



Book Up and Out of Poverty

The Social Marketing Solution

Philip Kotler and Nancy R. Lee
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Recommendation

Sound marketing can push products and services through sales channels. But can donors successfully apply the same marketing techniques to poverty reduction programs? That’s the bold recommendation of authors Philip Kotler and Nancy R. Lee. They build a solid case, linking social marketing strategy with actual case studies worldwide. As the authors note, developed nations spent an estimated \$23 trillion on foreign aid packages over the past five decades, but their money has done little to reduce poverty. The missing factor is a social marketing strategy that changes local behaviors and helps people work their way out of poverty. While this is a noble goal, Kotler and Lee’s argument reads like a dry textbook, with too many lists and bullet points. Still, *BooksInShort* found it to be an instructive guide for NGOs, governments and social activists who seek advanced strategies to bolster their poverty reduction programs.

Take-Aways

- About one-sixth of the world’s population makes less than \$1 a day and another two billion people, or one-third of the world’s population, make less than \$2 a day.
- Only 15% of foreign aid actually reaches these impoverished people due to corruption and expensive administrative overhead.
- Aid donors should use the same marketing strategies that sell products to persuade poor people to adopt new behaviors.
- Social marketing’s objective is to convince people that changing what they do provides greater benefits than not changing.
- To be effective, social marketing strategies must incorporate clients’ goals and needs.
- Perceived barriers, lack of motivation and competition can hinder personal changes.
- Proper message positioning makes a desired behavior more attractive.
- Market segmentation is critical to poverty reduction strategies.
- India and China have the greatest concentrations of the world’s poor people.
- An estimated \$23 trillion in foreign aid has enriched tyrants in some nations, including Pakistan, Sudan and the Democratic Republic of the Congo (formerly Zaïre).

Summary

New Tools

Poverty is a worldwide epidemic. About one-sixth of the world’s population makes less than \$1 a day and another two billion people, or one-third of the world’s population, make less than \$2 a day. Poverty wastes lives, encourages crime, fosters illness and builds political instability. Anti-poverty programs have existed since the

“Vision without action is a daydream; action without vision is a nightmare.” (Japanese proverb)

Developed nations should work to solve poverty to increase political stability and minimize illegal immigration, as more people seek to escape poor living conditions in their native countries. In addition, nations’ incomes can increase as the poor begin to participate in their countries’ economic society. One expert estimated that if the world’s poor could afford to buy basic products, they would have a combined buying power of \$8 billion per day.

“Social marketing can help people move up and out of poverty, ensure that they don’t slip backward, and even keep them from entering this situation in the first place.”

Experts have advanced certain theories about why poverty persists and how to address it. These theories attribute poverty either to a single major cause or view it as a culmination of factors, such as chronic civil wars, poor access to natural resources, landlocked geography, and unsound government practices or accountability. As theories about the causes of poverty differ, so do recommendations for poverty reduction. Current poverty alleviation practices include financial aid, military intervention, international charters and improved trade policies. Each has its limitations.

“This book doesn’t believe that one major solution (such as foreign aid or population control) provides a full answer to the poverty-alleviation problem.”

While developed nations distribute billions of dollars in foreign aid annually, experts estimate that as little as 15% of this aid reaches its target groups due to corruption and administrative overhead. This “top-down” approach also fails to address the local needs of the poor in terms of how they use specific food and medicines. Foreign aid can make nations dependent, and often competes with local businesses that sell many of the same items donor nations supply for free.

“It is at the local level that ending poverty becomes a real possibility.”

The fight against poverty must replace large, top-down, macro approaches with a planning process that begins at the community or local level. The local approach assumes that poverty has no single cause and that a cooperative effort among the private sector, government agencies and civil organizations provides better mechanisms for dealing with poverty than relying solely on NGOs and government.

Policies and Solutions

Experts have advanced various proposals to help the poor: promoting economic growth, redistributing wealth, increasing foreign aid and controlling population growth. While each approach has benefits, none has solved the problem. Stimulating economic growth has expanded the middle and upper classes, but it has not reduced the number of extremely poor people. Similarly, while advocates widely tout foreign aid as a solution, one critic estimated that the \$23 trillion in foreign aid distributed during the past 50 years rarely reached its intended beneficiaries and has enriched tyrants in some nations, including Pakistan, Sudan and the Democratic Republic of the Congo.

“The purpose of social marketing is to develop constructive approaches to support desired behavior changes.”

A new combination of tactics and investments is needed. Anti-poverty planners and workers should implement a social marketing strategy designed to help the poor adopt new behaviors. Poor people respond when they believe a provider understands their needs and will remain in place long enough to make necessary changes. Such social marketing requires a bottom-up strategy based on these concepts:

- **The poor are not homogeneous** – They range among chronic, extreme, moderate, borderline and relative poverty. Every segment is different; marketers must employ various strategies to reach each of them effectively.
- **Government cannot succeed by acting alone** – Reducing poverty requires assistance from a variety of groups and institutions (profit and nonprofit). When synergy develops between such groups and government, people benefit.
- **Poverty is not static** – People enter and exit poverty over the years. Any strategy or program must be based on understanding what moves people through different poverty levels.
- **Poverty is localized** – Aid workers are most effective when they work and socialize with the poor. Working with impoverished people as individuals or identifiable groups increases a program’s chances of success.

Changing Behaviors

Social marketing seeks to convince people that changing their behavior provides greater benefits than not changing. This process employs certain aspects of product marketing (segmenting, targeting, price, product and promotion), but those are not sufficient. Social marketing must consider the infrastructure that enables individualized tactics to focus on the poor. For example, if healthcare workers want to vaccinate the members of a group, they must ensure that people have transportation to reach inoculation clinics.

