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Using value theory for segmentation in social marketing

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Abstract

This paper presents a survey study with 1,444 low-income older residents in regional NSW, Australia exploring their value perceptions towards using energy efficiently, as an approach to segmentation in social marketing. The study theorises that insight regarding the perceived functional, economic, emotional, social, and ecological value of using energy efficiency by participants can be used to segment, target and position social marketing programme activities to facilitate energy efficient behaviour(s). Latent class analysis was conducted on the participant sample, and identified seven distinct latent classes: frugal eco warriors, value opportunists, greenies, indecisive, apathetic independent spendthrifts, independents, and ambivalent ecologists. Each of these distinct latent classes displayed particular orientations with respect to value of using energy efficiently. This analysis presents new insights for social marketers from an appreciation of how different groups frame value in energy efficiency practices. The relevance and utility of using value theory as a social marketing segmentation approach offers academics and policy makers new insights to focusing on value as means for addressing energy efficiency.
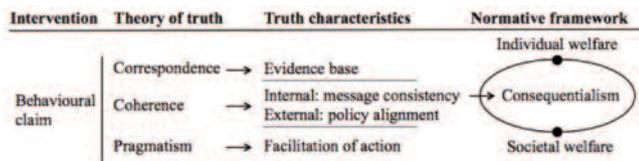
Model 1. Conceptual framework: synthesis of epistemic and normative dimensions.

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Abstract

This paper presents a survey study with 1,444 low-income older residents in regional NSW, Australia exploring their value perceptions towards using energy efficiently, as an approach to segmentation in social marketing. The study theorises that insight regarding the perceived functional, economic, emotional, social, and ecological value of using energy efficiency by participants can be used to segment, target and position social marketing programme activities to facilitate energy efficient behaviour(s). Latent class analysis was conducted on the participant sample, and identified seven distinct latent classes: frugal eco warriors, value opportunists, greenies, indecisive, apathetic independent spendthrifts, independents, and ambivalent ecologists. Each of these distinct latent classes displayed particular orientations with respect to value of using energy efficiently. This analysis presents new insights for social marketers from an appreciation of how different groups frame value in energy efficiency practices. The relevance and utility of using value theory as a social marketing segmentation approach offers academics and policy makers new insights to focusing on value as means for addressing energy efficiency.

Keywords

Segmentation, latent class analysis, energy efficiency, sustainability

Introduction

Segmentation has long been considered one of the core principles of marketing (Wind, 1978), and social marketing (Andreasen, 2002). However, segmentation strategies in social marketing are often rudimentary, despite calls for empirical research to advance theory and practice in this area (Dibb and Carrigan, 2011). Indeed, Dibb (2014, p1174) identifies that "its [segmentation] application in the social marketing settings has lagged behind its use in the commercial sector". Many social marketing programmes use basic demographic, or geographic segmentation approaches. For example a recent paper by Newton et al. (2013) considered ethical issues relating to segmentation in a social marketing programme in Kenya with the objective of raising awareness and support for HIV treatment interventions. The social marketing programme featured in the study used a basic educational segmentation approach. Various reasons for the lack of advancement in theory and practice with respect to segmentation in social marketing have been offered. A lack of skills and expertise in segmentation are often found in the social marketing domain (Neiger et al. 2003). Tapp and Spotswood (2013) identify that many practitioners in social marketing lack formal marketing training, with people from public health or sustainability backgrounds akin to the 'part time marketers' group identified by Gummeson (1991). Dibb (2014) also identifies that often there is a lack of access to big data sets on which to base segmentation strategies that are often available to commercial organisations such as Amazon, Tesco or HSBC. Availability of resources is also an issue, as comprehensive segmentation approaches can be expensive and resource intensive (Dibb, 2013). Therefore, for segmentation to be used effectively in social marketing, creativity and flexibility may be required (see Darnton, 2008).

