

Marketing and Social Innovation – A Comparative Analysis

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Abstract

Purpose: The article contents are a synthetic presentation of the evolution of marketing and the hitherto development of social innovation as well as a comparison of the leading traits of both processes at the present stage of development. Based on this, there is an attempt to assess their impact on the social and economic development.

Methodology: This article is of a theoretical nature.

Findings: The idea and concept of marketing and social innovation have a great potential to serve socioeconomic development. To a certain degree, they have approximate or even common ideas and goals as well as similar concepts and effects. Social innovation is a support for marketing in the delivery of values and satisfaction to consumers and to a significant part of the society. It also independently affects raising the quality of life of the society, owing to socialisation, diffusion and aid in the more effective use of technological, organisational, managerial and marketing innovations.

Value: The article is a part of the stream of current discussion on the place and role of marketing and social innovation in the contemporary economy and society.

Keywords: marketing, social innovation

JEL: A12, A13, E21, F18, M3

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| Introduction

Contemporary marketing is understood as a social process where individuals and groups receive what they need and want by way of creating, offering and free exchange with others of goods and services having their value (Kotler and Keller, 2012, p. 5). At the same time, marketing is more and more commonly used beyond the sphere of markets for goods and services for which it has been created. It is applied, *inter alia*, in politics, territorial unit management and social association in the sphere of culture and in the areas of social economics.

Social innovation is also a process of the social nature where it is assumed that it is directed to raising the society's quality of life in various areas of its functioning and is fulfilled with society's contribution.

In view of the existing convergence in an overall understanding of the contemporary marketing and social innovation, it seems reasonable to seek answers to some detailed questions. Do marketing and social innovation have similar features in the aspects of their objectives, concepts of activities and nature of the final results? If so, is it possible to achieve the synergy effect of these two processes? The considerations undertaken in this article serve as an attempt to look for answers to these questions.

| Evolutional Development of Marketing

Marketing is a relatively young discipline of science that was developing in the 20th century, particularly quickly in its second half, noting important changes in its goals and in the concept. Those changes, having been transformed into practical actions, were yielding satisfactory market effects for organisations being managed in the marketing-like manner. It was connected, first of all, with adjustment of marketing measures undertaken by organisations to the existing conditions of the economic and social environment or to co-authoring thereof. Accompanying it since the 1950s, quick and widely disseminated technological progress was conducive both to growth and diversification of the supply of goods and services in the market. This was raising the level of society's consumption and providing consumers with an ever growing position in the market until the emergence of the category of *prosumers* at the end of the 20th century. A reflection of those transformations was subsequently taking place one after another in marketing orientations of enterprises operating in the market. The first one of them was the product orientation where the main task of marketing was to create demand for manufactured products. This included the theory of 4Ps, as McCarthy explained, which was product management consisting of, under the then existing conditions: "develop a product, establish a price, carry out a promotion, and select the place for distribution" (Kotler, Kartajaya and Setiawan, 2010, p. 42).

This orientation remained the leading one for firms for many years. However, the change of conditions for operation in the market towards the growing competition and a definite need for

an effective creation of demand required a shift of the centre of mass from the product to the customer-purchaser. Hence, the essence of the subsequent marketing orientation was related to customer management and it made use of the knowledge in the area of segmentation and focused the actions on the chosen segments and positioning. Thus, marketing focusing more on the customer than on the product has ceased to be marketing with purely tactical actions and has acquired strategic traits. This meant that development of the 4Ps took place on the grounds of progressing changes in segmentation, targeting actions and positioning.

The marketing orientation on the customer initiated development of modern marketing. It was owing to the globalisation changes in the environment. *Inter alia*, or perhaps first of all, computerisation became a common phenomenon and the personal computer was widely accessible. Quite soon the Internet multiplied the possibilities of social and marketing communication. Thus, Internet websites created conditions for dissemination of interactions between people, which in marketing acquired increasing importance. This facilitated the exchange of opinions, knowledge and ideas between customers and consumers. Owing to that, they became connected with one another, well informed and sharing knowledge. It facilitated the development of consumer activity and creativity, and in consequence, modification of consumers' attitudes, expectations and behaviour. As an effect of those changes, the orientation to the customer became inadequate for efficient and effective activity in the market as reaching only the consumer's mind appeared to be insufficient. There appeared the need for a deeper learning and reaching human emotions.

