Public Perception Study
on Social Enterprises in Singapore

October 2016

STUDY FINDINGS AT A GLANCE

a. Fivefold jump in awareness of social enterprises between 2016 and 2010
b. People in 31-35 age group have highest awareness
c. Increase in buyers from 22% in 2010 to 35% in 2016
d. Positive correlation of purchase of SEs' goods/services with higher awareness of social enterprises
e. Buyers and ready buyers are motivated by social mission and uniqueness of products and services
f. Non-buyers are looking for quality and price competitiveness

BACKGROUND

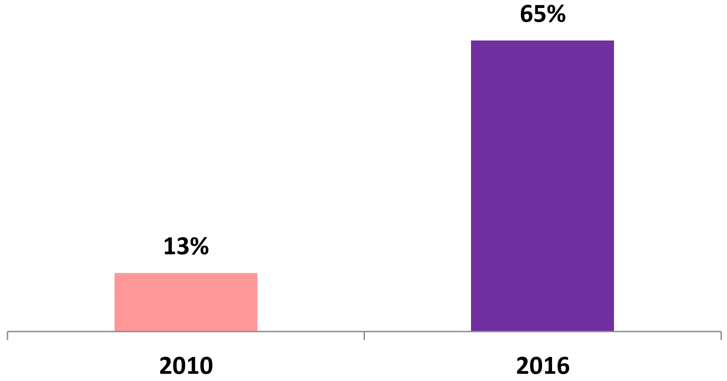
Six years have passed since the first public perception survey was conducted in 2010 to gauge the awareness of the social enterprise sector in Singapore and learn the public's buying behaviour and motivations for supporting social enterprises. raiSE commissioned Asia Centre for Social Entrepreneurship and Philanthropy (ACSEP) to conduct a second perception survey in 2016. From May to June, students from Diploma in Social Enterprise Management, School of Management and Communication, Republic Polytechnic conducted the survey at shopping malls, public libraries and the Central Business District. The survey covered awareness and understanding of social enterprises, purchase behaviour, and the motivations for buying from social enterprises.

KEY FINDINGS

1. **<u>Increased Awareness and Understanding of Social Enterprises</u>**

   Public awareness of social enterprises is at a significant high in 2016. Data shows a fivefold increase in awareness from 13 percent of respondents in 2010 to 65 percent in 2016. All age groups with the exception of those aged 60 and above registered an awareness level at or above 57 percent. Those in the 31-35 age group registered the highest level of awareness with seven out of 10 respondents saying they are aware of social enterprises.

Figure 1: Public Awareness of Social Enterprises

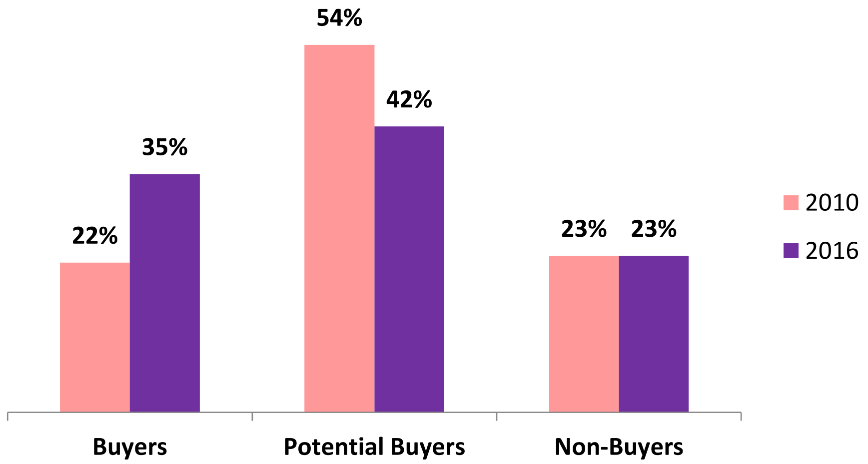


The public's understanding of social enterprises has also grown. An overwhelming seven out of 10 respondents could correctly categorise at least one of three social enterprises named in the 2016 survey questionnaire. In other words, fewer than three out of 10 respondents still have no idea at all about social enterprises. In 2010, only two out of 100 respondents were able to correctly name a social enterprise.