Value theory has developed as an area of significant focus in marketing over the past decade, with value creation emerging as a core concept in marketing. Indeed, this is reflected in the latest American Marketing Association definition of marketing as "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" (AMA, 2013). Key areas of interest when considering value theory include concepts relating to the context of value creation, and concepts relating to the dimensions of value. In relation to value, this was originally conceptualised in marketing from a value-in-exchange perspective (Porter, 1985). Value-in-exchange proposes an economic approach to value, in which consumers identify value in consuming goods through a costs-benefits evaluation (Zeithaml, 1988). Later, an experiential contextual approach to value, focused on value-in-use has emerged (Vargo and Lusch, 2004). Whilst the concept of value-in-use is not new (see Alderson, 1957; Dixon, 1990), recent work on this in services marketing has conceptualised value as an interactive and relativistic preference experience related to the entire experience of consuming goods and services (Holbrook, 2006). Value-in-use identifies that consumer value is realised during the experience of consuming, rather than being embodied in goods or services (Sandström et al., 2008). Recently, social marketing scholars have proposed a value-in-behaviour contextual perspective. This recognises that consumer may not only perceive value towards exchanging for and using goods, or using and experiencing services, but also towards performing behaviours. This perspective proposes that consumers can perceive value that is, or is not, realised through the performance of behaviour e.g. what is the value in eating healthily, or recycling. Therefore, value-in-behaviour can facilitate a more comprehensive and multi-dimensional framework of value in social marketing.

With respect to dimensions of value, existing literature suggests that consumers perceive value in consumer practice (e.g. consuming goods and services, or performing behaviours) across several dimensions including functional value, economic value, emotional value, social value, and ecological value (Sweeney and Soutar, 2001; Koller et al. 2011). Functional value relates to the utility, ease, and control provided by using goods or services, or performing behaviours. It tends to be extrinsically motivated, and is oriented towards benefits for the self. Economic value is focused on cost-benefit analysis of consumer practice, and tends to be intrinsically motivated. Emotional value refers to when consumer practice occurs for the emotional experience (e.g. confidence, pleasure, anger or fear) and for no other end goal, and is intrinsically motivated and self oriented (Holbrook, 2006). Social value is directed at others and relates to the influence or influencing other people as a means to achieving a desired goal, such as status or hierarchy in groups (Russell-Bennett et al. 2009). Ecological value is intrinsically motivated, and recognises the increasing importance that citizen's place on the impacts of their consumption behaviours and experiences on the natural environment (Koller et al. 2011). This type of value focuses utility relating to the perceived impacts on environmental/ecological issues and concerns, and also on its ability to enhance or impact on an individual's self-concept. However, scholars have identified that existing conceptualisations of value relating to money, image and status are individualistic in focus, and what is required is a greater focus on the collective and benefits to society (Crompton and Kasser, 2009), and the introduction of a societal value concept (French and Gordon, 2015).

The relevance of value creation to social marketing becomes apparent when considering that research has found that the creation of positive value perceptions can have a significant effect on behaviours (Zainuddin et al. 2013). Furthermore, social marketing programmes that feature service delivery, such as BreastScreen Queensland, have used value sought by users relating to the service (value-in-use) as a way to segment and target activities (Zainuddin et al. 2011). However, empirical research on value in social marketing is in its infancy (Domegan et al. 2013). Furthermore, the principal focus in value research has been on creating and improving value offerings in programme activities. This paper seeks to address the lack of development of segmentation in social marketing, by presenting a value theory based segmentation analysis of participants in a programme to facilitate energy efficiency in regional New South Wales (NSW), Australia.

Method

The present study involved a survey of 1,444 low-income older residents (aged ≥ 60 years) in regional NSW that assessed their perceived value towards using energy efficiency. The research was undertaken as part of a larger project with the objective of facilitating energy efficiency in the community. Low income older residents are the participant group for study due to the focus of the grant funding scheme, and also as this group often faces challenges in managing energy use, particularly costs due to rising energy prices. Random digit dialling was carried out to generate the study sample, with a short telephone questionnaire used to screen for eligibility based on age, and income level (using the Australian Bureau of Statistics income bracket definition of low income). An interview administered questionnaire survey was then undertaken in participant's homes by trained researchers using iPads, with responses recorded on the Qualtrics survey software platform.