“The most fundamental principle underlying marketing is to apply a customer orientation overview to understand market segments and each segment’s potential needs, wants, beliefs, problems, concerns and related behaviors.”

Like commercial marketing, social marketing seeks to engender specific voluntary behavior change. Since social marketing began in the 1970s, it has informed and altered behaviors related to smoking, teen pregnancy, HIV/AIDS, cancer and literacy. Social marketing’s overriding principle is to develop a strategy that incorporates the customer’s goals and needs. The social marketer must select the best target market, objectives and positioning, and approach them tactically using the four Ps of marketing: “price, promotion, place and product.” Social marketers must also monitor and measure results.

Market Segmentation

Segments are population subsets whose members share common interests and preferences. Social marketers should use market segmentation to identify the target population groups that they want to influence. For example, in an HIV/AIDS awareness campaign, marketers must focus on certain populations, depending on the country, customs and sexual practices. In Mexico, an AIDS campaign focused on wives whose husbands were migrant farm workers and lived in agricultural work camps in Florida. The women whose husbands contracted AIDS while away from home learned how to protect themselves. The three steps to use for segmenting a market are:

1. **Create segments** – Break down the largest group with an interest in your cause into smaller, like-minded segments. Base this “microsegmentation” on geography, demographics, psychographics and behaviors. Recognize the differing needs of the very poor and the moderately poor.
2. **Analyze segments** – Consider size, severity, resources, willingness to change behavior, the costs to reach each segment and potential results. Segmentation strategies depend on addressing a social marketing issue. For example, reduction of tobacco use targets younger people, but must differentiate between pre- and post-teenagers. Smoking cessation campaigns should focus on pregnant women, the obese and those with heart conditions.
3. **Prioritize segments** – Use an objective process to assign a priority to each segment according to its disposition and relevance. Evaluate and prioritize segments by assessing poverty levels and using the stages-of-change model, multiple factor analysis or poverty mapping. Prioritize segments based on the number of poor people in the target group, projections about the percentage of the segment’s population who would escape poverty using the fewest resources in the shortest time, and projections about what percentage would not slip back into poverty. Identify a segment or a few segments as targets for a full social marketing campaign.

Obstacles to Change

Despite any social marketer’s best efforts, perceived barriers, issues about motivation and competition all can stunt behavioral change. Evaluate these factors from the customer’s perspective. Barriers can be individual (lack of education or skills), external (poor transportation, no electricity), cultural (fear of outsiders) or natural (inhospitable living conditions). Often, social marketing can overcome these blockades by employing solutions found in the 4Ps of marketing.

“Social marketers strive to create, communicate and deliver value to a target market in exchange for performing a desired behavior.”

Competition also disrupts social marketing because people find it easier to follow traditional methods or easier, more appealing paths. Qualitative research can identify and prioritize competing behaviors. The marketer’s campaign must offer greater rewards and reduce costs, while making it more difficult to pursue a contentious, negative behavior. For example, when promoting the use of insecticide-treated mosquito nets in Nigeria to prevent malaria, the campaign highlighted the nets’ ease of use and low cost.

Positioning and Planning

Position your message to make the desired behavior more attractive. The positioning statement should incorporate research results to create a memorable, distinctive message. Positioning helps your target audience remember your product or service and its benefits. A positioning message should include “higher values,” or a description of the benefits and costs that make your offering more appealing. Construct your social marketing plan by using a 10-step process to:

1. Identify the campaign’s background, purpose, focus, sponsor, goals and audience.
2. Conduct a situational analysis, and research any related efforts or programs targeting the same problem or audience.
3. Segment, select and describe the market. Obtain information about the audience, its demographics, social networks and likely openness to change.
4. Define the marketing objectives, including specific, measurable goals.
5. Identify the factors that could affect the program’s success or failure, including competing influences and offerings.
6. Write a positioning statement that includes how the sponsor wants the target audience to consider the desired behavior, as well as its benefits versus other behavioral choices.
7. Create the strategy using the marketing mix of price, product, place and promotion.
8. Devise a plan to monitor and measure the campaign.
9. Plan the budget, from meeting preliminary costs to obtaining additional funding.
10. Create the program’s implementation and management plan. This “marketing plan” includes personnel assignments, duties, scheduling and budgets. Such plans commonly cover one year, and should project two to three years ahead.

Partners in Poverty Reduction

The modern approach to reducing poverty is to build a coalition of public, private and nongovernmental partners. Each partner has a distinct role. Government agencies help set economic policy, and health and safety standards. They also provide public education, job assistance, grants and subsidies. Nonprofits (NPOs) such as CARE, the Gates Foundation and Populations Services International, operate differently than for-profits since they have stakeholders, not profit-seeking shareholders. As a result, NPOs can respond more quickly to social problems. Government and for-profits seem increasingly more willing to partner with NPOs.

“In every country, the poverty problem is a national problem, as well as a local problem.”

In the private sector, corporations have added social marketing strategies to their traditional marketing mix. Some have started microfinance programs, flood prevention workshops and mandatory employee retirement plans. In turn, corporations earn greater credibility, public visibility and employee satisfaction, as well as increased sales.

“Social marketing initiatives are likely to require new and different ways of doing business for the non-profit.”

A partnership of private, government and NGO organizations has the resources to work together, but such coalitions must overcome managerial frictions between opposing institutions. Conflict can arise from competing interests, resources, implementation, support, communication and knowledge. To avoid conflicts, social marketers should analyze potential points of disagreement to anticipate any problems.

About the Authors

Philip Kotler teaches at Northwestern’s Kellogg School of Management. His books include *Marketing Management*, *Principles of Marketing* and *Kotler on Marketing*. **Nancy R. Lee**, president of Social Marketing Services, Inc., teaches at the University of Washington and Seattle University. She and Kotler co-authored four books, including *Social Marketing*.
