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Green Consumer and Marketing

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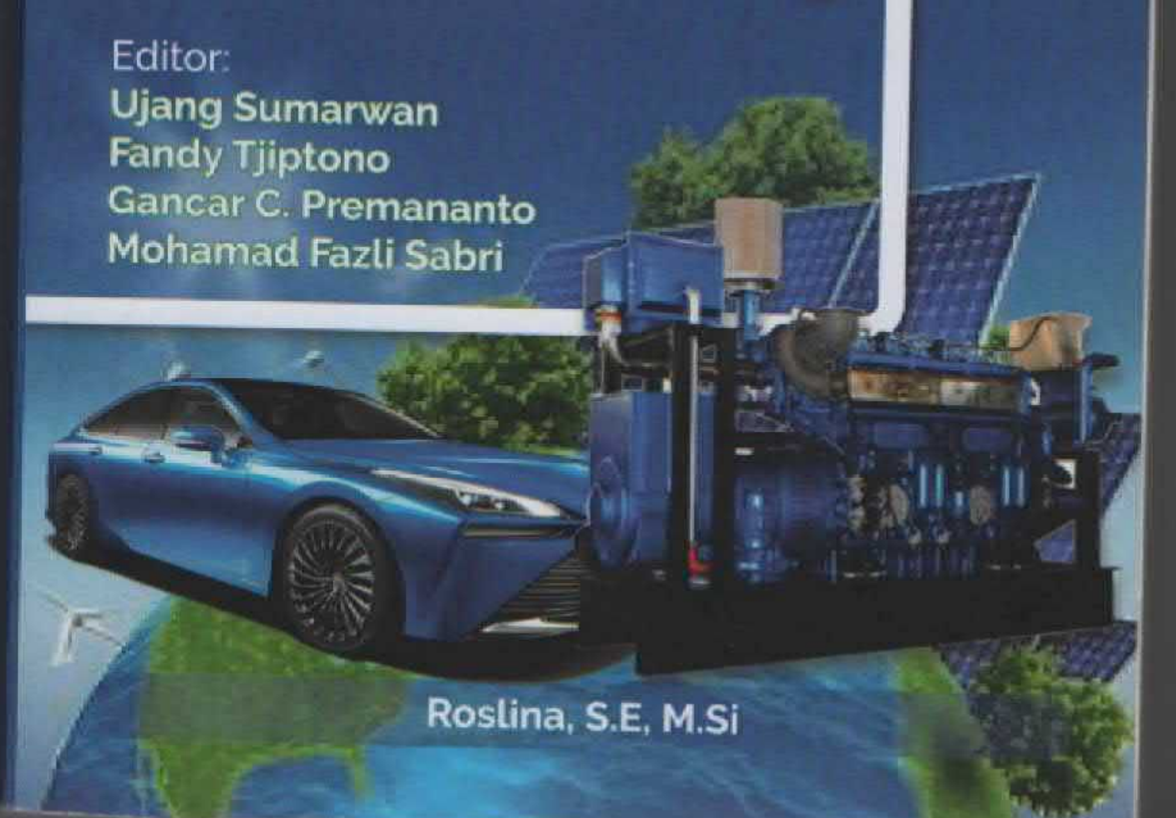

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PREFACE

Alhamdulilah, Praise be To Allah Almighty God the Merciful and the Beneficent who has given strength, spirit and inspiration so we are able to publish this book in April 2020. This book is the second publication project of AACIM (Asian Association for Consumer Interests and Marketing), a non-profit organization established in Jakarta and Bogor- Indonesia. AACIM will invite academicians, researchers, entrepreneurs, corporate executives and anyone who is interested in Consumer and Marketing Isuues from Asian and Non-Asian Countries to be the members. This book consists of 25 chapters written by AACIM members from different backgrounds and institutions. This book represents the cooperation among individuals and institutions within the AACIM.

AACIM is the leading consumer and marketing policy research and education organization consisting of an international community of researchers, educators, related professionals and industries players dedicated to enhancing consumer well-being in Asian region. AACIM promotes the consumer interest by encouraging. producing and communicating policy-relevant research. The mission of AACIM is to champion consumers' interest, enhance consumer well-being and promote fair trading in the Asian region. AACIM adopt a three-pronged approach in working towards an ideal consumer-business environment. The ultimate goal of AACIM is the improvement of the quality of everyday life for consumers AACIM fulfills its mission through various activities (see www.aacim.biz). The goals of AACIM are 1) To advance knowledge by identifying issues, stimulating research, and promoting education, that can inform policy makers and industries on consumer and marketing issues, 2) To provide for the professional development of the membership by creating, maintaining and stimulating interactive communication among advocates, business representatives, educators, policy makers, and researchers through publications, educational programs, conferences and networking opportunities.