All participants gave written informed consent, and ethical approval for the study was obtained from the appropriate university ethics committee. Participants were presented with a $30 voucher as recompense for their time. The survey instrument was developed following extensive consultation of the value literature, scale development for the functional value items following the Churchill (1979) procedure, and a process of cognitive pre-testing (n=24). The developed functional value scale was used in conjunction with established value scales to measure functional, economic (Koller et al. 2011), emotional (Nelson and Byus, 2001), social (Sweeney and Soutar, 2001) and ecological value (Koller et al. 2011) of using energy efficiently. Data was transferred to SPSS for initial cleaning and descriptive analysis, prior to latent class analysis to identify segmentation clusters based on value perceptions.

Results

Initial descriptive analyses were conducted using SPSS version 21 statistical software. The achieved sample size was 1,444, with 60% females (n = 866) and 40% males (n = 578). The mean age was 71 years (SD: 7.3, minimum 60 years, maximum 99 years). For reported annual disposable income (after tax and Medicare levy), 84.4% of the sample (n=1219) fell in the lowest income group of earning less than $26,104 annually. A further 7.9% (n=114) fell in the next income level, earning between $26,105 and $33,176 per year, and 4.5% (n=65) earned between $33,177 and $49.816 per year. The majority of the sample (84.6%) was retired, and of those still working, 3.6% (n=52) were 'professional', 1.9% management (n=28), 1.5% (n=21) 'technician and trades workers', and 3.9% (n=57) reported 'other'. In relation to highest level of education attained 12.3% (n=178) reported less than high school, 38.6% of the sample (n=557) reported high school, 30.8% (n=445) reported College or TAFE, 11% (n=159) a three year university degree, and 7.3% (n=105) completing Honours or higher (PhD, Doctorate or Professional Degree).

Latent class analysis was then performed on participant responses to the 22 value scale items. Scale items featured the same five point Likert response scale with anchor points of strongly disagree and strongly agree. The latent class analysis was conducted using Mplus version 6.11, and involved testing models with one latent class, two latent classes, and so on until the optimal number of latent classes was identified. The optimal number of latent classes was informed by indices of model fit (e.g., Akaike's Information Criteria, Bayesian Information Criteria, and sample-size adjusted Bayesian Information Criteria) and bootstrap likelihood ratio tests, also taking into account other important considerations such as the size and distinctiveness of the latent classes.

The results indicated seven distinct latent classes that were given descriptive names by the researchers[1]. The largest class, termed frugal eco warriors (n=294; 20.4%) reported high perceived functional, economic, and ecological value in using energy efficiently, but were ambivalent with respect to emotional, and social value (ambivalence signified by responding neither agree nor disagree to value items). The value opportunist's class (n=278; 19.3%) reported high-perceived value in using energy efficiently across all value dimensions. The greenies (n=210; 14.5%) class reported high functional and ecological value, and were ambivalent for economic, emotional and social value. The indecisive (n=143; 9.9%) class reported inconsistent responses across all value dimensions (flitting between agree, disagree and neither across items in each value dimensions). This suggests that the indecisive class were unsure or

undecided about their perceptions of the functional, economic, emotional, social and ecological value of using energy efficiently. The functional ecologists (n=119; 8.2%) class reported high functional and ecological value, and low economic, emotional and social value. The independents (n=114; 7.9%) class reported high functional, economic, emotional and ecological value, and low social value of using energy efficiently. Finally, there was also evidence of a seventh class, ambivalent ecologists that accounted for 4% of the sample (n=61; 4%). Participants in this class were ambivalent on all values, except perceiving high ecological value in using energy efficiently. As this class was small, further investigation is required to identify whether this is a distinct and meaningful class, or a variation of another class such as frugal eco warriors.

