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**GREEN MARKETING AND THE CUSTOMER VALUE
PROPOSITION IN INDUSTRIAL MARKETS**

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INTRODUCTION

A growing number of companies in Italy, as well as throughout the rest of the world, are beginning to realize the impact their business activities have on our planet. In recent years, more and more companies have begun to take measures to be sustainable and reduce greenhouse gas emissions to safeguard the planet.

A recent study that Capterra conducted among Italian companies about climate change indicated that 64% of them are already implementing sustainable practices to reduce their environmental impact, while 28% are looking into implementing sustainable practices in the future in order to reduce their environmental impact even further.

This thesis is intended to examine how Italian companies implement green marketing in the business-to-business sector, its characteristics and its strategies. Moreover, the thesis aims to examine how B2B companies develop their customer value propositions within the context of a circular economy based on different value-creation logics.

The thesis is structured into three chapters: in the first one, the topic of green marketing is discussed, in the second one, it is illustrated the concept of the customer value proposition, and in the last one, it is presented an analysis of the customer value proposition in the Italian market.

In the first chapter, it is given an overview of the evolution of the green marketing topic, from its first mention in the American Marketing Association, to the present day where it is an effective tool to promote sustainable behaviors and pursue sustainability. It then goes on to describe the characteristics of green marketing, adapting the 4Ps of traditional marketing to a green economy, and then it explains why businesses choose to pursue a sustainable strategy for their business. The green marketing strategies that businesses can adopt, as well as the way in which these strategies are associated with the degree of innovation adopted by the companies, will then be illustrated.

Throughout the second chapter, there is an emphasis on the importance of the customer value proposition in the context of the circular economy, a strategic tool that companies have to communicate benefits to their customers.

The purpose of this chapter is to provide an overview of the topic and then discuss the anatomy and the design elements of the proposition, that constitutes the architecture of the proposition itself. It will then discuss a previous study that was conducted in Finland to identify the value creation logic that the companies use to build the customer value proposition. Four distinct logics have emerged, in particular: resurrect-value, share-value, optimize-value, and replace-value.

It is from the value creation logic that the third and final chapter of this thesis begins. The purpose of this last chapter is to perform an analysis of the value creation logics that lies behind the customers value propositions among the Italian

B2B companies. The chapter begins by examining the circular economy the Italian companies operating in the circular economy. Then, it is presented the methodology of the analysis conducted, including the criteria used to select the companies and how their customer value propositions are analyzed.

It concludes with the analysis of the customer value propositions of the five companies identified. A cross-case analysis is performed to understand the recurrent design elements of the CVPs in the Italian industrial market.

As a part of this study, the aim is to understand if the customer value propositions built by Italian companies can be grouped into one of the value creation logics identified in the previous study and how they differ from those logics.

1. GREEN MARKETING

The first mention of green marketing dates back to 1975, when the American Marketing Association (AMA), during the workshop “Ecological Marketing”, defined the concept as the development and promotion of products that are presumed to be environmentally safe, it includes several activities such as changes to production processes, packaging or product modification¹.

However, it is only in the late 1980s that the concept began to spread as “Environmental Marketing”. It was in those years that materials used in production, like pesticides and other toxic substances, were declared harmful to the environment².

Over time, the principles of the concept now identified as “Green Marketing” have evolved, modified, and adapted accordingly to changes in the surrounding environment. Peattie (2001),³ analyzes the evolution of the matter over the years, from 1976 to 2001. It is possible to analyze three distinct ages or phases identified by the author.

¹ <https://www.ama.org/the-definition-of-marketing-what-is-marketing/>

² Shantora, V., (1983) Environmental Concerns of the 80s, *Journal of the Air Pollution Control Association*, 33:6, 559-561, DOI: 10.1080/00022470.1983.10465610

³ Peattie, K., (2001) “Towards Sustainability: The Third Age of Green Marketing,” *Marketing Review*, 2(2), 129-147.

The first one, namely “Ecological Green Marketing”, starts in 1976, when Hennion and Kinnear (1976)⁴ define the concept as “concerned with all marketing activities that have served to help cause environmental problems and that may serve to provide a remedy for environmental problems”. The focus in this phase is on specific environmental issues and how these arise from industrial activities. In this stage, the number of consumers and companies willing to change their behavior is still low.

As a result of the growing attention to environmental problems, the second phase, the so-called “Environmental Green Marketing”, starts. In this age, the concept of the “Green Consumer” emerges. This type of customer prefers to not buy products that damage the environment, that require too many resources to be produced, and avoid purchasing harmful products for the health of the consumers and others.

In addition, from the company’s point of view, there is a shift toward “clean technology”, that involves the design of products and new production systems that aim to reduce waste as much as possible.

The main difference between the first and the second phase is that in the latter one there is the realization that good socio-environmental performance could be the basis to create a competitive advantage for the company.

⁴ Hennion, K.E. and Kinnear, T.C. (1976), Ecological Marketing, American Marketing Association, Chicago

The third and last age is called “Sustainable Green Marketing”. This phase is characterized by the abolition of all the factors that obstacle the growth of sustainable activities. In this stage, green marketing’s aim is not to reduce environmental damage but to pursue sustainability and spread sustainable behaviors. In fact, it is in this phase that Green Marketing becomes increasingly popular among companies that decided to go green.

Since the first definition of Green Marketing, and through all the three steps above mentioned, many studies have been carried out.

For example, John Grant, author and marketing consultant, analyzed the topic in his book, “Green Marketing Manifesto”. He claims that “Green issues and marketing can work against each other. One wants you to consume less, the other more.”.⁵

Nevertheless, he continues to explain, they are not necessarily the opposite of each other as marketing can help to increase the adoption of new ethical lifestyle behaviors to mitigate the effect of climate change.

Accordingly, green marketing is useful to help consumers to adopt a sustainable lifestyle so that green behaviors become normal for all the people who are less aware of the impact of their purchase habits on the environment.

⁵ Grant, J. (2007). *The Green Marketing Manifesto* (1st ed.). Wiley

As a matter of fact, according to a survey conducted by the Italian research institute “Eurispes⁶”, 17% of the individuals interviewed as a sample can be considered “No Green”, namely that group of people who are not concerned about the environment and who are not willing to take actions to protect the planet.

However, there is a change of trend as this percentage is decreasing due to the growing attention to the problems generated by climate change, which have been occurring more and more frequently in recent decades.

Consequently, there has been an increment in the number of companies that changed their products and production to address the green concern⁷ and pay more attention to the environment.

A virtuous example of a company that is very sensitive to these issues is that of Patagonia. The organization, which operates in the sportswear and equipment sector, has decided to donate all the profits generated to tackling climate change. In fact, in the letter published on the website, the founder claims that the company will stop extracting value from nature and transform it into wealth for investors.

⁶https://eurispes.eu/pdf-reader/web/viewer.html?file=https://eurispes.eu/wp-content/uploads/2020/02/2020_rapporto_italia_eurispes.pdf#page=221

⁷ Vandermerwe, S. (1990). Customers drive corporations | Semantic Scholar. <https://www.semanticscholar.org/paper/Customers-drive-corporations-Vandermerwe-Oliff/673a013c4d37fe06fa3d3d4963f04ccef2fe3653>

Instead, they are committed to using the wealth that Patagonia creates to protect the source of all wealth, namely the environment.

This example can be traced back to the concept developed by the author John Elkington in 1994, known as the “Triple Bottom Line”. This term suggests to companies to not focus only on the profits but also on the impact of their activities on the environment. This model expects environmentally friendly firms to focus on three elements: profits, people, and planet.

The profit dimension does not refer to the amount of money a company generates but refers to how ethically the organization earns its profits, how it reinvests them to support economic development, to remunerate fairly the employees, and to generate innovation.

The second dimension, people, measures the business’s impact on society. The term people include all the individuals that are in touch with the company, such as the employees, the vendors, and the customers.⁸

The third and last dimension, planet, measures the organization’s environmental impact. This includes the company’s carbon footprint, the usage of natural resources, and the reduction of waste.

⁸ <https://www.investopedia.com/terms/t/triple-bottom-line.asp>

1.1 THE CHARACTERISTICS OF B2B GREEN MARKETING

Grant identifies five main features that characterize green marketing. They are known as the “Five I’s”:

1. **Intuitive:** It is about making green normal for all those people who find it hard to adopt a sustainable lifestyle. Marketers' job is to make this behavior natural, to create better alternatives to the ones already on the market, and to make them intuitive and accessible to everyone.
2. **Integrative:** consist in combining commerce and technology with social and environmental development.
3. **Innovative:** include the creation of new products and new lifestyles. The Internet is playing an important role, with the consequent increase of sustainable innovation and entrepreneurship. In fact, the term g-commerce, i.e. green commerce, is spreading more and more in place of actual e-commerce.
4. **Inviting:** often green products are better in terms of efficiency, durability, and affordability, but it is important to not communicate it as an unpleasant solution and a sacrifice for the consumer, so that their actions can help to protect the environment.
5. **Informed:** knowledge is necessary to avoid distortion in people’s behavior. An informed consumer is a consumer that can distinguish between green marketing and greenwashing.

Another “I” not included in the list by the author is “Image”, a feature that could be found in the old marketing. The old marketing, or traditional, was based on making companies and brands look green using mass media and good communication. The “new marketing”, on the contrary, goes beyond the image of a product, but relies on consumers and on creating a sense of community, and at the same time taking into account the protection of the natural environment.

1.1.1 Green Marketing Mix

The 4 P's of green marketing can be compared to that of traditional marketing, it is then the companies' and marketers' task to adapt each of the 4 P's in a green context. Companies should implement a successful mix of green product, green price, green place, and green promotion accordingly to customers' needs and wants.⁹

Green Product

In the context of the industrial market, a distinction between green products and other products should be made. However, it should be considered that all products

⁹ Thoria Omer Mahmoud, (2019), “*Green Marketing: A Marketing Mix concept*”, International Journal of Electrical, Electronics and Computers (EEC Journal)

have an impact on the environment and the differentiation between environmentally friendly products and standard ones is not so intuitive.

A definition is provided by the “Commission of the European Communities”, which classify green products as “products that use less resources, have lower impacts and risks to the environment and prevent waste generation already at the conception stage.”¹⁰

This definition suggests that the product is considered green since its conception, and the terms “less” and “lower” should be referred to standards imposed by the authorities on the product’s environmental impact resulting from its design, procurement, production, distribution, consumption, and disposition.

Thus, environmentally friendly products should possess some attributes. It should be produced without toxic chemicals, use few resources, have a sustainable package, and have zero carbon and plastic footprint.