July 2019, we started to announce the publication project of the book to the AACIM members. We invited all members to contribute their thinking and experiences in the area of green consumer and green marketing. We asked the members to be the chapter authors. October 2020, all chapter drafts from 32 authors were submitted to the auditors. The processes of chapter and book editing took about five months from November 2019 to March 2020.

A green consumer is someone who is aware of his or her obligation to protect the environment by selectively purchasing green products or services. A green consumer tries to maintain a healthy and safe lifestyle without endangering the sustainability of the planet and the future of mankind. According to a recent study, 50 percent of consumers buy green products today. The top three reasons for not buying green products are a lack of awareness, availability, and choices. Green consumers are highly motivated to change their buying behavior for the good of the planet and are willing to pay 10 to 30 percent more to save the planet from environmental damage. Understanding the demographics of green consumerism can help entrepreneurs explore the environmental market, and home in on likely prospects.

Research has shown that green consumers: are sincere in their intentions, with a growing commitment to greener lifestyles; almost always judge their environmental practices as inadequate; do not expect companies to be perfect in order to be considered green. Rather, they look for companies that are taking substantive steps and have made a commitment to improve. However, they also: tend to overstate their green behavior, including the number of green products they actually use; want environmental protection to be easy, and not to entail major sacrifices; tend to distrust companies' environmental claims, unless they have been independently verified; lack knowledge about environmental issues, and tend not to trust themselves to evaluate scientific information about environmental impacts. However, at the same time they are eager to learn, and this means that consumer education is one of the most effective strategies that entrepreneurs can use.

When considering the green consumers, the most responsive age group tends to be young adults, many of whom are influenced by their children. In addition, women are a key target for greener products, and often make purchases on behalf of men. Moreover, the best green customers are people with more money to spend. As a result, the most promising products for greening tend to be at the higher end of the market. The most promising outlets for green products are retail stores frequented by better-off shoppers. In general, green consumers have the education and intellectual orientation to appreciate value; they will understand evidence that is presented in support of environmental claims.

We can find a green consumer behavior when an individual acts ethically, motivated not only by his/her personal needs, but also by the respect and preservation of the welfare of entire society, because a green consumer takes into account the environmental consequences (costs and benefits) of his/her private consumption. Green consumers are expected to be more conscientious in their use of assets, for example by using their goods without wasting resources.

Considering the time-horizon in the acquisition of green behavior, we can distinguish two types of consumers: 1. prevention-type consumers, that feel a moral duty towards a greener lifestyle; 2. promotion-type, that are more focused on their aspirations and their dreams and do not strongly feel the pressure to quickly adjust their behavior in the direction of becoming more environmental-friendly. Another research find the effect of gender and social identity on green consumption: female declared higher levels of sustainable consumption compared with male participants; however when social identity is salient, male increased their sustainable consumption intentions to the same level as female. In this research are identified two kind of people, that have more: 1. self-transcendent values, like woman, that are more willing to engage in sustainable consumption; and 2. self-enhanced values, like men, that are less interested in green behavior. The fact is that sustainable consumption is, for men, a way to reinforce their social image, showing to others that they care about environment, instead for women is intrinsically important. The evidence is that green consumers are mainly female, aged between 30 and 44 years old, well educated, in a household with a high annual income.

The green consumers are showing green consumption that is closely related to the notions of sustainable development or sustainable consumer behavior. It is a form of consumption that is compatible with the safeguard of the environment for the present and for the next generations. It is a concept which ascribes to consumers responsibility or co-responsibility for addressing environmental problems through adoption of environmentally friendly behaviors, such as the use of organic products, clean and renewable energy and the research of goods produced by companies with zero, or almost zero, impact (zero waste, zero-emissions vehicle, zero-energy building, etc.).

This book provides theoretical frameworks and the latest empirical research findings on the topics related to the changes that are occurring in the field of green consumer and marketing. Firstly, it is addressed to scholars who need an overview of the research field related to the retailer-consumer relationship in order to better contextualize their studies and receive suggestions for cross-disciplinary analyses. In addition, the book can be a tool for managers and entrepreneurs, both in the retail trade and the manufacturing sector, for upgrading their knowledge in the field and completing their perspective for a better approach to their reference markets. The book is divided into 22 chapters.