[1] For brevity only the numerical and percentage size of each latent class is presented here. Tables and figures presenting the entire latent class analysis are available upon request and will be presented in any presentations of this paper.

Discussion

The results of the present study identified seven distinct latent classes with respect to value perceptions of using energy efficiently across the functional, economic, emotional, social and ecological value dimensions. The results identified that functional value in using energy efficiently was perceived as being high across nearly all classes, the indecisive class excepted. This is consistent with extant value theory literature that finds a preference for seeking functional benefits from consuming goods and services (Sánchez-Fernández and Iniesta-Bonillo, 2007). The findings from this study suggest that high functionality is also important in relation to a social marketing behaviour(s) – using energy efficiently. Similarly, ecological value was perceived to be high across all classes except the indecisive class. This suggests that study participants view using energy efficiently as a good way of contributing to environmental sustainability and making a positive impact on ecological outcomes. Perceived economic value in using energy efficiently was found to be high in three classes: frugal eco warriors, value opportunists, and independents. Given the low income characteristic of study participants, and concerns about rising energy prices, it is perhaps unsurprising that using energy efficiently was perceived to offer economic benefit to many participants. However, it is of note that the apathetic independent spendthrifts perceived low economic value in using energy efficiently. That functional, ecological, and economic value perceptions tended towards being high suggests that overall the study participants may be principally motivated by utilitarian benefits in using energy efficiently.

The latent class analysis also identified pronounced ambivalence in relation to the emotional and social value of using energy efficiently. Perceived emotional value generated ambivalent responses from the frugal eco warriors, greenies, and ambivalent ecologists, and was found to be low among the apathetic independent spendthrifts. This differs from the findings of Zainuddin et al. (2011), who identified that perceived emotional value among users of a breast screening service was high. This suggests that the social marketing context can be important in influencing value perceptions. A breast screening service is oriented towards a personal health cause that has clear emotional connotations, whereas using energy efficiently in the home could be identified as not carrying a prominent emotional dimension. Social value generated ambivalent response from the frugal eco warriors, greenies, and ambivalent ecologists, and was low for the apathetic independent spendthrifts and independents classes. This may suggest that there is little focus on social acceptance from using energy efficiently, and that perhaps people engage in energy conservation for their own personal and utilitarian reasons. Furthermore, given that the focus of this study is on energy use in the home – and the place of the social marketing behaviour(s) is largely in private it is perhaps unsurprising that social acceptance by others is not a priority. These results suggest that hedonic/social value may not a priority for people when considering using energy efficiently in the home. Future value in social marketing research might examine energy use behaviours outside the home – for example in workplaces, to explore these ideas further. This is because people's behaviours may be different in such places as they may not be as motivated to save energy, as the direct personal benefits are not present.

The findings here are also of significant interest with respect to segmentation in social marketing. In an earlier study, Zainuddin et al.

(2011) suggested that understanding the value sought by people in a social marketing context may offer a useful way in which to segment, target and position social marketing programme messages and activities. The present study, is to our knowledge, the first to empirically test the utility of using value theory in relation to performance of behaviour(s), using energy efficiently, as a segmentation strategy. This study identified six distinct latent classes of participants, each with particular orientations with respect to value sought from using energy efficiently. This provides useful insight for energy efficiency programme managers that can be used to develop and tailor programme activities, and will be used for the development and implementation of the social marketing programme to be rolled out as part of the larger project of which this paper reports a constituent part. As an example, the latent class analysis presented here suggests that targeting frugal eco warriors with messages and activities relating to or facilitating functionality (making it easy, convenient, something you can control), economic value (saving on energy bills, or even health costs from experiencing thermal discomfort), and ecological benefits (by using energy efficiently you can make a difference to the environment) could be effective. Longitudinal research could be used to assess the effects of such segmentation strategies on behavioural outcomes.