Green Price

Green prices should be defined based on the product’s quality and the willingness to pay of consumers. Green pricing should balance consumers’ sensitivity to price

¹⁰ Commission of the European Communities. 2001. Green paper on integrated product policy.

and their willingness to pay more for a product's environmental performance.¹¹ If compared to traditional products, prices can be higher due to several green product features, such as the materials used, production costs, or packaging. This additional cost in the green context is called "premium price". Consumers agree to pay the premium price up to the point where the benefits outweigh the sacrifice. This point is known as the "ethical critical point".¹² Companies should then communicate to buyers the reasons which have led to higher prices so that the added value of the product is perceived by customers.

Green Place

The third P's includes the production, distribution, and consumption of the green product. Green consumers are concerned about products' carbon emissions that arise from goods transportation. Thus, green organizations should reduce the packaging to reduce transportation costs, use reverse logistics to save costs, time and provide better service to customers.¹³ Firms, to improve distribution, should

¹¹ Grove, S.J., Fisk, R.P., Pickett, G.M. and Kangun, N. (1996), *"Going green in the service sector: Social responsibility issues, implications and implementation"*, European Journal of Marketing, Vol. 30 No. 5, pp. 56-66.

¹² Freestone, O.M., McGoldrick, P.J. "Motivations of the Ethical Consumer." J Bus Ethics 79, 445–467 (2008).

¹³ Lee, C.K.M., Lam, J.S.L. (2012) "Managing reverse logistics to enhance sustainability of industrial marketing". Ind. Mark. Manag. 41, 589–598.

consider dedicating marketer teams to manage products from their production up to the point of sale.

Green Promotion

Green strategy, to be successful, depends on how well the firm communicates, educates, and informs customers about its commitment to the environment. Green companies use the promotion to be perceived as sustainable and differentiate themselves from competitors. The message that they communicate should be clear, understandable, honest, and generate emotional commitment. ¹⁴

Green promotion does not concern only advertisement, it also includes ecolabels, a tool used to communicate the superiority in environmental performance compared to conventional products. ¹⁵

1.2 REASONS TO GO GREEN IN B2B ORGANISATIONS

As aforementioned, the motivations behind the choice of an industrial buyer to choose a green product are several.

¹⁴ Hartmann, P. and Apaolaza-Ibáñez, V. (2013), *"Desert or rain: Standardisation of green advertising versus adaptation to the target audience's natural environment"*, European Journal of Marketing, Vol. 47 No. 5/6, pp. 917-933.

¹⁵ Hussain, S.S, (2000) *Green consumerism and ecolabelling: A strategic behavioural model*, West. J. Agric. Econ., 51, pp. 77-89

Nowadays is common for a business-to-consumer organization to embrace a sustainable path due to the pressure that arises from consumers and competitors¹⁶. When it comes to B2B organizations, Polonsky (1994) identified five main reasons to go green: opportunities, social responsibility, governmental pressure, competitive pressure, and cost and profits issue.¹⁷

Opportunities

Individual and industrial buyers are more and more concerned about the natural environment. Firms that are first movers to adopt a green marketing strategy can enjoy a competitive advantage over firms selling non-environmentally friendly alternatives.

However, when companies, in their marketing strategy, use false claims to mislead consumers this will lead to a loss of market share.

Social responsibility

Firms are realizing that they must introduce environmental objectives in their strategy by integrating environmental issues into their corporate culture.

¹⁶ <https://www.marketingprofs.com/articles/2021/44137/the-benefits-of-green-b2b-branding>

¹⁷ Polonsky, M. J. (1994). An Introduction To Green Marketing. <https://escholarship.org/uc/item/49n325b7>

Accordingly, firms decide if use this as a marketing tool or become environmentally conscious without promoting it. Companies can decide if chose one or both perspectives.

Governmental pressure

Governments expect companies to meet certain environmental standards to reduce the production of harmful products, reduce consumers' and industry's consumption, and provide consumers the ability to evaluate the composition of goods.

Governments establish regulations to control firms. For example, in Europe, the "Non-financial reporting directive" expects the large undertaking to include in the management report the details of the company's undertaking relating to the environment, social and employee matters, respect for human rights, and anti-corruption matters. For what concern the environment, it includes details such as the impact of the company's operations on nature, water use, pollution, and the actions taken to reduce the damage that the company can cause to the territory in which they operate.

Competitive pressure

Companies may be motivated to modify their strategy by observing competitors promoting their environmentally friendly behavior. Thus, a company may decide to adopt a green marketing strategy due to pressure coming from competitors.

Cost or profits loss

Companies may use green marketing to save costs and, consequently, to increase profits. Companies, to reduce waste, are forced to modify the production process by developing a more effective production process. Thus, both waste and the need for raw materials are reduced. This will lead to double cost savings.

1.3 GREEN MARKETING STRATEGIES

McDaniel and Rylander (1993)¹⁸ classify environmental issues into five categories: waste management, level of ozone, health problems due to the environment, the scarcity of natural resources, and the greenhouse effect. Each business is affected or is the cause of one or more of these issues. It is then up to companies to understand what concern to focus on and choose an appropriate green marketing strategy.

The authors identify two main approaches to green marketing. The first one is a defensive approach to green marketing, the second is an assertive approach.

Vaccaro (2009)¹⁹ refers to the first one as a reactive strategy, and to the second as a proactive strategy.

¹⁸ McDaniel, Stephen W.; Rylander, David H. (1993). *Strategic green marketing*. *Journal of Consumer Marketing*, 10(3), 4–10. doi:10.1108/07363769310041929

¹⁹ Vaccaro, V.L. (2009), "B2B green marketing and innovation theory for competitive advantage", *Journal of Systems and Information Technology*, Vol. 11 No. 4, pp. 315-330.

1.3.1 Reactive Strategy

The first green marketing strategy approach considered is the defensive or reactive one.

In this case, companies do not formulate new strategies to be the first movers but adapt to changes when they arise externally.

A reactive strategy is characterized by a minimum use of monetary resources and a low degree of risk. Consequently, the level of commitment in the organization's departments is minimum. A similar situation occurs with the involvement of top management, which is very low.

Organizations that adopt this approach tend to do just the minimum to follow regulations and rules, to be identified as green, and to promote their green credentials. Companies that choose a defensive approach will make a minimum effort to comply with environmental standards, they will adapt to changes only when there is an expectation of imminent legislation. The downside of this aspect is that companies have to promptly change and adapt as quickly as possible.

In industrial markets, a reactive green marketing strategy relates to the principle of eco-efficiency. This principle aims to delay the deterioration of nature by imposing moral prohibitions.²⁰

As a matter of fact, this approach will not improve the image that consumers have of the company, and it will hardly be possible to obtain a competitive advantage over competitors that adopt the other approach. Moreover, organizations will obtain short-term results.

1.3.2 Proactive Strategy

The second strategy is a proactive approach to green marketing. Proactive behavior is the ability to anticipate and act on opportunities when they present themselves.²¹

This approach involves the firms that are first movers, this means all the companies that act before they are forced to react to external circumstances and threats. Thus, it is possible to say that proactive is a reaction to a change that is about to occur. This is an anticipatory behavior, predicting what is coming by using the information on the past, present, and future.²²

²⁰ Chen, A.J.W., Boudreau, M.C. and Watson, R.T. (2008), ‘‘Information systems and ecological sustainability’’, *Journal of Systems and Information Technology*, Vol. 10 No. 3, pp. 186-201.

²¹ Johannessen, J.-A., Olaisen, J. and Olsen, B. (1999) ‘Managing and organizing innovation in the knowledge economy’, *European Journal of Innovation Management*, Vol. 2, No. 3, pp. 116–128.

²² Turtiainen, J. (1999) ‘Ennakointi — käsitteellistä analyysiä’, *Futura*, Vol. 18, No. 2, pp. 25–31.

Organizations that adopt this approach, contrary to the ones that choose a reactive strategy, do not just comply with minimum environmental standards but reply to consumers' and markets' necessities.

This approach adopts a long-term orientation that involves all the employees and firms' functional areas, such as operations, marketing, production, finance, and R&D. Consequently, this commitment to the environment requires greater resources and risk as well as greater resources.

While the reactive strategy relates to the principle of "eco-efficiency", this second approach refers to "eco-effectiveness". The principle is about looking for a solution to environmental problems through a change in the mindset of consumers and the transformation of business models. However, it is not always easy to create an environmental culture since the employees do not always have a deep knowledge of the issues.

1.3.3 Strategies and the degree of innovation

According to Kotler, known as the father of modern marketing, companies can adopt three roles to protect the planet: the innovator, the investor, or the propagator. The innovator innovates existing products or invents new ones that have the potential to save the environment and not damage the territory during their production process or use.

The investor is the company that invests money in research projects. Investors' firms do not play a direct role in the protection of the environment but share the vision of a greener and more sustainable world.

The propagator aims to spread the message of the importance of protecting the environment through environmental ambassadors that share the values of protecting nature with employees and consumers.²³

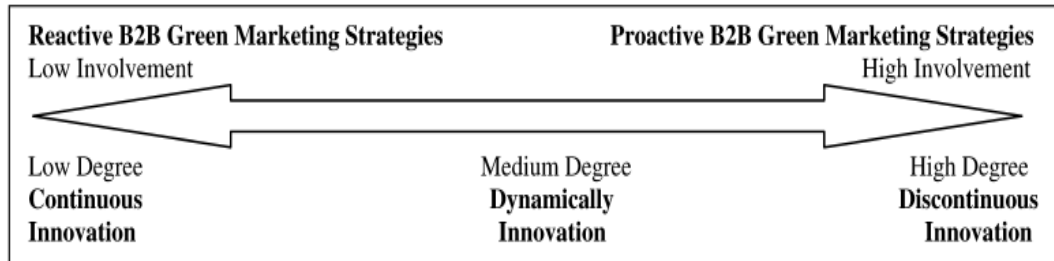
As aforementioned, one role that companies may adopt to protect the earth is the innovator. By definition, an innovation could be considered as something that is invented for the first time and has commercial success.²⁴

B2B green marketing strategies, that go from reactive to proactive, can be related to different levels of innovation, which Vaccaro defines "continuum of degrees of innovation", that goes from low to medium to high.

²³ Kotler, P., Kartajaya, H., & Setiawan, I. (2010). *Marketing 3.0: From Products to Customers to the Human Spirit* (1st ed.). Wiley.