Therefore in the 1990s, the search for solutions brought results in the form of concepts and measures introducing emotional marketing, marketing of experience and Internet marketing, together with the associated e-business. They were accompanied with the emergence of ideas and the undertaking of measures connected with marketing ethics. Those changes appeared to be the origin of the new marketing orientation focused on the values offered to purchasers, consumers and, at the same time, achieved by the very organisations. Those values exceeded the material dimensions of the needs they were meeting and were related to satisfaction, feelings and confidence. Philip Kotler describes this phenomenon as follows: already firms do not put their focus on just the interests of consumers but on human beings and deliver them values for the body, mind and spirit. They begin to treat consumers as complete human beings consisting of the mind, heart and spirit and to focus on the human spirit, in order to decode "its soul's code" to understand desires and anxieties (Kotler, Kartajaya and Setiawan, 2010, p. 53).

Thus, there is also support stimulated for modern marketing and social communication with consumers as well as participation of consumers, suppliers and partners from distribution appearing in common innovative networks in creating products as well as in building consumer communities.

In this evolutionary way of marketing development, one can see organisations approaching pro-social activities and shifting the attention from production and products focusing on the customer and meeting their needs toward meeting consumers' wishes and delivering importance for their experience and values. We can add that owing to it, the functioning of marketing can be expressed in a "win-win" model, which means that marketing activities are focusing on and delivering satisfaction to consumers and at the same time, satisfactory results to organisations being managed in the marketing way.

This is reflected in, among other things, the contemporary definition of marketing. The American Marketing Association expresses its essence as follows: "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" (Hackley, 2009, p. 32). Another definition of marketing, whose author is Ch. Grönroos, emphasises the creation of values by clients and other stakeholders, and those values meet individual expectations of the selected social groups. It is stated as follows: "Marketing is a customer focus that permeates organizational functions and processes and is geared towards making promises through value proposition, enabling the fulfilment of individual expectations created by such promises and fulfilling such expectations through support to customers' value-generating processes, thereby supporting value creation in the firm's as well as its customers' and other stakeholders' processes" (Grönroos, 2006, p. 407).

The pro-social aspect of many initiatives and activities, including economic ones, is also expressed by social innovation. Its social nature was first indicated, according to J. Schumpeter, more than one hundred years ago in 1912. However, only great changes in the economic and social environment of human beings, established in the second half of the 20th century by technological innovation, have provided the basis for development of social innovation in its modern, wide, pro-developmental understanding. The following considerations are devoted to it.

| Social Innovation – the Notion and Essence

Social innovation is expressed in a social and economic activity implemented with the participation of various social groups and aimed at achievement of the social goal in a broad sense, which is improvement of the quality of life of the society. Such comprehension of the social innovation comprises both access of the society to goods and services satisfying numerous material needs and care of the environment in which the society lives, as well as meeting needs from beyond the material sphere. This means that social innovation may take place in many spheres of human activities including, both in the research and manufacturing spheres, the market and consumption. This is connected with making use of knowledge and skills in the entire process of management, i.e. in the spheres of production, exchange (market) and consumption. In the sphere of production and exchange, there takes place, *inter alia*, such forms as user-driven innovation, open innovation, open knowledge, crowdsourcing or gift economy (Bollier, 2001).

It is worth noting that the issue of definitions and contents of social innovation, also related to the previously mentioned forms thereof, has still been discussed². Relatively less discussed is social innovation in the sphere of consumption, which becomes a more significant factor of creating innovative changes. Suffice it to say only a few directions of changes in consumption such as *ecologisation*, dematerialisation, deconsumption, prosumption, privatisation, virtualisation and mediatisation, can foresee the scale of innovative changes implemented with participation or by the consumers. They are particularly connected with objects, ways and the place of consumption. This is not identical with unconditional acceptance thereof and a lack of perception of their weaknesses for consumers and the environment. An undesirable phenomenon accompanying that innovation is consumerism and its often negative effects for the society and its environment as well as for the economy.

To bring closer the essence and sense of social innovation, there was analysis of the contents assigned to this notion, expressed in definitions, sometimes simplified, and at other time expanded and broad (Czubala, Hadrian and Wiktor, 2014, p. 36-40). Generally there are indicated two main approaches in the description of social innovation: scientific-cognitive and practical (Olejniczuk-Merta, 2013, p. 27-31).

The first approach, scientific and cognitive, making use of such assessment criteria as the nature of change, scope of change, time of change introduction and effects of the change, allows description of the general framework, concept and effects of innovation.

From the point of view of the nature of changes, social innovation is perceived as process changes in whose creation, implementation and dissemination various social and professional groups, and even a significant part of the society, take part. Seldom is the nature of one-time changes assigned to social innovation. P. Drucker believes that social innovation, as a rule, emerges slowly and is a complex process spread over time. We can also add that social innovation is an element of social changes, and at the same time is creating social changes (Howaldt and Schwarz, 2012).