Chapter 1 introduces and give systematic review of the section on pro-environmental workplace behavior (PEWB). The chapter titled "Understanding Pro-Environmental Behavior (PEB) in the Workplace: A Systematic Review," by Mohamad Fazli Sabri and Rusitha Wijekoon, discuss and review the peer reviewed articles published on the subject of PEWB based on different type of work place settings in various geographical areas of the world between 2000 and 2019, which are found in very famous eight data bases; Sage, Taylor and Francis Online, Springer link, Science Direct, JSTOR, ProQuest, Wiley Online Library, and Emerald. Altogether 57 research articles were reviewed and discussed implications, drawbacks of the review and avenues for future research on PEWB.

In Chapter 2, titled "The Green-Gap: Inconsistency, Issues, and Implications," Fandy Tjiptono and Dadi Adriana examine the attitude-behavior gap or green-gap and briefly discuss the inconsistency between attitude and behavior in the sustainable consumption context, identify the key issues related to the discrepancy, and proposes several alternative strategies to bridge the gap.

The third chapter on "Reassessing the Mediating Role of Consumer Attitude towards Buying Green Products" (by Andhy Setyawan, and Fandy Tjiptono) makes an attempt to reassess the mediating role of consumer attitude

In conclusion, the book was written with less technical language so that college students who are not experts in green consumer and marketing can be understood, and it can be used for both undergraduate and graduate courses dependent on instructors' needs. Instructors may also assign the book to college students taking courses with a focus on green consumer and marketing issues in consumer science departments, business schools, and economics departments. In particular, those who are concerned about critical green consumer and marketing issues and actively involved in green consumer advocacy activities may find the book of interest. Finally, the book can also be a valuable reference for local and international government agencies and public bodies who are in charge of the management of planning policies for the green consumers and the green product manufacturers. Also, this field is connected to the ecologically friendly products and reduce their impact on the environment, for which a complete knowledge of all the dynamics related to the green product manufacturer- green consumer relationship is essential. Further the editors and authors hope this book will inspire more research studies on important green consumer and marketing issues that inform relevant public policies and business practices to help improve consumer economic well-being. More rigid theories relevant to green consumer and marketing will also be inspired and developed based on information provided in this book.

Bogor, 1 April 2020
Editor

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Table of Content

Chapter 18.
Value Creation Through Segmentation Strategy and Green Segmentation

Roslina

Abstract

Value creation strategy requires an understanding of the relationship between customer needs and the services offered to generate value. Each customer has different needs and requires a different offer, so the company needs to segment the market to produce different profits for the company. The segmentation theory which states that all markets consist of consumer groups or segments with different needs is a very powerful tool for the development of successful commercial strategies. The segmentation is carried out by the company to reach different customer groups in certain markets and create the right value in the segment. To increase the effectiveness of industrial market segmentation, Verhallen et al. (1998) proposed the use of non-observable characteristics such as, organizational strategy in addition to observable characteristics such as, the size and location of the industry. Organizational strategy influences behavior, especially organizational behavior in making purchases. An understanding of organizational buying behavior can help companies to create the right value for the organization they are aiming for. Strategic segmentation can also be done by companies to create the right value for green consumers. Due to the importance of segmentation for companies in developing their competitive advantage, companies need to pay attention to the characteristics of the target market segments to provide the right value for their consumers.

Keywords:

1. Introduction

Generating superior customer value is one of the main objectives of marketing and a means to achieve a competitive advantage. Customer value is the relative benefit gained by the customer compared to the cost or sacrifice incurred by the customer. Products that offer superior customer value will be more successful than similar products.

The process of value creation can be seen from two different points of view, namely marketing, and strategy. Marketing views the process of value creation as a process dyadic in which companies and customers together create value or known as "co-creation", whereas, from a strategic point of view, value creation is more focused on the process of value creation by companies. Value creation is considered by experts strategy as a result of the company without regard to the perspective of the end user (Jensen & Petersen 2014).

Each value creation strategy requires an understanding of the relationship between customer needs and the services offered in order to produce value. Each customer has different needs and requires different offers, so companies need to segment the market to produce different profits for the company. The segmentation theory which states that all markets consist of groups of consumers or segments with different needs, is a very powerful tool for developing successful commercial strategy. An understanding of consumer heterogeneity allows companies to distinguish customer typologies based on different consumption behaviors, becoming the basis for designing market segmentation (Gunëş & Akşin 2016).

Segmentation is one of the main concepts in marketing that is important for the success of marketing programs and strategies. The gap between theory and practice causes problems in implementing segmentation. In theory, the method and process of segmentation offer a variety of approaches that are quite advanced, but quite difficult to implement in practice. The segmentation carried out by the company depends on the purpose of segmentation (Clarke & Freytag 2008). The segmentation is carried out by the company to reach different customer groups in certain markets. Segmentation also allows the company to provide more value to each targeted segment.