²⁴ Hanse'n, S.-O. and Wakonen, J. (1997) 'Innovation, a winning solution?', *International Journal of Technology Management*, Vol. 13, No. 4, pp. 345–358.

Fig. I.1: B2B Green marketing strategies and degrees of innovation



Source: Vaccaro, V.L. (2009), "B2B green marketing and innovation theory for competitive advantage"

A company can collocate itself along the continuum line shown in the picture above. If necessary, the firm may then decide to change its strategy and its degree of innovation.

The reactive strategy is characterized by a low degree of innovation known as “continuous innovation”. It consists of small product modifications and the innovation usually does not require changes in the production process. Consequently, the risk is very low and requires few monetary resources. The negative aspect is that competitors can easily imitate the innovation, which leads to a short-term advantage for the organization.

The intermediate level is a “dynamically continuous innovation”. The product already exists in the market, but firms adapt and modify it accordingly to changes in the external environment so that it is possible to influence and change customer behavior.

The highest degree of innovation is called “discontinuous innovation” This level, usually, is typical of firms that adopt a proactive strategy. The company has a high degree of involvement in the development of the innovation that lasts for decades before the diffusion process is complete and customers change their behavior and adopt the novelty.

Innovations are frequent when dealing with green products. Companies can use innovations to launch new products and, thus, create a competitive advantage, larger in the case of a proactive strategy.

1.3.4 Developing a Green Marketing Strategy

A marketing strategy involves four different steps: segmentation, targeting, positioning, and differentiation (Kotler and Armstrong, 2014)²⁵. The characteristics of each step can be adapted to a green marketing strategy.

The first two steps, segmentation and targeting, allow companies to classify consumers with similar features into groups.

- a) Segmenting and targeting. In Green Marketing, traditional market segmentation is not as effective as segmenting individuals according to

²⁵ Kotler, P. T., & Armstrong, G. (2015). “*Principles of Marketing*” (16th Edition). Pearson.

consumer characteristics or to purchase ones. Regarding consumer characteristics, different studies have been carried out in the literature. Demographic variables for green segmentation are not as successful as dividing according to consumer behavior²⁶ or their willingness to protect the environment²⁷. Thus, two different clusters of consumers are identified: active green activists and passive green activists. Regarding purchasers' characteristics, the focus is on understanding customers' needs. It is more important to cluster buyers according to the reasons they buy, rather than in relation to their characteristics. As reported by D'souza et al. (2006)²⁸, four clusters of buyers can be identified. First, there are the conventional consumers, which includes all the non-green customers. Then, emerging green consumers, are aware of the benefits of green products, but do not always buy them due to a lack of motivation. The third cluster includes consumers sensitive to prices, that are unwilling to pay a higher price for green products. Finally, the last cluster is composed of environmentally green consumers, ready to buy green products. After the segmentation

²⁶ A.G. Modi and J.D. Patel, "Classifying consumers based upon their pro-environmental behaviour: an empirical investigation", *Asian Acad. Manag. J.*, 18 (2013), pp. 85-104

²⁷ Banyte et al., 2010a-Ottman and Reilly, 1998, "Investigation of green consumer profile: a case of Lithuanian market of eco-friendly food products", *Econ. Manag.*, 2 (2010), pp. 374-383

²⁸ D'souza et al., 2006, "An empirical study on the influence of environmental labels on consumers", *Corp. Commun.*, 11, pp. 162-173

process, then the organization should target the different clusters identified through the implementation of different green marketing strategies for each one.

- b) Positioning and differentiation. Consumers prefer to buy green products from green companies. Consequently, the position of a green brand plays a key role to differentiate itself from competitors. Positioning can be based on functional or emotional attributes. The first one does not guarantee individual benefits to the buyer, and this may discourage the consumer to buy the product. The latter strategy is based on three possible benefits that can be perceived by consumers: a feeling of well-being, consumption of green brands as a status-symbol, and benefits that arise from contact with nature. A combination of both positioning strategies in Green Marketing allows companies to obtain the strongest effect on brand attitude.²⁹

1.3.5 Implementing a green marketing strategy

It is important to include green marketing strategies in the strategic planning of a company, this is possible only when green marketing is an integral part of a strategic

²⁹ P. Hartmann, V.A. Ibáñez and F.J. Forcadasainz (2005), *Green branding effects on attitude: functional versus emotional positioning strategies*, Mark. Intell. Plan., 23 (2005), pp. 9-29

marketing process³⁰. To facilitate the process, it is possible to designate a plan based on ten points.

1. The first step is to develop an environmental corporate policy. The organization should clearly state its mission and its objectives regarding the environment.
2. Then, the top level of the firm should adopt an environmentally friendly leadership approach. By doing this, the organization communicates its commitment to environmental action.
3. Hire people that possess capabilities and knowledge so that they can focus on environmental concerns. Firms particularly engaged in the issue may even create a department dedicated only to environmental planning.
4. The organization should develop an environmental consciousness that pervades the organization, and the employees should be trained on environmental awareness.
5. Listen to the outside needs and concerns by developing active communication with environmental groups outside the company.

³⁰ McDaniel, Stephen W.; Rylander, David H. (1993). Strategic green marketing. *Journal of Consumer Marketing*, 10(3), 4–10

6. Choose an assertive green marketing strategy and include it in the strategic planning process.
7. Integrate all the company's departments to quickly respond to environmental needs and facilitate flexibility.
8. Demonstrate environmental commitment by allocating adequate resources to implement the action program.
9. Communicate to customers what the company is doing to build loyalty toward the organization and encourage cooperation between the firm and the customers. In B2B, it has been shown that companies are more credible when they communicate and underly their environmental activities to their customers.
10. Perform active marketing research to monitor the customer's response to the company's commitment.

1.4 GREEN MARKETING MYOPIA

Firms that adopt green marketing must satisfy two objectives: improve environmental quality and customer satisfaction. Overemphasizing one at the

expense of the other can lead to what can be termed as “green marketing myopia”³¹. When marketers focus their effort only on greening products instead of focusing also on buyers’ expectations, then green products will fail. Environmentally friendly products are widely distributed, and consumers are not indifferent to the value offered by them, but often they buy them for non-green reasons. To prevent green marketing myopia, the principles of “the three C’s” of consumer value positioning, calibration of consumer knowledge, and credibility of product claims should be followed.

Consumer value positioning

Green products should offer benefits to consumers for them to be bought. It is possible to analyze at least four benefits associated with them: efficiency and cost-effectiveness, health and safety, performance, and convenience.

- 1 Efficiency and cost-effectiveness are the first and most common benefits that can be provided to consumers. Thus, green products have the potential to save costs in the long term. This makes cost-conscious buyers prefer to purchase this type of product.

³¹ J. A. Ottman, E. R. Stafford, C. L. Hartman (2006), “*Avoiding Green Marketing Myopia: Ways to Improve Consumer Appeal for Environmentally Preferable Products*”, *Environment Science and Policy for Sustainable Development* 48(5):22-362

- 2 Health and safety are the benefits that vulnerable buyers, the ones concerned about toxic chemicals, seek.
- 3 Performance is related to the belief that green products do not perform well as non-green ones. However, this is not true as today, green products, perform better than conventional ones.
- 4 Convenience comes from products that are energy-efficient and whose benefits are highlighted in the marketing communication.

Calibration of consumer knowledge

Successful green products require educational marketing messages that communicate the product's attributes and connect them with desired consumer value. Messages should educate buyers to buy green to satisfy their needs and protect the environment.

Credibility of product claims

Buyers, often, do not have the ability to recognize green products' benefits. Companies should deliver their promised consumer value; thus, credibility is essential to successful green marketing.

Green claims should be specific and meaningful; thus, they should not unduly raise expectations and promise benefits not present in the product. Research has shown

skepticism displayed by buyers about green products, green claims, and green companies.³²

The main principle of environmental claims is honest communication and green attributes should be conveyed clearly as well as the benefits.

However, buyers are hesitant toward commercial claims. Consequently, word-of-mouth can be used by companies to convey a message and to spread information about the products between buyers.

³² Kangun, N., Carlson, L. and Grove, S.J. (1991), "Environmental advertising claims: a preliminary investigation", *Journal of Public Policy and Marketing*, Vol. 10 No. 2, pp. 47-58.

2. CUSTOMER VALUE PROPOSITION

2.1 CUSTOMER VALUE PROPOSITION'S BACKGROUND

The customer value proposition (CVP) can be defined as “a statement of how the firm proposes to deliver superior value to customers and to differentiate itself from competitors.”³³ It can be considered as one of the most important strategic tool companies have to communicate benefits that they promise to deliver to their customers.

The evolution of a value proposition's concept can be traced back more than 100 years, when the proposition delivered to customers was the core of advertising.³⁴ After many years, in 1980, it spread the concept of the core benefits proposition, which focused on the benefits offered by the product's physical features to its customers.

The latter definition precedes the development of the customer value proposition, which dates back to the early 1980, when it was considered as a statement of a

³³ Webster, F. E. (1994). *Market-driven management: How to define, develop and deliver customer value*. Hoboken: John Wiley & Sons

³⁴ Starch, D. (1914). *Advertising: Its principles, practice, and technique*. New York: Scott, Foresman.

company that outlined the tangible and intangible benefits provided to the customers along with the price that they would be charged for the product.

To fully understand what a CVP in business-to-business is, it is important to define the meaning of “customer value” and “value proposition”.

In B2B, customer value is the maximum amount that a customer is willing to pay to obtain the supplier's offerings. It is possible to identify the value in terms of either a quantitative or qualitative customer benefit. The latter may comprise a reduction of costs, a reduction of risk, or capital savings, while the former is constituted by all the intangible advantages.³⁵

In industrial markets, the value is primarily subjective, and it can refer to a specific customer, it can be associated with the customer's best alternative, co-created by the supplier and the buyer, and expressed in monetary terms.

In contrast, the term “value proposition” identifies the firm statement communicating the benefits that the company delivers to customers. The supplier can use three different approaches to convey benefits and create value when building a value proposition: all benefits, favorable points of difference, and resonating focusing.³⁶

³⁵ Hinterhuber, A. (2017). Value quantification capabilities in industrial markets. *Journal of Business Research*, 76, 163–178

³⁶ Anderson, J., Narus, J., & Van Rossum, W. (2006). *Customer value propositions in business markets*. *Harvard Business Review*, 84(3), 91–99.