The practical aspect of social innovation is expressed by the definition introduced by the OECD, in accordance with which the contents of social innovation comprise ideas, concepts, actions and strategies leading to the goal of achievement of ever growing quality of life for various social groups and the entire society. As social innovation in the practical dimension, there are also experimental social actions aimed at improvement of the quality of life of individuals, nations and entire communities that takes place in firms, their business environment, and natural environment. Their experimental nature issues from the introduction of unique, one-time solutions

² Validity is continuously the question of whether these forms of innovative activities are social innovation or not. Not being included in the stream of those discussions, and considering the leading criterion of social innovation is the social nature of its goal, means and effects, I assume it is the social innovation.

on a large scale (Budinich and Serneels, 2012). Quite often, there is also presented such a pragmatic understanding of social innovation, which emphasises the change being the implementation of the already known solution appearing in a new social context (Innowacyjność, 2010). Taking into account these notions of social innovation, we can say briefly that social innovation is social both in its objectives and in its effects.

In the aspect of the scope of changes, innovation may be broad and/or narrow. Broad changes take place when they refer to all the changes taking place in different spheres of activity of enterprises and the society. They are an answer to the market changes, on the one hand, and the awareness and demand of the society on the other hand. The matter is with a broad activity in the spheres of production, exchange and consumption. These changes penetrate the social and economic activity. They occur in products and services, manufacturing and market processes, managerial processes and in management methods as well as in consumption as an active factor of management and motivation to action. An interesting, important and new determinant of social innovation, from the point of view of the scope of changes, are changes in skills and actions of the society as a participant of creation of those changes and, at the same time, an addressee and consumer of their effects. They form a new area of creation of social innovation, which appears to be the sphere of consumption. The very popularisation and dissemination of innovative changes may also be social innovation if one looks at it in the aspect of the spatial scope of change introduction.

Social innovation may also be perceived narrowly. Then it relates only to products and their technological changes, e.g. to one or two new features in the product. It is difficult to draw a unanimous border of changes of social innovation, particularly when they are, as their authors determine, “tailor-made,” i.e. addressed to specific (bigger or smaller) social groups.

Generally, the scope of social innovation is understood broadly, both in the scientific and cognitive approach and in the practical one, as what is confirmed by a frequent use of the definition that social innovation is relations between business, the society and development.

The time of implementation of innovative changes is a further determinant of social innovation. It may be short. Then the process of social innovation ends on the first application of the innovative change. However in practice, implicit implementation of innovation, together with its diffusion, is a long-lasting process, particularly in the case of diffusion in new geographical areas as well as in wider areas of social activity. Social innovation is not limited only to the first application of the solution, but it takes into consideration the next ones and carried out in different places in order to popularise it as broadly as possible. Such an approach is a consequence of the adoption of the assumption on the validity of broad dissemination of innovation designed to meet social needs and improve the quality of society's life.

Social innovation may also be defined through the prism of the effects of innovative changes. They express the results of actions and their forms. They are a result of activity of human beings,

i.e. the society participating in the processes of social innovation. They first refer to the target, deliberate changes in the social structures, customs and lifestyles created by the very society or with its participation. They may also occur as unintended social changes being an extra result of technological, managerial, organisational or marketing innovation. The effects of changes of social innovation may take place in the macro, mezzo and micro scale. Macro effects are considered those that occur in the scale of the country at an international or global level (Wikipedia). Mezzo effects are those that occur in the scale of the local region while micro effects serve small groups of people.

As an important or even indispensable effect of social innovation, there often appears cooperation or creation of new relations. This is exposed, *inter alia*, by the definition formulated by the European Commission as follows: “Social innovation can be defined as the development and implementation of new ideas (products, services and models) to meet social needs and create new social relationships or collaborations” (Guide to Social Innovation, 2013). This emphasised the new substantial benefit stemming from participation of the society in implementation of social innovation. In the practical perception of social innovation, there is also emphasis on the effect duration. The National Research and Development Centre recognizes this element of the effect of innovative changes and assumes that “social innovations are those solutions which simultaneously respond to the social demand and cause a durable change in given social groups. Those solutions may relate to innovative products, services or processes which enable resolution of typical social problems” (NCBR, 2012). The European Commission, being based on Schumpeter’s idea of innovation as a combination of various factors, points to social innovation as all sorts of actions that are based on the original use of the possessed resources. It also reflects on the commitment of partners representing different sectors of the economy to resolving the problems important for a given community (The European Commission). Thus, this strongly emphasised both the effects of innovative changes and the social nature and scope of those changes.