Segmentation can be done in the consumer market and industrial market by taking into account the characteristics of customers in each market. Increasing consumer awareness of the environment makes more and more consumers choose to buy environmentally friendly friendly products. This trend supports the emergence of new consumer segments, namely green consumers. As more organizations enter the green market, companies need to pay attention to market orientation and market segmentation (Paço & Raposo 2009). Companies need to pay attention to the right segmentation strategy, considering that green market segmentation is different from traditional market segmentation, because of differences in consumer characteristics. Due to the importance of segmentation for companies in developing their competitive advantage, companies need to pay attention to the characteristics of the target market segments to provide the right value for their consumers.

In the following discussion, this article is divided into three parts, the first part discusses the value creation strategy consisting of customer value creation, firm-value creation, and shared value creation (value co-creation), the second part discusses segmentation in the consumer and industrial markets, the third part discusses segmentation based on strategies in the industrial market and segmentation based on strategies in green marketing.

2. Value-Creation Strategy

The process of creation of value considering the various parties, activities, and resources involved in the creation of value. Customer value is the relative benefits gained by consumers compared to the costs or sacrifices incurred by consumers. In the emerging customer value paradigm and firm theory, it is stated that the existence of a company is to create value for consumers, so that consumers can meet their needs effectively and efficiently. Based on this perspective, the goal of marketing is to create superior customer value in one or more market segments with a sustainable strategy.

2.1 Customer Value Creation

Customer value is defined as the benefits, quality, value, or utility that customers get from the purchase and use of the product compared to the price, cost or sacrifice incurred by customers that will produce attitudes or emotional ties to the product (Smith & Colgate 2007). Based on the customer value creation framework, there are four types of customer values generated by the company (Smith & Colgate 2007), namely:

1. Functional/instrumental value

   Functional/instrumental value relates to the extent to which a product has characteristics or performs functions that is desirable. Three key aspects of this value are (1) features, functions, attributes, or characteristics that are appropriate (for example aesthetics, quality, adaptation, or creativity); (2) appropriate performance (e.g. reliability, quality of performance, or results of service support); and (3) appropriate outcomes or consequences (for example strategic value, effectiveness, operational benefits, and environmental benefits). Examples of companies that apply this value are Sony and McDonald, which focus on performance.

2. Experiential/hedonic value

   Experience/hedonic value relates to the extent to which a product creates the right experiences, feelings, and emotions for customers. For example, restaurants that focus on sensory values such as, aesthetics, atmosphere, aroma, taste; the travel industry focuses on creating emotional value such as, fun and adventure.

3. Symbolic/expressive value

   Symbolic/expressive value is related to the psychological meaning of the customer on a product. Some luxury products use consumer's self-concept and self-esteem.

4. Cost /sacrifice value

   Cost/sacrifice value relates to the cost of purchasing, owning, and using a product. To maximize the benefits of value, customers try to minimize the costs of buying, owning, and using a product.

Customer value creation is carried out through various processes and activities value chain within and between organizations. The five main sources of customer value according to Smith and Colgate (2007), namely:

1. Information. Information is created by value chain activities related to advertising, public relations, and brand management.
2. Product. Products are created by value chain activities related to new product development, market research, research and development, and production.
3. Interaction. Interactions between customers and employees or organizational systems are created, with activities value chain related to recruitment and training, service quality, and operations.
4. Environment. Purchasing or consumption environments can provide functional/instrumental values, such as lighting that makes it easier to read product labels, and experience/hedonic values, such as music that makes shopping more enjoyable.
5. Ownership/possession transfer. Ownership transfers are facilitated by activities value chain related to accounting (such as payments and billing), shipping (such as product collection, packing, shipping, and tracking), and ownership transfers.

In creating value to customers, there are several perspectives, namely the traditional perspective which states that value creation is carried out within the company without involving consumers, whereas in its development, in the 1990s began to develop the concept of value creation that involved consumers as co-creators in creating value.

2.2 Firm-Value Creation

Value creation at the enterprise level (firm-value creation) explains how companies achieve sustainable competitive advantage to create value for customers (Gummerus 2013). Firm value creation (Othman & Sheehan 2011) can be seen from Porter's competitive analysis (Porter 1985), the resource-based view (RBV) proposed by Barney (1991) Wernerfelt (1984), resource excellence theory (Hunt & Morgan 1995, 1996). process view business

(Srivastava *et al.* 1999). Michael Porter (1985) suggests the concept of value chains which is a key concept in the study of the process of creating corporate value. This concept is widely used as logic in creating value for corporate customers. The concept of chains relates mainly to the logic of value creation in manufacturing companies and less to the logic of service companies (Stabell & Fjeldstad 1998 in Othman and Sheehan 2011).