The all-benefits approach consists of listing all the benefits that managers believe the product or service can offer to the target customers. It can be considered a very straightforward strategy as it only requires a basic understanding of potential buyers and competitors. However, the drawback is that managers sometimes communicate benefits that are not relevant to the customers. As an additional disadvantage, many of the benefits delivered in the value proposition can also be found in a competitor's statement, which is referred as a "point of parity". It is therefore inevitable that buyers will choose between various alternatives based on their prices instead of on the features and benefits of the offering if the company does not communicate the points of difference.

The second approach to delivering value in a CVP is known as "favorable points of difference". When a company recognizes that their products or services are similar to those of competitors in the market, they use their value proposition as a way to communicate to customers the reasons why they would prefer their offerings over the alternatives. For this to be accomplished, the firm must focus on communicating the points of difference to the target audience. The pitfall is that suppliers will need to be deeply knowledgeable about the competitor's offerings and then be able to identify and focus on the points that set them apart from the competition. However, the drawback is that companies may concentrate on dissimilarities that deliver little value to the customers. Therefore, the best approach suppliers can choose is the resonating focus.

The resonating focus approach consists of focusing on the few differences that matter to customers and, consequently, delivering the proposition by making offerings that are superior respect to competitors. In order to make this proposition as effective as possible, suppliers should focus on the differences that deliver the greatest value to the customers. To discover what the most important points of difference are, suppliers need to understand customers' needs and expectations of the target identified. The resonating focus may also contain a point of parity if target customers consider it essential to contemplate the supplier's offering. Especially effective is including the point of parity in the proposition when customers mistakenly believe it is a point of difference and, therefore, prefer the supplier's offer over the competitor's offering.

It is a very effective approach, but there is one drawback: the supplier must be able to demonstrate to customers how their product can deliver superior value to them, compared with the best alternative.

2.2 CUSTOMER VALUE PROPOSITION IN THE LINEAR AND CIRCULAR ECONOMY

It is important to note that the classification above has been developed in the linear economy context. Companies operating in that economy transform raw materials into final products that are used and discarded until the final product is no longer

needed. This customer value proposition focuses primarily on the customer's monetary benefit as well as the product's features.

The circular economy has emerged as an alternative to the linear economy. It has gained widespread popularity in recent years, both in B2B as well as B2C markets, as a way of improving sustainability. In order for a circular economy to work, innovation needs to be able to generate more value for society and businesses for a longer period of time³⁷. Thus, it can be said that in the circular economy, firms have become oriented towards discontinuous levels of innovation along the “continuum of degrees of innovation” line seen in the previous chapter.

When it comes to the differences between the CVPs developed in the two different economies, one must look at the scope and the perspective of the proposition. In the linear economy, the CVPs are almost exclusively determined by suppliers that deliver the value of existing offerings. By communicating the superior characteristics of the products to the specific customers, the firm leverages primarily economic and functional benefits. Therefore, value in a linear economy is derived from the product characteristics.

Instead, in the circular economy, the CVPs are built around innovations and new offerings. Hence, it is fundamental to have the active participation of both direct

³⁷ Urbinati, A., Chiaroni, D., & Chiesa, V. (2017). *Towards a new taxonomy of circular economy business models*. *Journal of Cleaner Production*, 168, 487–498

customers as well as society at large. Thus, it is possible to underline that value co-creation between the firm and the different stakeholders is fundamental. Further, in the circular economy, the customer and usage experiences can be leveraged to deliver environmental and socioeconomic value through the CVPs.

Developing a CVP is an essential step for circular economy firms in order to be able to communicate the superior value in relation to the less sustainable alternatives offered by competitors operating in linear economies.

There are three different perspectives that firms can adopt when developing a CVP in the linear economy. Those perspectives can be supplier-determined, transitional, or mutually determined.

Originally the CVP was supplier determined and it can be defined as a marketing offer formulated by the company. According to this perspective, is the company that determines, provides, and communicates the customer value proposition.³⁸

Unlike the previous perspective, in the transitional perspective, companies are open to dialogue with their customers so as to understand and identify the attributes that have value for them, as opposed to the previous perspective that does not involve customers. The perspective is transitional as it involves understanding the

38 Bower, M., & Garda, R. A. (1986). The role of marketing in management. In V. P. Buell (Ed.), *Handbook of Modern Marketing* (pp. 1–3–1- 15). New York: McGraw-Hill.

customers' experiences during usage. However, it remains company's responsibility to determine the value.

Last but not least, firms can adopt the mutually determined CVP perspective, in which they are co-creating the proposition with their customers. In this case, suppliers and customers will jointly develop the proposition. Especially in the B2B market, it is important for firms to communicate the benefits of the product and service to their clients before, during, and after the usage experience. This nontraditional concept involves mutual benefits between the firms and the customers.

2.3 THE ANATOMY AND THE ARCHITECTURE OF THE CUSTOMER VALUE PROPOSITION

A distinction must be made between the CVP architecture and the CVP anatomy in order to demonstrate how suppliers and firms can craft an effective CVP that provides superior value to customers.

In the latter case, the supplier's practices, namely the firm's activities, are referred to as the activities that help the firm create the customer value proposition. The former is centered on the architecture of the CVP and includes the elements and their configurations that suppliers communicate to stakeholders.

2.3.1 The anatomy of the CVP

The anatomy of a CVP consists in all the routinized activities, or practices, that the firm uses to integrate resources into the proposition. In general, the practices can be grouped in three categories: provision practices, representational practices, and management and organizational practices.³⁹

The provision practices are all the operating activities that the company performs on a daily basis, as well as all the problem-finding practices and the problem-solving practices that are used. An operating activity integrates all the resources to support the creation of value for the customer. Firms perform problem-finding practices to identify the problems in the value creation process, and then they employ problem-solving practices to solve those problems.

The representational practices refer to all the activities which enable communication among all the parties involved in the value creation. There are several activities that are included in this framework, including interaction practices, which help firms communicate the CVPs to their customers, activities known as "modeling structure", which are useful for creating a value proposition structure. In addition, there are practices known as "naming and labeling practices"

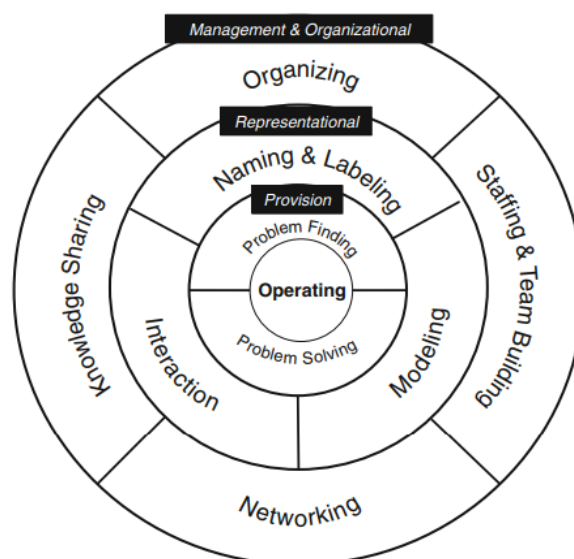
³⁹ Skálén, P., Gummerus, J., von Koskull, C. et al. Exploring value propositions and service innovation: a service-dominant logic study. *J. of the Acad. Mark. Sci.* 43, 137–158 (2015).

which describe the activities related to the value proposition, including establishing a common language between the parties.

Finally, the management and organizational practices provide the working methods and the resources necessary to implement the practices which were previously observed.

Organizing the work, hiring staff that can communicate the proposition, or involving actors in the creation, delivery or negotiation of the CVP are just some of the activities involved.

Fig. II.1 – The anatomy of value proposition



Source: Skålén, P., Gummerus, J., von Koskull, C. *et al.* Exploring value propositions and service innovation: a service-dominant logic

It can be said that the three practices constitute the anatomy of a customer value proposition. As you can see in the picture above, at the core of any customer value proposition are the provision practices that directly support the value creation process. As a matter of fact, these practices provide answers to the question of how the firm is sure that the value proposition is used so that the value promised to the customer emerge.

In addition, another anatomy element of the CVP is the representational practices, which assist the firm in creating and articulating a value proposition as well as defining its meaning and structure. Additionally, these practices allow the firm to communicate the proposition internally and externally, enabling them to answer the question of how value propositions are communicated and what their meaning is.

Finally, located on the outer edge of the model are the management and organizational practices. These practices align, organize, and manage the other two practices, and answer to the question on how the firm carry out its part of the proposed value.

2.3.2 The architecture of a CVP

Firms, through the customer value proposition, decide what is the superior value to deliver to targeted customers. The supplier firm's CVP is more than merely a communication tool, as it can also be defined as a strategic device employed by the firm to communicate its core strategy decisions to its employees and customers.

Therefore, how a firm designs its CVP can determine the effect the CVP has on both the supplier firm and the customers.⁴⁰

There are six design elements that can be identified when analyzing the architecture of the CVP.

At the core of every CVP, there are the benefits that customers expect from the offer. There are many different kinds of benefits to be offered by a business. They can be economical, functional, social, or, in the circular economy, environmental. In the B2B market, marketing messages expressing economic and functional benefits are the most effective way to attract customers.

The recipients are the second design element and aim to identify the stakeholders that are expected to be benefited by the CVP. It is important to understand that in order for a company to function in a circular economy, it is imperative not only to address the proposition to its customers, but also to its employees, its partners, its shareholders, as well as society.

A firm also needs to consider the CVP perspective they are adopting. As seen before, firms have three options for choosing their CVP perspectives, namely supplier-determined, transitional, and mutually determined. As a general rule, the

40 Payne, A., Frow, P., & Eggert, A. (2017). The customer value proposition: Evolution, development, and application in marketing. *Journal of the Academy of Marketing Science*, 45(4), 467–489.

supplier-determined perspective is chosen, and, as a result, the customers are merely passive recipients and not co-creators, as they would be if the mutually determined perspective were chosen.

In addition, the fourth element is the focus, which determines whether the CVP offers value in exchange, value in experience, or value in use. In the first approach, the firm assumes that the value is embedded in the product feature, in the second approach, the consumer experience is emphasized, and in the third approach, the firm places greater emphasis on understanding the customer and developing a proposal that is co-created by the firm and the customer together.

The fifth element is explicitness, which determines whether the firms are communicating their proposition explicitly or implicitly. Implicitness is often used by organizations to communicate their proposition internally, although usually it is not formally communicated. It is important to prefer explicit propositions to avoid ambiguity and uncertainty among the different areas of an organization. Furthermore, it is helpful for customers to form realistic expectations about the offer in order to avoid misunderstandings and unclarity.