2. Increased Buying from Social Enterprises

There is increased buying from social enterprises in 2016. The number of buyers has grown 13 percent from 22 percent in 2010 to the present 35 percent. However, this increase appears to be the result of converting ready buyers to buyers as data shows a corresponding decline in the percentage of ready buyers from 55 percent in 2010 to 42 percent in 2016. In other words, both buyers and ready buyers taken together have not grown beyond 77 percent of the public respondents. There does not appear to be a breakthrough in converting non-buyers with both surveys recording the percentage of non-buyers at 23 percent. Buyers are those who have purchased from social enterprises before. Ready buyers are those who are willing to purchase from social enterprises in the next six months. Non-buyers are those who have not purchased from social enterprises before and those who are not willing to do so in next six months.

Figure 2: Purchase from Social Enterprises



3. **Increased Awareness and Understanding Lead to Increased Buying**

Awareness helps people better identify existing social enterprises. When the public can correctly identify social enterprises, they are more likely to become customers. Buyers can correctly recognise 44 out of 100 social enterprises. Ready buyers can correctly recognise 32 out of 100 social enterprises. Non-buyers can correctly identify only 26 out of 100 social enterprises.

4. **Motivations Behind Purchasing Decisions Shifted**

The main reasons behind purchasing decisions and intention to buy vary across buyers, ready buyers and non-buyers. The main motivations for buyers and ready buyers are related to the social mission of social enterprises and the uniqueness of the products and services offered by social enterprises. For non-buyers, the top two reasons for purchase are quality and price, suggesting that social enterprises need to improve the intrinsic value in their products and services to attract new customers. Needless to mention, social enterprises still need to stay true to their social causes to retain the existing customers.

Figure 3: Key Reasons behind Purchase Behavior and Intention

	Buyers	Ready Buyers	Non-Buyers
1st Reason	Social Mission	Social Mission	Quality
2nd Reason	Uniqueness	Uniqueness	Price
3rd Reason	Quality	Quality	Social Mission
4th Reason	Emotion	Price	Uniqueness
5th Reason	Price	Emotion	Doesn’t matter

KEY CHALLENGES FOR THE SECTOR

1. **More Discerning Buyers, Less Moved by Philanthropic Motivation**

The 2016 survey points to a certain maturation of the social enterprise sector with buyers and ready buyers becoming more discerning when buying. They appear to be moving away from philanthropic motivations to a more critical evaluation of the credibility and validity of the social cause and mission of social enterprises. Social enterprises will want to heed the 14 percent drop among buyers and 12 percent decline among ready buyers who base buying decisions on social mission.

2. **Quality and Uniqueness Matter**

More and more people are basing their buying decision on the intrinsic offerings – quality and uniqueness – of products and services. Among buyers, 35 percent consider the quality of the products or services when buying from social enterprises. Uniqueness of the product or service also matters with 37 percent of buyers, 35 percent of ready buyers, and 29 percent of non-buyers citing it as a factor influencing buying decisions.

3. **Non-Buyers a Resilient Group**

In the last six years, the social enterprise sector has not been able to make any breakthrough in converting non-buyers to ready buyers or buyers. The biggest two demographic groups of non-buyers come from male below 30 and female beyond 50.

Crafting a better social cause or adopting a better social mission may not work to convert non-buyers as only 30 percent of the group seem to care about social mission. As many as 42 percent of non-buyers base their decision to buy on quality while 35 percent base their buying decision on price.

RECOMMENDED ACTION

1. **Increase Competitiveness through Focus on Quality and Uniqueness**

Belief in social mission can influence 64 percent of buyers and 56 percent of ready buyers in 2016 to purchase from social enterprises though these percentages are dropping. Social enterprises need to drive their focus to increase the competitiveness of their products and services to retain buyers and convert ready buyers and non-buyers to buyers. Quality and uniqueness have become important considerations for buyers, ready buyers and non-buyers.

2. **Ensure Mission Resonates with Public Perception of Social Needs**

From the perspective of 2016 respondents, the three groups identified as needing the most help are people with disabilities, people/families with low income, and people with health conditions. Social enterprises with a mission that resonates with the public perception of greatest social needs are more likely to garner support for their operations.

3. **Focus on Differentiation**

Social enterprises can potentially grow their customer base and increase their viability by differentiating themselves from traditional businesses. 2016 respondents told us the most important differentiating factor is the hybridity of social enterprises or their dual goals – “doing good while making a profit.” Self-identification – “what the social enterprise says about itself” – is next. Other tactics social enterprises can use to differentiate themselves from traditional businesses include securing media coverage, choosing a name that clearly identifies them as a social enterprise, and signing up as a raiSE member and getting a listing in the raiSE directory.

Visit www.raise.sg/resource/ to download the full report.