Stabell and Fjeldstad (1998) saw a value chain approach generally related to manufacturing companies and companies that create value using an assembly line approach and are not suitable for service companies. Stabell and Fjeldstad (1998) proposed three value creation logic that can be used by companies to create value for end consumers, namely (1) value chain firms, namely value creation is done by changing inputs into goods/services sequentially and linearly and then selling these goods and services , (2) value shop firm, i.e. value creation by adjusting the resources and activities used to the existing problem. (3) value network firms, i.e. customer value creation by connecting them to other people in the network synchronously through network promotion and contract management, service provision, and network infrastructure operations. Although the value shop and value network recognize the role of customers in creating value and see value creation more related to other actors, the concept still focuses on how companies create value through their activities and see customers as relatively passive actors (Gummerus 2013).

Although value chain companies are generally found in the manufacturing sector, some non-manufacturing companies also operate as value chains, for example, Wal-Mart which has the capability of an effective supply chain system throughout the industrial value chain. Similarly, not all manufacturing companies operate as pure value chains. Some engineering shops, such as Derrick Services, rely on their superior design capabilities to build highly adapted equipment and facilities (Othman & Seehan 2011).

2.3 Value Co-Creation

Vargo and Lusch (2008) introduced an alternative view of value creation logic for service companies, called service-dominant logic to explain the relationship between companies and their customers in the process of value creation, especially in the service industry. According to this perspective, a service is defined as competencies (resources, knowledge, and skills) applied by one entity for the benefit of other entities (Jensen & Petersen 2014). The service dominant logic is based on the reason that the company does not provide value, but instead prepares a value proposal, and it is the customer who individually creates value through the use or consumption of the product or service. This approach emphasizes that customer participation in service experience is indispensable for value creation. Consumers and employees are active participants in the creation, supply, and control of services, because they carry out tasks related to providing services for themselves, for other consumers in creating a service atmosphere, and for organizations by providing information to control it (Silva *et al.* 2013). The creation of shared value (value co-creation) is an alternative to the creation of value-firm (firm-value-creation) and value chains, based on the argument that the creation of value is done between the organization and its environment rather than through the company's internal processes. The shared value creation system is carried out by interacting between consumers and companies that facilitate shared creation experiences. These include dialogue, access, risk benefits, and transparency (DART). Co-creation transforms markets into forums, where dialogue between consumers, companies, the consumer community, and corporate networks can occur (Prahalad & Ramaswamy 2004).

3. Segmentation

Market segmentation strategies are carried out to achieve a competitive advantage. The purpose of segmentation is to identify different customer groups that have homogeneous needs. Companies that can adjust the marketing mix for certain segments can make better planning and use marketing resources more effectively (Goyat 2011). Successful segmentation generally has measurable, accessibility, and substantial characteristics. According to Day *et al.*, Quoted by Dibb and Wensley (2002), segmentation will be effective, if it meets two conditions, namely (1) consumers are interested in the combined benefits of goods or services offered rather than their respective benefits, (2) consumers perceive that the benefits offered by goods and services are different than competitors offers.

Segmentation can be done in two markets, namely the consumer market and the industrial market. Segmentation in the consumer market is generally based on customer characteristics, which consist of geographical, demographic, psychographic and behavioral segmentation. Industrial market segmentation can be based on demographics, geography, standard information on industry classification codes, use of the final product, purchasing situation, customer benefits, customer purchasing behavior and customer decision-making style (Rangan *et al.* 1992). Bonoma and Shapiro cited by Verhallen *et al.* (1998) proposed industrial market segmentation following a nested approach, which was divided into five categories of segmentation variables, namely: (1) demographics, such as company size and industry, (2) operating variables, (3) purchasing approach, (4) situational factors, and (5) personal characteristics. These criteria proposed by Bonoma and Shapiro are following the industry buying behavior model proposed by Webster and Wind. In Webster and Wind buying behavior model, the strategy is an important variable, because the products purchased by industrial buyers relate to their goals and needs, so their buying behavior is influenced by those goals and needs.

Nijssen and Frambach (2001) state that industrial segmentation can be based on two criteria, namely macro and micro-segmentation criteria. Macro criteria refer to criteria that are not too specific and observable, such as industry type and company size. Micro-segmentation refers to more specific criteria that are difficult to observe such as, the composition of the decision-making unit (DMU) and the purchasing motives of members of the DMU as shown in Table 1. Industrial market segmentation allows managers to be more effectively allocate resources to get markets and achieve business goals.