The last aspect of the proposition is that it may be formulated at different levels, granularity elements help to understand whether it is formulated at the firm, customer segment, or individual customer level. At every level, the customer value proposition has a distinct purpose. At the firm level, for example, a CVP offers an external perspective of the organization's reason for existence, based on the value

it creates for and with customers. The customer segment level regards how the value is created for and with the targeted customer segment. The marketing department, usually, is responsible for formulating the proposition at the customer segment level. Then, at the individual customer level, the CVP is formulated for each individual customer. This is especially relevant in the B2B market for customers with a high volume of sales. As regards the level, the increase in the level implies a deeper understanding of the customers, so organizations tend to formulate customer value propositions at the firm level as a consequence.

In a circular economy, it is important to tailor the CVP so that it is appropriate for the context. However, firms often focus on the benefits element and forget about the other elements. For an effective proposition, all the architecture of a CVP should be adapted to the circular economy.

2.4 INNOVATIONS TO CREATE VALUE

According to the first chapter of this thesis, it was shown how the B2B green marketing strategies can be related to different levels of innovation, from low to high levels, also referred to as the "continuum of degrees of innovation". As part of the circular economy, firms are required to be environmentally friendly, thus, they are encouraged to develop green products and services in order to achieve this goal. Therefore, customers prefer to purchase products based on their environmental, ecological, and social impact.

It is possible to see innovation in the circular economy as an opportunity for firms to differentiate themselves from their competitors and create value. It is possible to distinguish two types of innovation in a circular economy, in terms of processes and in terms of culture.

The innovation process is the method by which the innovation is developed in the circular economy. In an environmentally friendly context, this includes providing the best possible circulation of materials and resources in an efficient way by, for example, recycling or reusing materials, reintroducing the waste in the production process, or reducing the number of resources needed.

Innovation culture is a term that is used to refer to the firm's human resources and the way in which they conduct their activities. It is the leaders' task to create an environment that supports creative and innovative thinking that can formulate new ideas.

It is evident that innovations are an integral part of increasing circularity in B2B firms, they are the key drivers.⁴¹ However, environmentally friendly innovations alone are not sufficient to obtain a competitive advantage. In order for suppliers to be able to achieve this goal, they must be able to communicate with buyers what a sustainable innovation can offer to them in terms of superior value. To

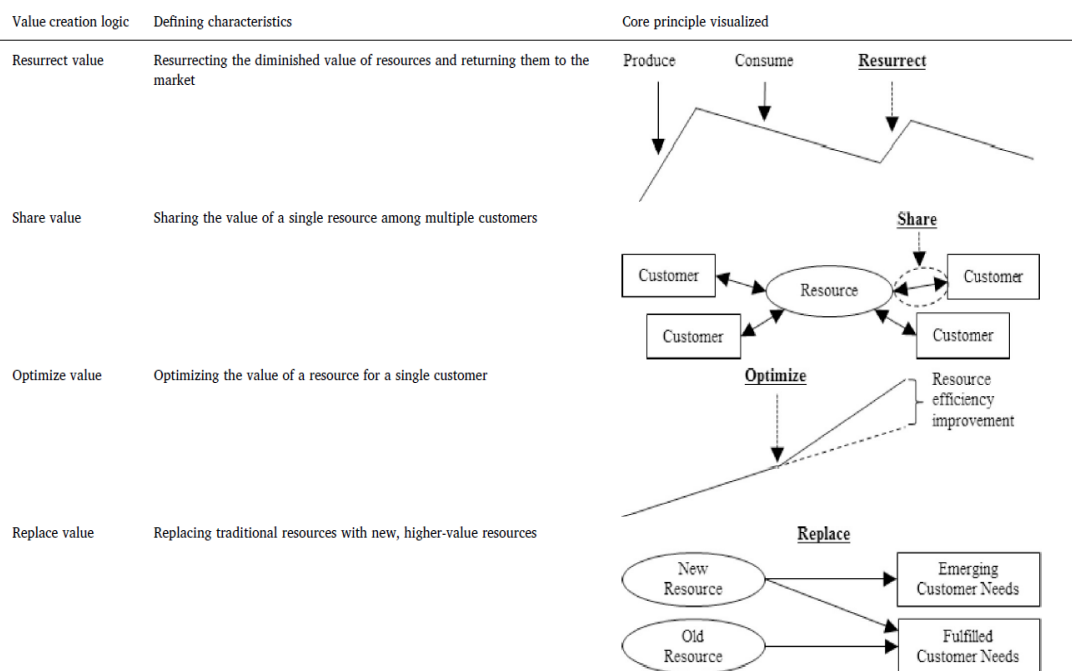
⁴¹ Gusmerotti, N. M., Testa, F., Corsini, F., Pretner, G., & Iraldo, F. (2019). Drivers and approaches to the circular economy in manufacturing firms. *Journal of Cleaner Production*, 230, 314-327

communicate how the innovation is delivering value to the customer, it is crucial to develop the customer value proposition.

2.5 VALUE-CREATION LOGIC

In order to deliver superior value to customers in the circular economy, it is crucial to have a better understanding of how suppliers articulate the customer value proposition addressed to the various stakeholders and how it is built on different innovations.

Fig. II.2 – The core principles of the value creation logics



Source: How B2B suppliers articulate customer value propositions in the circular economy: Four innovation-driven value creation logics (2020)

Rantaa, Keränen, and Aarikka-Stenroosa (2020)⁴² conducted a detailed analysis of the architecture and innovation forms of a CVP that was formulated by suppliers in order to identify the logic behind the creation of value for the customer. The study was conducted through the analysis of CVPs developed by Finnish B2B suppliers operating in various industries.

From the data gathered and the analysis conducted, it has been revealed that the architecture of CVPs reflects four distinct logics for value-creation: resurrect, share, optimize, and replace value.

2.5.1 Resurrect value

The first logic behind a customer value proposition is the resurrect value-logic (RV-CVPs). According to the RV-CVPs, the CVP is built by leveraging the innovation of production processes and products that allowed the firm to be environmentally friendly and to restore products through their recycling and by returning them to the market.

The suppliers emphasize the environmental and economic benefits to customers and supply chain partners. The main benefit delivered through the proposition is that

⁴² Ranta, Valtteri, et al. (2020) "How B2B Suppliers Articulate Customer Value Propositions in the Circular Economy: Four Innovation-Driven Value Creation Logics." *Industrial Marketing Management*, Volume 87, May 2020, Pages 291-305

the offerings have lower prices due to the use of recycled materials while maintaining the same quality compared to new products. Usually, customers believe that recycled and restored offerings have lower quality, it is then up to the firm to articulate a CVP that communicates the opposite.

Regarding the perspective of a RV-CVP, the proposition is usually determined by the suppliers and is unidirectional and firms enhance innovations to produce value.

The customers remain passive as they are not affected by the new proposition.

The CVP can promise equal value-in-exchange or value-in-experience, as the focus is at the same time on the offering's features and on enhancing customers' experience during usage. The explicitness is weak as there is not an explicit estimation of cost savings, but only a comparison based on price and functionality to alternative offerings. Furthermore, the CVP communicates only that the offering is environmentally friendly but does not quantify the environmental impact.

Regarding granularity, the CVP is formulated at a customer segment level and is addressed to industry sectors where the supplier's customers operate.

This logic, in the circular economy, aims to generate value from product and process innovations that avoid resource waste. The innovations usually focus on specific materials, such as recycled plastic, or moderate process innovations, such as refurbished equipment.

To leverage the resurrect value logic, the supplier must be able to regenerate the value of used and usually “worthless” resources cost efficiently, as evidenced by the importance of economic benefits in CVPs that emphasized this logic.⁴³

Since the resurrect value logic is focused on finding new ways to reuse and recycle used and disposed resources, it is possible to affirm that this logic reflects the principles of the circular economy.

CASE: FORTUM

Fortum is a Finnish company offering different environmentally friendly services and products. It handles waste management, such as the disposal of nuclear waste, hazardous waste solutions, industrial demolition, and solar solutions, such as solar panels, for businesses as well as individuals. The suppliers articulate a customer value proposition according to a resurrect value logic. On the website, the proposition is as follows:

“We lead the change towards a low-emission energy system and optimal use of resources. Our goal is to support our customers’ business by

⁴³ *ibidem*

conserving natural resources and promoting circular economy. We work together with our customers to build smart and sustainable solutions for ensuring the circulation of valuable materials and the removal of harmful substances from the material cycle.”⁴⁴

This CVP provides information about a production process that uses low-emission energy and the reintroduction of materials that are made from post-consumer plastic waste into the market. The granularity is at the customer segment level as the value is created for the targeted customer segment. Despite the fact that the environmental benefits are communicated in the CVP, there is no estimate of cost savings in the CVP. The explicitness is medium.

2.5.2 Share Value

The share value-logic (SV-CVPs) is designed to enhance the utilization of existing resources by sharing. Customer value propositions are built on process innovation as well as services that allow businesses to improve the efficiency and distribution

⁴⁴ <https://www.fortum.com/about-us/our-company>

of underutilized resources in order to reach a broader audience. It is important to note that the SV-CVP logic is characterized by many digital innovations which can be used to monitor all the resources that are still available, so that all of the users can have access to them.

There is a tendency for firms to emphasize to the end users and customers the economic and functional benefits of their products and services. Furthermore, the CVP communicates that buyers can gain utility from the use and sharing of resources.

In terms of perspective, it is a transitional perspective since the emphasis is on encouraging the access and the exchange of the offering, rather than the ownership. Therefore, the focus is on highlighting the customer experience before, during, and after usage.

The granularity is at a customer segment level and the explicitness underlines the reduction of costs due to the lower maintenance costs. However, it does not provide a value quantification of the cost savings.

With the share value logic, an underutilized resource, for example second-hand products, will be shared with multiple customers. In the circular economy, this logic reduces the flow of resources in order to generate value for society. The CVPs underline new uses of existing resources, such as sharing or renting industrial machines or equipment, as well as promoting innovations that allow customers to use the same resource in innovative ways.

When it comes to leveraging the share value logic, it is vital that a supplier is able to assist B2B customers in moving from ownership to the use of shared resources by delivering the right resources to the right places at the right time via services, or by facilitating the exchange of resources through the use of a platform that facilitates this exchange.⁴⁵

In terms of sustainability, the principles that are behind the share value logic can be compared to the ones that are behind the sharing economy, which emphasizes the importance of community platforms and peer-to-peer transactions in order to generate the value of underutilized resources.⁴⁶

CASE: MAAPÖRSSI

Maapörssi is a Finnish company that works in the business-to-business market. The company has created a website to connect construction companies so that they can exchange surplus materials.

