

Estimating Demand for Social Entrepreneurship Goods and Services – Russian Case

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Abstract—Though matter of social entrepreneurship is quite common today, researchers pay attention to only one side of it – side of entrepreneur. In this article we propose to look at this concept from another angle – from the consumer point of view. Studying consumer behavior is important to create the big picture of social entrepreneurship phenomenon. In accordance with this goal we conducted research of consumer behavior to explore the demand for products and services of social entrepreneurs. Research took place in Russian federation in a form of questionnaire. We explored how much are consumers familiar with the concept of social entrepreneurship, are they ready to help society and in which ways, which social problems are considered most important and are consumers ready to pay price premium for goods and services of social entrepreneurs. Results of the research, provided in the article can be used by social entrepreneurs to estimate their market, organize distribution, pricing and marketing. Organizations providing support of social entrepreneurship can use this information to provide additional motivation for social entrepreneurs.

Keywords—*Social entrepreneurship, Social entrepreneur, Consumer behavior.*

I. INTRODUCTION

A. A Subsection Sample

The concept of social entrepreneurship is quite trending. We understand social entrepreneurship as a sustainable activity, aimed directly at social value creation, which uses innovative approach, infers risk-taking, and the results of which are not specific to a certain area and can be expanded to various regions [2].

Social entrepreneurship is of great interest both among scientists and businessmen. Alongside with social entrepreneurs themselves there are plenty of various funds and organizations that provide wide range of support measures, including financial, informational, consulting etc. Numerous forums, conference, meetings, contests are at action, dedicated to social entrepreneurship; variety of books are published. For example, one of the biggest organization supporting social entrepreneurs in Russia is "Our Future" fund [5].

However, most researches take into consideration only one side of the concept – the side of social entrepreneur himself. Such limited point of view can't provide entire image of

discussed phenomenon because there is another important player on the field – consumer. Very few researchers consider this aspect of social entrepreneurship [3], [6]. Understanding consumer behavior will give social entrepreneurs an opportunity to evaluate their market, to understand how to motivate consumers to choose their products, to organize distribution and pricing. Understanding these effects can provide additional motivation to become a social entrepreneur [1]. In this article we propose to look at social entrepreneurship at another angle – from the consumer point of view.

II. RESEARCH GOALS

We conducted research, goal of which was to explore demand for products and services of social entrepreneurs. The research was organized in a form of questionnaire, which was distributed among residents of Russian Federation of various gender, income and age. 201 respondents took part.

Control objectives of research were formulated as following:

1. Reveal most important social problems from the consumer point of view.
2. Reveal how much consumers are ready to take part in solving social problems
3. Reveal how much are consumers informed about social entrepreneurship
4. Reveal if consumers ready to pay more for products and services of social entrepreneurs, and how much more
5. Reveal if consumers trust social campaigns conducted in markets

In the beginning of research, we stated 3 hypotheses:

H1: consumers are not familiar with the term social entrepreneur

H2: consumers are ready to buy products and services of social entrepreneurs

H3: consumers with an income more than 20 000 Russian rubles (est. 317\$) for a person are ready to pay 10-15% more for products and services of social entrepreneurs than regular products and services.

III. RESEARCH RESULTS

In order to achieve our first research goal, we asked respondents to choose, which social problems do they consider most of importance. First choice became alcohol, drugs and crime rate (was chosen by 20% of respondents). Second choice is poverty, social inequality and unemployment (19%), and third choice is environmental pollution and ecology problems (16%) (see Fig.1).

For our second research goal, we asked how ready respondents are to help society and in which ways. The results showed that most consumers (37%) are ready to give their own things to charity, 27% of consumers are ready to buy things for charitable purposes, 13% are ready to help financially and only 5% are not ready to help society in any ways (see Fig.2).

It is worth noticing that despite the fact that 27% of respondents stated that they are ready to buy products, profits from which are transferred to charity, only 7% answered that they are buying such products even if they do not need them. Most respondents (44%) are making choice for such products or services form alternatives. 26% of respondents pay attention on such products but never bought them and 23% of respondents never pay attention to such products and services.

In order to achieve our third research goal, we asked consumers, how much are they familiar with the concept of social entrepreneurship. This question is particularly interesting because even scholars understand this term differently. Johanna Mair and Ignasi Marti [4] noted that researches use the term in completely different meanings.

Results showed that most consumers (54%) in general terms know who social entrepreneurs are. 31% of respondents confused social entrepreneurship with social services organizations and 13% of respondents consider that social entrepreneurs are entrepreneurs that get social help form government.