Table 1 Segmentation criteria for consumer markets and industrial markets

Consumer Market
Macro:
- Geographic (e.g. contry, region) - Demographic (e.g. age. household, income, proffession, ethnicity, education, etc)
Micro:
- Psycho-social (e.g. Social economic status, life style, personality, innovativeness) - Knowledge (cognition), Affection/emotions, Behavior (attitude, benefit sought, buyer readiness stage, perceived risk, loyalty, etc)
Industrial Market
Macro:
- Industry type - Company size - Geographic - Production system and technology - Product use
Micro:
- Composition DMU - Purchase criteria - Culture - Strategy

Source: Nijssen and Frambach (2001)

Identifying segments involves decisions about the basis of market segmentation and descriptors of those segments. To decide based on industrial market division, it is necessary to choose one or more appropriate market response variables. There is no single best basis for segmenting consumer markets or industrial markets. Wind and Thomas (1994) state that different bases for segmentation can be used for different managerial decision goals and problems, such as:

- segmentation for new product decisions must consider the utility of the buyer to attribute the possibility of alternative new products as a basis for segmentation
- segmentation to develop positioning and repositioning of strategies for products can be based on the buyer's benefits.
- segmentation for pricing decisions can focus on buyer price sensitivity or responsiveness to changes prices.
- Usage is often an important component of the chosen base for segmentation

Wind and Thomas (1994) state some relevant variables to do segmentation in industrial markets based on the results of the research conducted.

Table 2 Significant segmentation variables of industrial markets

Segmentation Variables	I. Serious Consideration	II. Moderate Consideration	III. Exploratory Consideration
Organizational	- Industry type - Industry size - Centralization - Pattern of usage	- Geographic location - Autonomy - Usage experience	- Age (Years in Business) - Administrative/ staff ratio - Usage rate
Buying Center	- Composition - Buying situation - Criteria used in buying decision - Previous buying pattern	- Size - Consensus - Buying influence	- Experience - Centralization - Bases of power - psychographics
Individual	- Education - Perceived Risk	- Product-specific experience	- Age (Years) - Experience (Job years) - Need for certainty

Source: Wind and Thomas (1994)

Segmentation variables that are significantly related to market responses are identified in rows, the level of consideration that managers can give to use variables to identify market segments are shown in columns. The segmentation variables can help in describing industrial market segments.

3.1 Segmentation Based on Strategy

In industrial marketing, both buyers and suppliers are aware of the existence of a buying partnership that is the basis for achieving sustainable competitive advantage in the market. Companies need to consider the strategy chosen by the buyer in the pursuit of competitive advantage (Sudharsan dan Winter 1998). Sausan et al. cited by Clarke and Freytag (2008) develop a framework for strategic segmentation, with several objectives, namely (1) exploiting new potential customers, (2) developing potential existing customers, (3) increasing customer profitability, (4) increasing targeting marketing steps, and (5) identification/exploitation of new sub-markets. In doing segmentation, companies must understand their position in offering resources owned by consumers, offers can be made by the company or offers are made together with consumers. This is important so that the selected segments can be served well.

Market segmentation strategies are based on three basic assumptions, namely (1) the market is heterogeneous in terms of the needs, desires, tastes, and preferences of consumers so it needs to be divided into smaller and relatively homogeneous segments; (2) the company's market offerings in the form of products, prices, promotions, and distribution can often be designed to meet the needs, wants, tastes and preferences of the segment; (3) specific segment targeting strategies can lead to competitive advantage in the market and increase financial performance (Hunt and Arnett 2004).

Industrial market segmentation that is based on observing company characteristics such as location and size of the industry apparently cannot predict industrial buying behavior. To improve the effectiveness of industrial market segmentation, Verhallen *et al.* (1998) propose the use of non-observable characteristics such as organizational strategy in addition to the observable characteristics used today. In industrial markets, products and services purchased by companies are related to their goals and strategies. If industrial buying behavior is based on the strategy of the purchasing organization, then knowledge of this strategy can provide a valid basis for segmenting markets into relatively homogeneous groups. Verhallen *et al.* (1998) sought to explore the extent to which types and strategic orientations of companies are related to their industrial buying behavior and consequently contribute to the effective segmentation of industrial markets.