It developed its CVP according to a share value logic. This is what it communicated on the website:

⁴⁵ Ranta, Valtteri, et al., op. cit. p. 298

⁴⁶ Belk, R. (2014). *You are what you can access: Sharing and collaborative consumption online.* *Journal of Business Research*, 67(8), 1595–1600.

“By choosing Maapörssi, you ensure the modern recycling of soil materials. With our help, you offer and receive clean surplus soil and demolition materials for both private and professional earth construction needs (...) Our experts guide your construction site in recycling surplus soil; a carefully implemented soil recycling economy is a sustainable alternative that replaces soil mined from nature and is basically more economical and environmentally friendly alternative.”⁴⁷

In this CVP the firm enhances the economic benefits that derive from choosing and sharing an underutilized resource. The transitional perspective is underlined as it facilitates the exchange of soil and demolition materials and promises support from its experts during the experience. The explicitness is low as it does not provide clear quantification of the cost savings but just promises a sustainable alternative. The granularity is at a customer segment level, and it is addressed to a specific industry.

⁴⁷ <https://www.maaporssi.fi/>

2.5.3 Optimize Value

By adopting an optimize value logic (OV-CVPs) in the circular economy, firms are able to create a CVP based on innovation that allows them to extend the use of resources to their maximum capacity. By enhancing and optimizing the use of existing resources, one can create more value or obtain more value from the existing ones.

The benefits communicated to direct customers are economic and functional, such as a longer product life cycle and savings on cost.

the supplier takes care of all the activities that were previously performed by the customer and the customer is released from all responsibilities. The perspective is mutually determined by the supplier and customer.

The focus tends to be on improving performance outcomes and reducing risk and capital for the customer. There is a high level of explicitness in the CVP due to the fact that it usually provides a detailed estimate of the value that customers can expect from the offer. The level of granularity is at a firm level, since companies highlight the benefits to the potential firms in their CVPs.

The CVP, built according to the optimize value logic, create value from a specific resource for a single customer by leveraging process innovations. This can be classified as environmentally friendly since it avoids underutilization of resources, even if this implies their optimization for a single actor. Therefore, there is an efficiency improvement of specific resources that reduces the flow of resources and

generate more value. As a result, the CVPs primarily concentrate on new business models and use practices, whereas it is the supplier who has assumed the responsibility for the activities that were previously carried out by the buyer. In general, the innovations are moderate and consist of a shift in responsibilities between the two actors.

To be able to leverage the optimize value logic, the supplier must have a deep understanding of the customers' processes, and be able to demonstrate how the customer can get more value from a resource.⁴⁸

It is interesting to note that the principles of optimize value logic can be compared to those of servitization, in which the goal is to provide new services to customers in order to provide them with greater value.⁴⁹

CASE: LEASEGREEN

LeaseGreen is a Finnish company that helps large properties to become energy efficient. It offers services to other firms that promise to cut their energy costs, improve living conditions, and reduce emissions from the property.

⁴⁸ Ranta, Valtteri, et al., op. cit. p. 298

⁴⁹ Kowalkowski, C., Gebauer, H., & Oliva, R. (2017). *Service growth in product firms: Past, present, and future*. *Industrial Marketing Management*, 60, 82–88.

The suppliers built a that CVP follows an optimize value logic. On the company's website, it is stated:

“You choose how we proceed. We find out the energy saving potential of your entire real estate portfolio or fix the energy economy of a single real estate all at once. You get a reliable partner who follows the heart and brain of your properties and optimizes their joint play.”⁵⁰

What emerges is a mutually determined and reciprocal CVP. The customers decide the specifications of the service, the supplier takes care of the energy optimization. The CVP underlines the functional and economic benefits, in particular optimization of energy in the properties. The explicitness is high as, on their website, the company estimates the potential reduction of energy costs and CO2 emissions.

2.5.4 Replace Value

The CVP that follows a replace value logic (RpV-CVPs) is primarily built on product innovations, which allow for the firm substitution of existing products with

⁵⁰ <https://leasegreen.com/en>

more sustainable and valuable alternatives. Resurrect value logic focuses on recycling and returning products and materials to the market. Replace value logic, on the other hand, focuses on substituting them with better alternatives. The proposition highlights the improved product features and the reduction of environmental impact to direct customers as well as to social stakeholders. The firm communicates through the new alternatives the customers will gain in terms of functionality and social performance.

The perspective is transitional, as the firm emphasizes the delivery of supplier-determined offerings, while at the same time it underlines the customer usage experiences of the products that will be replacing the old ones. The focus enhances the customer experience and the product's characteristics.

The level of explicitness is weak as the firms do not provide an estimate of potential cost savings. However, they do compare the innovation to existing products and make a direct comparison in terms of functionality and environmental performance. The granularity is at a customer-segment level and it focuses on benefits that industries can gain from product innovations.

As part of the replace value logic, product innovations replace existing products with new ones that have a longer product life cycle. The CVPs in the circular economy aim to create more value by slowing down resource flows and prolonging its use periods as much as possible. As this logic focuses on novel resources, such

as new environmentally friendly materials or renewable energy sources, most innovations are radical.

To leverage the replace value logic, the supplier must have a profound understanding of the implications of using different resources and/or materials in processes, as well as how these impact on sustainability.⁵¹

It is easy to compare the replace value logic to the principles of traditional product marketing, as it is based on innovating products that have a greater functionality.⁵²

CASE: SPINNOVA

Spinnova is a Finnish company that has created a natural fibre material that can be used in textiles instead of cotton.

The logic that lies behind the CVP is a replace value logic. On its website, the message that the firm communicates is:

“The best way to impact the world is not to. We are the only company in the world able to create textile fibre out of cellulose without involving

⁵¹ Ranta, Valtteri, et al., op. cit. p. 298

⁵² Kotler, P., & Armstrong, G. (2018). *Principles of marketing* (17th ed.). Pearson Education Limited.

any harmful chemicals, minimal water use, and zero emissions and zero waste.”⁵³

They communicate that the product innovation is better than the alternative, so the aim is to substitute the existing product with its offer. The focus is on the product characteristics, and firms can gain in terms of environmental impact by purchasing the new fibre.

The explicitness is low, but they communicate the environmental benefits deriving from water and energy savings that lead to zero emission and zero waste. The perspective is transitional, and the offer is determined by the suppliers that highlight the benefits of the new product.

⁵³ <https://spinnova.com/>

3. CUSTOMER VALUE PROPOSITIONS: ITALIAN MARKET

3.1 ITALIAN MARKET ANALYSIS

In the previous chapter, the study of the architecture of various customer value propositions from Finnish B2B firms operating in a wide range of industries is described and illustrated. The analysis is performed to gain an understanding of the architecture behind the CVPs formulated in the circular economy, and the findings indicates that the CVPs are based on four distinct logics for creating value: the resurrect-value logic, the share-value logic, the optimize-value logic, and the replace-value logic.

From the analysis, it appears that the company value propositions built according to the resurrect value logic were the most frequent. In fact, 36 out of 74 firms analyzed reflect this logic. On the other hand, the least frequent value creation logic is the share value-logic, with 9 out 74 cases.

There has been a recent study conducted at the Energy&Strategy School of Management at the Politecnico di Milano on the Circular Economy⁵⁴. It discusses the current state of the Circular Economy in Italy, its potential, and the progress that

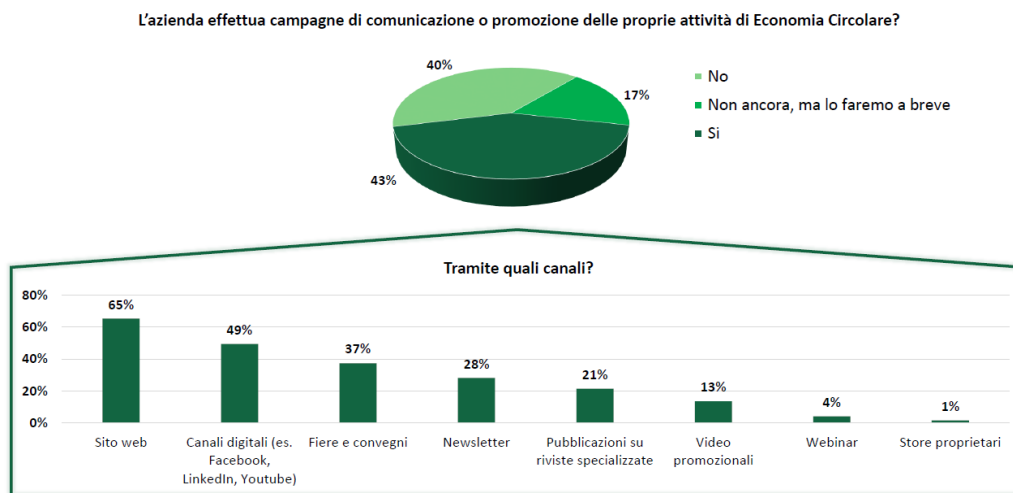
⁵⁴ <https://www.energystrategy.it/prossimi-eventi/circular-economy-report-2022/>

has been made over the past year. This report found that 57% of the companies interviewed by the researchers had adopted at least one circular economy practice, an increase over the 44% reported in 2021.

Additionally, there is also a study that examines how companies in Italy can take advantage of the circular economy as a means of creating and capturing value.⁵⁵

This paper examines the Italian customer value propositions and how a company makes its compliance with circular economy principles visible to its customers. The focus is primarily on how the circular economy is promoted and how much content is promoted around it.

Fig. III.1 Promotion in the Circular Economy



Source: Circular Economy Report 2022

⁵⁵ Ünal, E., Urbinati, A. and Chiaroni, D. (2019), “Managerial practices for designing circular economy business models: The case of an Italian SME in the office supply industry”, Journal of Manufacturing Technology Management, Vol. 30 No. 3, pp. 561-589.

In the Circular Economy Report 2022, it is found that 43% of the companies are actively promoting adoption of activities related to the circular economy. The main promotion is emphasized on the company website, as communication of the circular economy.

Based on the findings of the studies and literature in the area of circular economy, the purpose of this chapter is to extend the previous research by examining the CVPs of a variety of Italian B2B companies that operate in a variety of industries, such as chemicals & chemical products, as well as machinery and equipment, in the manufacturing sector.

The analysis, in addition, aimed at understanding what is the value creation logic that Italian firms in the circular economy use to communicate value to their customers in industrial markets.

A series of stages are involved in the development of the analysis, starting with the selection of the companies that will be analyzed.