In summary, the present study has identified that value theory has strong relevance to social marketers, not only as a way to offer a more nuanced understand of participant's views on a social issue such as using energy efficiently, but also a potentially useful segmentation approach. Given the lack of current development of segmentation in the social marketing field, and the paucity of using value theory to underpin segmentation approaches, the present study and the findings here suggests there may be strong potential that is worthy of further investigation. Indeed, whilst the present study focuses on energy efficiency, using value theory as a segmentation approach may be useful for consideration by social marketing programme managers in other contexts and social behaviours.

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Cross-Cultural Shared Leadership as a Vehicle to Achieving Community-Level Behavioural Change through Capacity Building

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Abstract

Shared Leadership is a management model in which leadership is broadly distributed among a set of individuals or organisations. There are striking similarities between the achievable outcomes of Shared Leadership and the factors needed to achieve self-determination in Indigenous communities. Such partnerships with not-for-profit organisations serve as catalysts for community empowerment in which community members can take actions to effect change in policy and practices that influence their lives. Thus, if Indigenous organisations collaborate to implement strategic and integrated capacity development strategies, self-determination may be possible. Accordingly, we argue that Shared Leadership may be an appropriate management model for Indigenous not-for-profit organisations and that its application may have a positive 'ripple-effect' for disadvantaged Indigenous communities to realise sustainable development.

Introduction

Based on the definition of network governance provided by Provan and Kenis (2008), cross-cultural Shared Leadership between organisations involves a group of three or more legally autonomous Indigenous and non-Indigenous organisations that work together to achieve, not only their own goals, but also a collective goal. It is believed that, through this partnership, the organisations involved have the opportunity to increase their own capabilities and also to improve the services they provide. Further, through the process of working collaboratively on a project for the betterment of their community, participants may build on their own capacities and skills and feel empowered. Although Shared Leadership was hailed as a new paradigm in management theory over a decade ago (Margerum, 2002), more recently Dinh et al. (2014) list it amongst established leadership theories. Others, such as Day et al. (2014), argue that Shared Leadership is a collective form of leadership and as such falls outside the traditional scope of leadership theory and research. However, we argue that the context specificity of the application of Shared Leadership in community development highlights the novelty of the approach. The purpose of this paper is to present an argument for the benefits of adopting a Shared Leadership approach to achieve behavioural changes at the Indigenous community level, captured by a conceptual framework of how this might occur.

Shared Leadership and Community Development

Pearce and Conger (2003) define Shared Leadership as "a dynamic, interactive influence process among individuals in groups for which the objective is to lead one another to the achievement of group or organisational goals or both" (p1). Put simply, leadership is broadly distributed among a set of individuals, instead of being in the hands of an individual who acts as a superior. However, it is not restricted to individuals within organisations, Shared Leadership between organisations is increasingly adopted across a range of sectors including, but not limited to, community development, environmental management, tourism, education, not-for-profit and healthcare. This type of leadership involves the bringing together of stakeholders in collective forums to engage in consensus orientated decision making (Ansell and Gash, 2007). This can provide a range of benefits including team building, increased trust and commitment to common objectives.

Central to a Shared Leadership Model (SLM) is the principle that organised networks that pool resources, expertise and information can be more effective and efficient than those using traditional hierarchical models (Conger and Pearce, 2003; Wister et al., 2014). Collaboration provides stakeholders the opportunity to engage in decision making and to assume responsibility for outcomes (Ansell and Gash, 2007). Its ability to foster commitment to objectives and implementation among communities, organisations, stakeholders and governments (Margerum, 2002) leaves little wonder as to why collaborative or Shared Leadership is a standard component of public management (McGuire, 2006). However, the literature reveals that, while the practice base may be common, the knowledge base akin to this area of leadership is low (McGuire, 2006; Wang et al., 2014). It would therefore seem that research is lagging practice in this arena, and in particular, Shared Leadership has not been investigated at the community level (Dionne et al., 2014). This paper presents the beginning of a journey to rectify this shortfall.