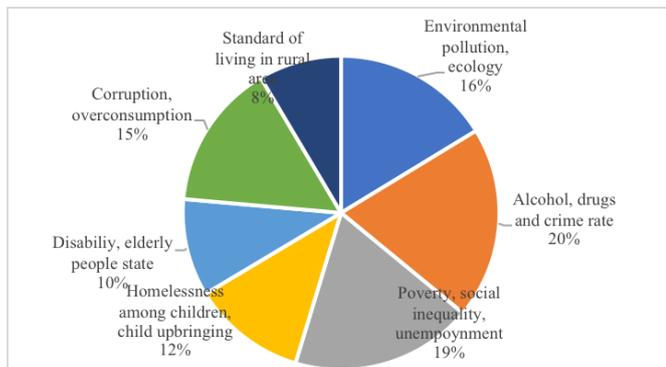


Fig. 1. The importance of social problems from the consumer point of view.

We also asked consumers if they are ready to buy products with the special sign of social entrepreneurship. Results showed that 14% of respondents are ready to do that irrespective of price and quality. 16% of respondents do not pay any attention to such marking (see Fig.3).

These results correspond with responses to question about readiness of consumers to pay more for products and services of social entrepreneurs. Most respondents (46%) are not ready

to pay more for such products. 55% of consumers are ready to pay 5% more, 15% consumers – 5-10% more, 4% consumers – 10-15% more and only one respondent is ready to pay 15-20% more and one is ready to pay more than 20% price premium.

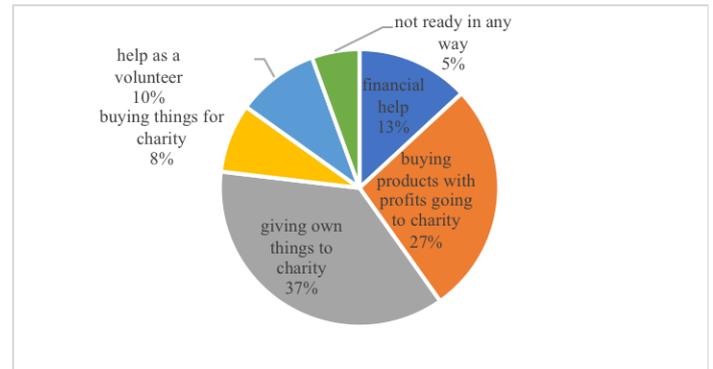


Fig. 2. Consumer readiness to help society in different ways.

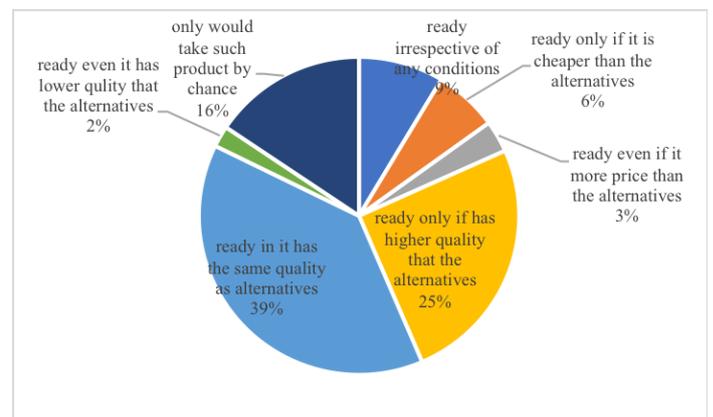


Fig. 3. Consumer readiness to buy products with a special mark for social entrepreneurship.

For our fifth research goal, we revealed consumer level of trust to social campaigns in supermarkets. Results showed, that significant number of respondents (38%) do not trust such campaigns. 48% of respondents trust social campaigns of only famous brands and only 13% of respondents trust social campaigns unconditionally.

Interesting, that no clear correlation between income and readiness to pay more for products and services of social entrepreneurs was detected. For example, respondents with an income 20 000 – 30 000 Russian rubles (317\$ – 476\$) are ready to pay more for such goods than respondents with much higher income.

IV. CONCLUSIONS

In the beginning of research 3 hypotheses were formulated. Two of them were confirmed and one was not. Hypothesis *H1* proved wrong. Results showed that consumers are familiar with the concept of social entrepreneurship and most of them understand the term generally correctly. Hypotheses *H2* and *H3* were confirmed. Most consumers are ready to buy products and services of social entrepreneurs, though on different conditions. Generally, consumers would buy such goods if they have at least same quality and the same price as the alternatives.

Most respondents are not ready to pay more for products and services of social entrepreneurs. However, consumers with an income of 20 000 – 30 000 Russian rubles (317\$ – 476\$) are ready to pay higher price premium than consumers with lower or higher income.

In general, consumers are ready to help society in different ways, but do not trust social and charitable campaigns conducted in shops, though are eager to participate. The most important social problems from the consumers point of view are alcohol, drugs and crime rate.

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