3.2 METHODOLOGY

3.2.1 Data Collection

The first step of the analysis is to select the companies whose customer value proposition will be analyzed, according to different criteria.

It is essential for the companies to be analyzed to have obtained a BCorp Certification as the first criterion. As a B Corporation⁵⁶, companies are certifying that the organization meets the highest standards of social and environmental performance, public transparency, and legal accountability in order to balance profit and purpose.

In Italy, the BCorp certification has been in place since 2013, and as of today, there are more than 200 Italian companies that have obtained the certification.

In order to qualify for the certification, companies must achieve a score of 80 or more on the B Impact Assessment. Additionally, they must make a commitment by modifying the corporate governance structure and, if applicable in the state jurisdiction, becoming a benefit corporation. A benefit corporation entails the intention of having a positive impact on society and the biosphere in addition to profit objectives as part of its social purpose.

It is necessary to evaluate the performance of the company in a number of key areas, including governance, workers, communities, environment, and customers.

A number of key performance indicators are taken into account when assessing a company's performance, including its governance, its employees, its community, its environment, and its customers.

⁵⁶ <https://www.bcorporation.net/en-us/certification>

A company's overall mission, its social and environmental impact, and its ability to create positive outcomes for its stakeholders are all evaluated in the first area.

Considering how well a company contributes to the wellbeing of its employees, including the level of satisfaction they feel, is a key aspect of the workers area.

The community area measures the impact that the company has on the community in which it operates, such as the economic impact, equity and inclusion.

A company's impact on the planet is evaluated in the environment area. This area includes measures such as the company's impact on air, climate, water, land, and biodiversity. In addition, innovative production methods are considered by this area. This section recognizes companies that are able to manufacture products with environmentally friendly production processes, and sell goods and services that are environmentally friendly, such as those that recycle materials, reduce waste, or use renewable energies as a means of energy production.

The last area is customers, this evaluates the how the company takes care of the customers through the quality of its products and services, ethical marketing, data privacy and security, and feedback channels.

The BCorp certification principles are similar to the concept of the triple bottom line that has been described in the first chapter, whereby companies take into account, in addition to profit, also the planet and people.

In order to select the companies, the second criterion was to pick only the companies with their headquarters located in Italy, among the BCorp firms

worldwide. As a next step, a selection of only a few companies that operate in the business-to-business sector is made. All these companies operate in the manufacturing sector.

Lastly, the last criterion is to select only those companies that have adopted at least one innovation in their business. The innovation can take the form of an innovation in product, process, service, or business model. As seen in the first and chapter of this thesis, companies can use innovations to launch new products and, thus, create a competitive advantage. It is then discussed in the second chapter the significance of innovation in the circular economy as a way to differentiate a business from its competitors while creating value for its customers.

Considering all of the criteria outlined above, and taking into consideration also the overall B Impact Score of the companies, and in particular the measure of the environmental area, a list of five companies came up.

Below is the list of the companies whose customer value proposition will be analyzed as part of this study.

Table 1: Overview of the selected companies

Company	Offering	Industry	Firm size
1. Bio Valore World S.p.A. Benefit Company	Biobased, biodegradable, and compostable polymer	Rubber & plastics products	1-9

2. Diasen s.r.l.	Ecological mortars and paints based on cork and other natural materials	Chemicals & chemical products	10-49
3. Ecozema s.r.l.	Biodegradable and compostable foodservice ware	Rubber & plastics products	10-49
4. Maker srl	Maintenance services for various industries	Machinery & equipment	10-49
5. Novamont	Products of vegetable origin, biodegradable and compostable	Chemicals & chemical products	250-999

Source: Own elaboration

3.2.2 Data analysis

In this study, the focus is on understanding the logic behind the value creation of the customer value proposition for the selected companies in the Italian industrial market. In order to conduct this study, a qualitative analysis will be employed to analyze each of the companies in a detailed manner.

In the first step, it is analyzed the website of the company in order to determine why the company can be viewed as part of a circular economy and its commitment to supporting the environment and being sustainable.

As a second step, it is analyzed, the type of innovation that is being underlined in the customer value proposition in order to identify whether this innovation pertains to a product, a process, a service or a business model innovation.

Thirdly, it is provided a description of all the design elements, as seen in the second chapter, contained in the customer value proposition of the company.

In order to determine whether the Italian proposition follows one of the value creation logics identified in the Finnish study, all the elements contained in the company's value proposition are compared with the ones of the logics identified in the Finnish market.

In order to do this, the design elements of each CVP are summarized in a table to provide a clear understanding of them.

Furthermore, a cross case analysis of the design elements of each CVP is performed to identify which characteristics are most recurring.

As an additional step, the results of the analysis of the Italian market will be compared with the features of the value creation logic cited in the study taken as reference to perform this research.

3.3 ANALYSIS

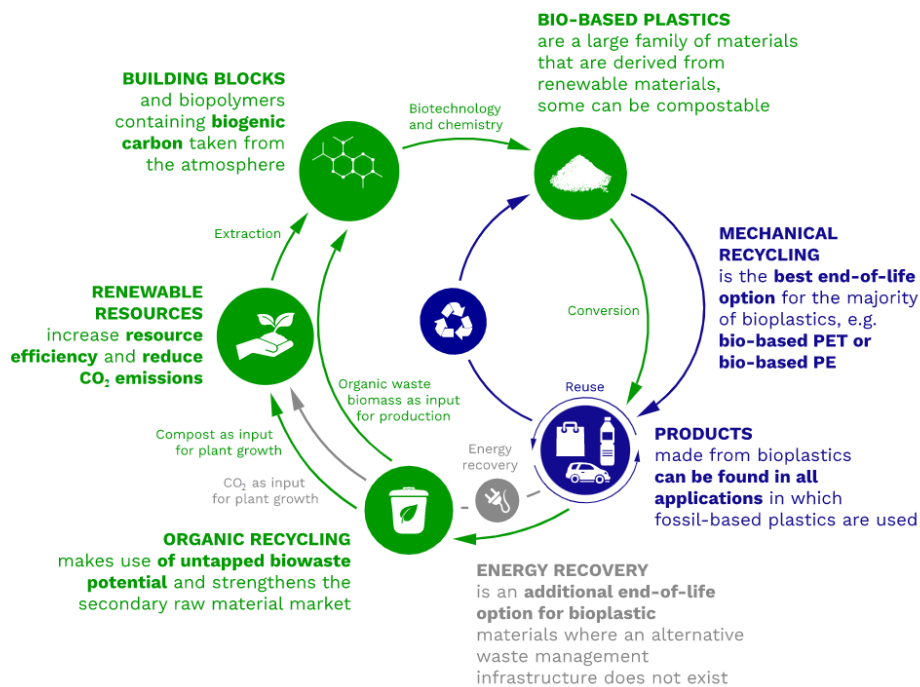
3.3.1 Bio Valore World S.p.A. Benefit Company

As a benefit company, Bio Valore World S.p.A.⁵⁷ operates in the rubber and plastics products industry, with its headquarters located in Campobasso, Italy. EarthBi is a bioplastic that is 100% biodegradable and compostable. The company holds the pilot's license for the bioplastic. Compared to other bioplastics that are available on the market, is an innovation thanks to their biopolymer that is more ductile than the standard solutions.

The company, as stated on their website, adopt a production model that falls under the circular economy. A production model that they propose uses the waste from the product as a natural raw material or reintegrates it into the manufacturing process as a new raw material. By doing so, the company is able to extend the life cycle of their products, reduce waste to the bare minimum, and, thus, create further value for its partners and customers.

⁵⁷ <https://earthbi.io/en/>

Fig. III.2 - Circular Economy of EarthBi Bioplastic



Source: european-bioplastics.org

The company pays a lot of attention to sustainability issues, and this is reflected in the company's overall B Impact Score, that is 122.4, far above the 80 points that qualify for a B Corp Certification.

In light of these factors, it is reasonable to conclude that the customer value proposition offers customers functional benefits relating to the specific performance of the product as well as social benefits, which relate to the promise of benefits that

will be derived from replacing the standard product with the biopolymer, and most importantly, environmental benefits since they claim to be non-impactful.

The product is part of the circular economy as it is obtained from biomass that derive from natural wastes like sugar cane, wheat, or corn. Furthermore, this biopolymer is easily recycled without any additional chemicals being added, resulting in a virtuous industrial cycle. They promise to have a positive impact for the “entire human community” through being zero-impact and reducing pollution on the planet. It follows then that the recipients of their CVPs are not only their customers, but also the society and the environment.

According to customer value proposition on the website, the company claims that it offers "tailor-made" solutions tailored to meet the specific needs of the customers. By listening to the customers' requests and by offering solutions specially designed for those needs, the company takes care of the customers. Because of these reasons, it is possible to say that the CVP perspective is transitional, as the firm communicates with its customers and is willing to engage in dialog with them in order to understand what are the attributes that are meaningful to them.

Transitional perspectives also incorporate a value-in-use focus. EarthBi pays close attention to identifying the needs of its customers as well as developing a proposal which is co-created between the firm and its customers. In light of the fact that they promise that this biopolymer can be easily converted without requiring any changes

to the existing industrial machineries, the focus is on the product's characteristics as well as the customer's experience.

In terms of explicitness, the customer value proposition and benefits of the biopolymer are neither objectively quantified nor calculated. In addition, they do not calculate the potential cost savings, but compare the product to other options available on the market. Additionally, it tends to emphasize the unique features of the product more than any other aspect of the product.

Then, the granularity is at a customer segment level. As a matter of fact, the CVP is tailored to specific industries and customers who can most benefit from the innovative material. Specifically, it focuses on offering the proposition to customers involved in activities such as injection molding, thermoforming and spinning.

As a result of analyzing all the design elements of the EarthBi's customer value proposition, it is possible to say that it corresponds to a replace-value logic. In fact, the innovation aims to substitute the existing product by offering a more sustainable alternative.

3.3.2 Diasen s.r.l.

In the chemical and chemical product industry, Diasen s.r.l.⁵⁸ is a benefit company located in Sassoferrato (AN). The company became one of the leaders in the field of green building solutions by designing, developing and manufacturing ecological mortars and paints based on cork and other natural materials for homes and construction projects.

The innovation is in the use of a new material, cork, for their ecological plasters and paints. Diasen's cork is what sets them apart from their competitors, and it contributes to the company's sustainability, ensuring it is part of a circular economy.

Diasen was awarded the BCorp Certification in 2018. Today, the company has achieved an overall B Impact score of 117.4. Taking into account the customer value proposition, it highlights the innovation in products as they enhance the innovative use of the cork in their offer.