The company's strategy is influenced by external considerations, namely the market, and internal considerations, namely the organization. Both considerations have been used to reduce the typology of strategic types and company orientation. Based on the type of strategy, the company's marketing strategies can be grouped into 3, namely the strategies proposed by Mintzberg, Porter, and Miles and Snow. Mintzberg groups strategies based on the strategy formulation process in the organization. Mintzberg identified three different strategy formulations: entrepreneurial, adaptive, and planning. The emphasis in this typology is on the process of formulating the strategy rather than the content of the strategy and therefore is less relevant to the problem of market segmentation. Porter's typology concerns the classification of competitive strategies into three generic strategic types: differentiation, cost leadership, and focus strategy. Whereas Miles and Snow empirically identified four different types of strategies: prospector (innovative), defender (efficient), an analyzer (efficient and adaptive) and reactor (no consistent strategy). The typology of Miles and Snow is the most suitable for industrial market segmentation (Verhallen *et al.* 1998)

Regarding the strategic orientation of the company, Van Raaij and Verhallen in Verhallen *et al.* (1998) suggest the use of domain-specific values as the most suitable basis for market segmentation. Kohli and Jaworski introduce the construct of market orientation relating to the extent to which companies are oriented to get market information and disseminate this information within the company. The company's strategic orientation is customer orientation. There are five strategic orientations namely cost and customer orientation, technology orientation, financial orientation, human resource orientation, and R&D orientation. Types and strategic orientation tend to be very related because the nature and priority of the activities carried out by the company tend to reflect its strategic choices. Each aspect of the company's strategy tends to influence its buying behavior and hence becomes an important variable in segmenting industrial markets.

3.2 Green Segmentation

Increasing public awareness about environmental aspects and fears of environmental degradation make consumers increasingly choose to buy environmentally friendly products. This trend supports the emergence of new consumer segments, namely green consumers. Marketers must pay attention to the needs of this segment. Companies need to segment the market based on the level of pro-environment buying behavior and then target green consumer segment. As more organizations enter the green market, companies need to communicate their environmental efforts to consumers who tend to care about environmental issues, identify and determine the characteristics of the green consumer segment (Awad 2011; Yilmazsoy *et al.* 2015).

Understanding the characteristics and sizes of different consumer segments can help companies determine the offer to be developed, how to distribute, the number of costs, and how to promote and communicate its benefits. Companies cannot implement the same marketing program for all market segments to get the right consumers and convince them to change their consumption behavior. If companies can create profiles and understand customers effectively, they can adopt positioning strategies and make informed decisions about which segments will be served (Yilmazsoy *et al.* 2015).

Table 3 Segmentation studies of the green consumer market

Criteria	Variables	Studies
Demographic	Age, gender, family dimension, religion, subculture, education, job or occupation, income, social class, habitation type	Anderson *et al.* (1974), Banerjee and McKeage (1994), D'Souza *et al.* (2007), Jain and Kaur (2006), Laroche *et al.* (2001), Mainieri and Barnett (1997), Roberts (1996), Samdahl and Robertson (1989) and Webster (1975)

Table 3 Segmentation studies of the green consumer market (continued)

Criteria	Variables	Studies
Psychographic	Lifestyle, personality, motivation, values	McCarty and Shrum (1994), Straughan and Roberts (1999) and Vlosky *et al.* (1999)
Behavioural	Knowledge, attitude, product usage, purchase behaviour, brand loyalty, benefits	Alwitt and Berger (1993), Balderjahn (1988), Cornwell and Schwepker (1995), Kinnear *et al.* (1974), Rios *et al.* (2006) and Schuhwerk and Lefkokk-Hagius (1995)
Environmental	Concern, PBC, knowledge, affect, commitment, ecological consciousness, subjective norms, activism, environmentally friendly behaviour, green products buying behaviour, information search, willingness to pay, recycling, skepticism towards environmental claims	Antonides and van Raaij (1998), Chan and Yam (1995), de Pelsmacker et al. (2002), Maloney and Ward (1973), Maloney *et al.* (1975), Martin and Simintiras (1995), Mostafa (2007) and Schlegelmilch and Bohlen (1996)

Source: Paço and Raposo (2009)

In conducting green segmentation, companies can use strategies to create products that are of value to consumers. Dean and Pacheco (2014) proposed the use of strategies that are the basis for creating value for consumers in green marketing, namely:

1. **The pure-green play**

   The traditional approach to environmental marketing is to market the attributes pure-green of a product or service to consumers, who hold values and beliefs on the environmental impact of the products they buy. These consumers are willing to pay more for these attributes even though they do not provide additional value for them other than environmental impacts. The pure-green play is usually combined with other value attributes such as status or functional value. An example of pure-green approach is marketing of renewable energy to consumers. The key to enter the larger market segments positioning the product attributes in a way that is attractive to customers.

2. **Market green status and image**

   Companies can utilize sales of environmentally friendly products based on aesthetics and design. The marketing of these products is focused on consumers who pay attention to the image (conscious) and environmental responsibility, but are also willing to pay more for designs that suit their tastes and preferences.