While this brief analysis of the understanding of social innovation allows perceiving its relationship with socioeconomic development, the innovation itself shows the factor of the development. Moreover, it provides the basis for stating that social innovation has the predetermined social goal of improvement of the quality of life of the society. It is also implemented as the process whose co-participants (in different scopes and scale) are addressees of its effects: social groups and consumers. The intended effect of this innovation is connected with benefits for the society and its achievement complies with the principles of sustainable development (environmental protection and prevention of negative social consequences such as predictable social divides). In social innovation, the economic goals do not prevail but rather are equal with social ones. This does not mean that in businesses participating in the processes of social innovation, profit is not achieved. It means that the goal of social innovation is not resultant but is predetermined and intended.

It is worthwhile emphasizing again that social innovation may be used in many areas of social and economic activity. It can also add or confirm that it can be applied in such areas as intelligent

development, research, education, culture, overcoming unemployment among youth, reduction of the impact of the ageing society on public finance, creation of the perspective of sustainable lifestyle and ecological economy, social entrepreneurship for the innovative society and free of divide, migration and social mobility management, implementation of the expected changes in the social structures, in policy, institutions, and behaviour of individuals and social groups. The only thing accompanying their development anxiety may be an unintended establishment of the “nanny” state together with its disadvantages (despite the existing advantages).

The following citation is the essence of all these considerations: “Social innovation is something what exceeds the traditional philanthropy and responds to the social needs, this is a new set of business models, procedures, products and services, which creates new type of cooperation with social partners. The business alone will not solve all problems of the world nor will any other sector do it independently. Cooperation of business with the government and civic society may contribute to social innovation and development. Such an approach is simply good for business. There matter not only short-term effects but also long-run results. That business could survive it must conduct in a sustainable manner” (Panek-Owsiańska, 2012).

| Comparison. Conclusions

The idea and concept of marketing and social innovation have a great potential to serve socioeconomic development. To a certain degree, they have approximate or even common ideas and goals as well as similar concepts and effects. One may also notice that the contents assigned to social innovation indicate the evolutionary nature of development as in marketing. What is at the heart of that similarity? What might it mean for the socioeconomic development? Is there possibly a synergy effect of their activities?

The analysis has confirmed that marketing and social innovation are phenomena of the social and economic nature. The share of economic elements is naturally definitely greater in marketing. The leading elements of their determinants are goals, concepts and effects. Goals in marketing are connected with ensuring satisfaction to consumers where satisfaction is understood broadly and refers to human beings together with their minds, emotions and spirit. In social innovation, the goal is explicitly defined as improvement of the quality of the society’s life. This shows that in the aspect of goals and objectives, marketing and social innovation supplement each other, aimed in common or at least are clearly convergent in their contents providing satisfaction to the consumers, human beings and, by and large, the society.

The concept of marketing and, more strictly, of marketing activity, is primarily related to providing consumers with values, ensuring them impact on the market offer and its aim of co-creating and building horizontal and not vertical relations. This concept is also comprised of the principles of social responsibility of marketing, focusing on human needs, emotions and spirit (Kotler

2010). Its inseparable element becomes confidence, too. The mission and vision is an indicative sign to realisation, and at the same time, confirmation of a far reaching, process nature of marketing activities. An effect of marketing activities, according to its contemporary assumptions, is not only a tangible product but also an intangible result in the form of forming durable interpersonal relations.

The concept of social innovation, as in marketing, focuses on delivery to consumers and the satisfaction of society related to raising the quality of life, which is a part of both the goals and final effects of innovation.

Social innovation like marketing may take place in the macro, micro and mezzo scale. In each of them, the grass-roots initiators or co-initiators of innovation are social groups whose traits are mobility and activity of the society, the high and ever growing level of the knowledge-based society, the growing scale and degree of globalisation of cultures, markets and consumption. This is connected with development of the knowledge-based society, civic society, global society and the knowledge-based economy. All this seems to confirm that social innovation is a support for marketing in the delivery of values and satisfaction to consumers and to a significant part of the society. It also independently affects raising the quality of life of the society, owing to socialisation, diffusion and aid in the more effective use of technological, organisational, managerial and marketing innovations.

Tangible and intangible effects of marketing activities and social innovation are a measurable indicator of their usefulness in the socioeconomic development. It seems that with the important traits of marketing and social innovation, there are reasonable hopes for further development of the society and economy. They comprise the grounds for implementation of innovative changes.

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