprise must offer a good/service that is a fit in the mind of the consumer. The offering must be clearly tied to the social or environmental issue, and customers should be able to make the connection between the product and the cause. Secondly, the product/service must be able to be produced and sold at a profit for the social enterprise, while also meeting the needs of the social cause. This is the most difficult aspect of establishing a social enterprise and where many for-profits or not-for-profits excel in one aspect and fail in the other.

Secondly, authenticity is the foundation of the social enterprise's marketing strategy. The need must come first, and the story second. Each of the founders of the social enterprises highlighted in the cases all have incredible stories how their travels and first-hand experiences revealed a specific social need. From that experience, they then decided to start a company to address the needs. Those stories are genuine and authentic, and aren't something that a founder can simply create. Because a powerful story is so crucial to communicate to the social enterprise's audience, without an authenticity story the credibility of the company is put into question.

It is apparent that the majority of social enterprises target a millennial audience. Beyond developing a strong social media strategy to adequately reach millennials, social enterprises must take great care in understanding the generation and invite them in. Social enterprises should not just give their audience something to buy, but give them something

to do. Social enterprises should create customer advocates who are active and invested in the social enterprise community. Whether it is through community projects or innovative promotional tactics, social enterprises must invite its customers to be a part of the company's powerful story.

CONCLUSION

The social enterprise business model is growing in popularity, but marketing strategy for social enterprises continues to be an underdeveloped area of study. Without a strong understanding of the business model, and its differentiation between for-profit and not-for-profit models, the concept is weakened. When differentiating marketing strategies, for-profits focus on social or cause related marketing as a small aspect of their overall strategy. Not-for-profits focus on marketing strategies with a strong call-to-action to emotionally motivate customers to donate. Thus social enterprises, like the hybrid business model that they are, must also have a hybrid marketing strategy.

Through the research conducted through the three case studies, Warby Parker, TOMS, and FEED Projects revealed the five strategic criteria a social enterprises' marketing should focus on: 1. Create a statement of purpose. 2. Innovate through the 4 P's. 3. Have an identity stamp. 4. Measure impact. 5. Offer community projects. The implications of these five criteria are that product-to-cause fit, having an authentic story, and inviting the target audience to be a part of the cause, become the elements of a social enterprise marketing strategy succeeding.

Further research can focus on the relationship of the fit between the product/service and the social or environmental cause. There is also major room for development in the study of social enterprises that do not sell consumer goods, and if

there is opportunity for the business model to be replicated in industries other than the one's mentioned in the cases.

The ultimate goal of this research is to first understand what a social enterprise is, and how its unique position influences its marketing strategy. Then, through comparing and contrasting what social enterprises are currently doing in their marketing strategy, lead to a development of the five-criteria framework and further implications for other social enterprises. The essence of this research is to explore how a business could brand business for a better world.

APPENDICES

Appendix A



Appendix B



Appendix C



Appendix D



Appendix E



Appendix F



Appendix G:



Appendix H:



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