3. **Sell functional value**

   The superior approach to green marketing is done by companies by offering and promoting functional value attributes to target a wider audience. Green marketing has evolved from focusing on convincing specific markets to buy green products, to complex activities by promoting the functional benefits of green products to the wider community.

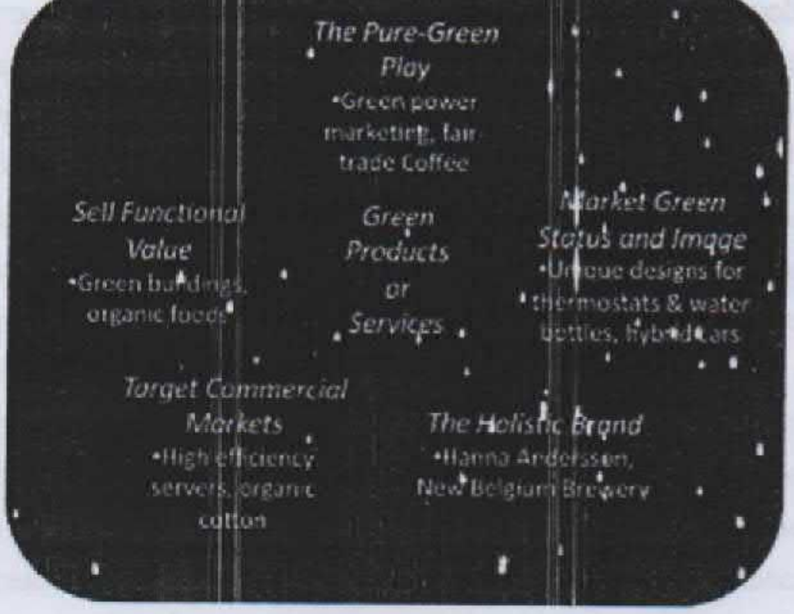

Figure 1 Five strategies for environmental marketing

Source: Dean and Pacheco (2014)

4. **Target commercial markets**

   Most green marketing is focused on consumers, but environmentally friendly products have the opportunity to be promoted to commercial and industrial buyers. Commercial and industrial customers increasingly view their supply chain as an opportunity to improve their green imag This is part of the company's strategy to improve sustainability or develo a green image.

5. **The holistic brand**

 Some companies use different approaches to green marketing throug sustainability programs, environmental performance, building a brar image that considers the environment, and promotion through produ quality. Their environmental performance and activities help create ar support a holistic brand image that is consistent with their products ar business strategies.

4. Conclusion

Segmentation is done to classify customers to provide solutions and the b value for each customer group. The process of interaction that occurs betwe companies and customers will determine what value is made and how the val is delivered. Industrial market segmentation is different from segmentati in the consumer market. The number of studies conducted on consun market segmentation has an impact on industrial market segmentati where industrial markets are segmented following the consumer market. T segmentation that has been carried out by the industrial market is based company characteristics, such as location and size of the company, bu turns out these characteristics cannot predict the company's buying behavi Industrial market segmentation based on the strategy needs to be done increase the effectiveness and strength of the company because the compar strategy will influence its buying behavior.

Segmentation can also be done on a green market. Increased public awarer about environmental aspects makes consumers increasingly choose to l environmentally friendly products, which gave rise to a new consu segment, namely green consumers. To create the right value for the gr consumer segment, companies need to identify the characteristics of gr consumers. Companies can also use strategies that are the basis for crea ue to green consumers, through strategies, i.e. the pure-green play, market en status, and image, sell functional values, target commercial markets, d the holistic brand.

Managerial Implications

develop competitive advantage a company needs to segment in order to ign a marketing program that is appropriate and can provide the right value consumers in the intended segment. Companies can use strategy-based mentation to reach consumers more effectively and focus more on offering ter value to consumers, due to a large number of competitors also offer value neet the needs and objectives of consumers in the industrial and consumer rkets. Companies in the industrial market must pay attention to the type l strategic orientation of their potential buyer organizations and respond their potential buyers using different marketing plans and strategies. The npany should also have knowledge of the buyer's organizational strategy, so company has knowledge of the approach to be taken to make the buyer's anization its target market. Innovative companies can increase their market re and profits through green marketing strategies by offering superior value l combining the value offered by various factors driving purchases, such as otional attractiveness, functional benefits to improve efficiency, product formance, and user experience. Using the right strategy and delivering a sistent message is an important step in marketing environmentally friendly ducts. The selection of the right strategy can make a company to create the ıt value for the intended market segment.

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