As part of a circular economy, Diasen adopted the scheme of the 6 P's, a concept that can be compared to the concept of the "Triple Bottom Line". Essentially, the essence, and the reason for Diasen's existence, is the Product, which as a result of a Project generates high standards of value. People and Passion play a crucial role in

⁵⁸ <https://diasen.com/en/>

the success of the company. Additionally, Diasen's long-term Partnerships help to generate value and are a vital part of its value creation. In addition, related to the environment, there is the preservation of the environment, which is a very important mission for the company.

In the proposition, the main benefit is the product attributes, so it is a functional benefit that is communicated in the proposal. Furthermore, they communicate the environmental, social, and economic benefits that result from the sustainable use of the natural raw material, that is cork. It is their mission to communicate the features of the product in a specific way, with detailed and technical information, such as the permeability and elasticity of their products. Therefore, there is an explicit quantification of the potential benefits that can be obtained. The aim is to explain to the customer what the product is, as well as highlight the advantages of the product in comparison to its competitors.

The recipients of the proposition are the customers and users of the product and, regarding the granularity of the proposition, it is formulated at a customer segment level.

As Diasen is responsible for identifying the value and determining the proposition, the CVP adopts a transitional perspective. However, the customers remain involved especially during the experience phase, since they are affected by the usage and the characteristics of the plasters and paints made with cork. Therefore, the focus of the proposition lies primarily on the characteristics of the product itself and as far as

the customers experience is concerned, this is mainly based on the best results that can be obtained from the offer

When analyzing all of the design components of Diasen's customer value proposition, some elements may be considered as referring to the replace value creation logic, despite the fact that product characteristics are emphasized more heavily than product sustainability. However, it is possible to affirm that the proposition is built according to the replace value logic since one of the hallmarks of this logic is that existing products are replaced with better and more sustainable alternatives. This is exactly what is happening with Diasen and its cork mortars and paints.

3.3.3 Ecozema s.r.l.

Ecozema s.r.l.⁵⁹, a company located in the province of Vicenza, specialized in the production of biodegradable and compostable foodservice ware made with biopolymer or natural fiber. In 2010, they introduced Re-Zema products, made entirely from post-consumer recycled plastics.

It is the company mission to produce high quality products that are also sustainable and part of a circular economy at the same time. The customer value proposition is

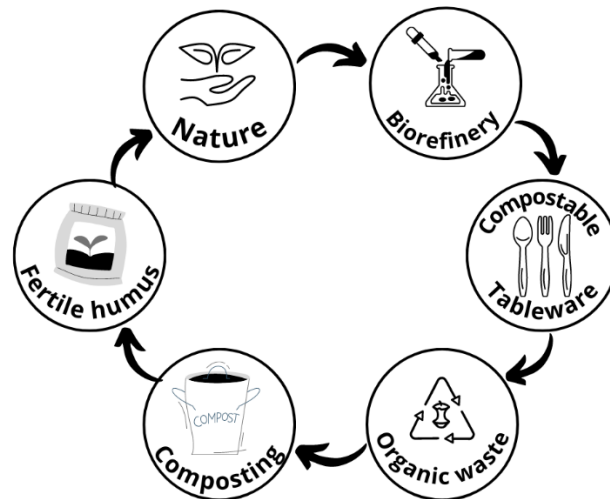
⁵⁹ <https://ecozema.com/en/>

built to communicate this product innovation, as they have been one of the first companies to test biopolymers and post-consumer recycled plastics to produce cutlery as a part of their product innovation. This proposition also emphasizes the process innovation, which enhances the investments that have been made in the manufacturing process over the years, which is today fully automated. By improving the manufacturing process, the company is able to meet the highest standards of hygiene and quality.

The company has gained the BCorp Certification in the 2022 with an overall B Impact Score of 82. As part of Ecozema's commitment to promoting a circular economy, it has adopted a Corporate Social Responsibility Program aimed at defining, controlling, and coordinating the company's environmental, social, and economic commitments. It is the objective of the program to calculate the environmental impact of the company's activities, from the moment raw materials are acquired until the product's end of life.

In its customer value proposition, Ecozema aims to provide various types of benefits for its customers. As far as their product is concerned, the first is a functional one, as they emphasize the advantages that come from its features, such as its compact packaging and the ability to resist higher temperatures. Moreover, they also enhance their environmental benefits, as they often emphasize the use of renewable materials as well as the possibility of composting products at the end of their life cycle.

Fig. III.3 Ecozema Virtuous Cycle



Source: https://ecozema.com/wp-content/uploads/2022/12/Ecozema_catalogo-IT-EN_20221012_web.pdf

Ecozema adopt a philosophy known as “5R”. It is from this philosophy that comes all their ideas. It is an idea based on Respect for the world, for the people who live there, and for the next generations. Then, to respect the environment is necessary to Reduce, Recycle, Re-think, and Re-design. Reducing and recycling raw materials concerns the use of raw materials, ranging from the use of nonrenewable resources to recycling waste to make their products. It is imperative for the organization to rethink and re-design in order to change employee and customer mindsets so that their business becomes more sustainable.

A wide variety of customizations are available to Ecozema customers on most of their products. For example, the cutlery and drinking cups can be printed with logos and laser engraving is available on plates, bowls and trays. Additionally, they offer customized solutions on the customers' request, which include every step in the production process, from the concept design and prototype creation with the client, to the production of the final product.

The participation of the customers is a vital part of Ecozema's customer value proposition, and it makes it possible to say that the company adopts a transitional perspective. In fact, the CVP is determined by the company, however, they also take into account the customers' perspectives and experiences during the usage.

As far as focus is concerned, the CVP, tends to highlight primarily the quality of the product, as well as the ease of use and disposal of the biodegradable and compostable cutlery, hence underlining the offer and the customer experience.

As the value is created for and with the targeted customer segment, the granularity is on a customer segment level. As far as explicitness is concerned, the proposition is lacking since they do not provide a quantitative measurement of the benefits.

If the Ecozema customer value proposition is analyzed, there can be many similarities to the replace-value logic. In fact, the proposition focuses on the innovation that enables to replace plastic cutlery with a new product. This is supported by the proposition design elements as well. However, the customer value proposition also reflects some characteristics of the customer value proposition

built according to a resurrect-value logic, as they, through the recycling of the plastic, restore materials.

3.3.4 Maker s.r.l.

Maker s.r.l.⁶⁰ is a benefit company that has been certified as a BCorp since 2017, with its headquarter located in Sondrio. The company provides assistance and maintenance services to production facilities of companies that need quick and decisive intervention.

In particular, they provide three different types of maintenance for the production machines of their customers. It is the purpose of predictive maintenance to monitor and track the performance of the machine during normal operation with the intent of finding and resolving any anomalies before they develop into more serious problems. In addition to exceptional maintenance when there is an urgent fault, there is also scheduled maintenance, which falls under the category of preventive maintenance as well.

In addition, they have an on-site workshop dedicated to the production of parts in less than two days. This facility is structured to cover all kinds of needs ranging

⁶⁰ <https://mkr.it/>

from mass production to the creation of unique parts, in any material, steel, bronze alloys, aluminum, plastics and wood.

The innovation behind Maker's offer lies mainly in the services that they offer to their clients, particularly those in the manufacturing sector. In fact, the customers are the main recipients of the customer value proposition built by Maker.

They are specialized in providing maintenance and service to four distinct industries: general industry, food industry, energy industry and automated systems. Through their customer value proposition, the company emphasizes the fact that clients can avoid sudden plant shut downs that may result in significant economic and image damage to their businesses. It is essential to emphasize that the services provided by Maker offers economic and functional benefits, since it extends the use potential of industrial machines as well as ensuring a longer product life cycle, thus saving money in the long run.

As compared to the previous cases, the circularity of this company is less evident. Maker, however, is part of a circular economy since, through their services, they help to extend the efficiency and improve the machines in the customers' companies. By implementing this method, the customers will also be able to reduce their investment costs for their equipment, as well as their environmental impact, since the replacement of machinery instead of its repair can result in a decrease in their environmental impact.

In terms of customer value proposition, the focus and the emphasis are on the outcomes of the services. This can be encountered on the fact that they often underline the improvement in the efficiency due to their maintenance.

When it comes to the perspective of the customer value proposition, it is possible to say that it is mutually determined. In this regard, it is due to the fact that Maker, the supplier, is the one who handles the activities on behalf of the customer, and that they decide when and how to perform predictive and scheduled maintenance of the industrial machineries.

Finally, the customer value proposition is formulated at a firm level, because the benefits are addressed to a multiplicity of industries and, in the proposition, can be found the reason to exist of the company.

As a result of the design elements above considered in the customer value proposition build by Maker, it can be said that it has been built according to an optimize-value-logic. In fact, according to this logic, the supplier reduces the underutilization of resources, in this case the industrial machine, and optimizes them for a single actor.

There is, however, one important difference between this Italian case and the results in the Finnish study, namely the fact that the explicitness of the Maker's customer value proposition is low due to the fact that the company does not objectively quantify the customer value proposition.

3.3.5 Novamont S.p.A.

With its headquarters in Novara, Novamont⁶¹ is a company which has been certified BCorp since 2017. This company operates in the chemicals and chemical products industry, and is a leading player in the development of bioplastics and biochemicals of vegetable origin which are formulated to solve specific problems relating to water quality and soil quality.

More than 25 years ago, Novamont developed a bioplastic known as Mater-Bi that is biodegradable and compostable, a bioplastic that is biodegradable and compostable. It is possible to use this material for a wide variety of purposes, from agriculture to packaging, and in the food sector, in order to replace the traditional plastic food containers.

The company has two other types of products, besides the main product: Matrol-Bi and Celus-Bi, which are all types of products. The first one is a bio-based lubricants and biodegradable greases that can be used in machinery and obtained from renewable resources, thus offering an alternative to products made from fossil fuels. For the cosmetics sector, the second line consists of bio-based ingredients that combine high performance with low environmental impact.

⁶¹ <https://www.novamont.com/eng/>

It is possible to add these product innovations to Novamont's process innovation. As part of the company's research and development program, new bioprocesses are being optimized and scaled up to produce bio-based, biodegradable and compostable products, starting from the existing technologies. The aim is to use these innovations to solve social and environmental problems.

With their commitment to sustainability, Novamont is a part of the circular economy, which is based on being responsible for the entire supply chain, such as purchasing raw materials from suppliers that are just as committed to sustainability as Novamont is. Additionally, the company is adopting efficient solutions in order to make the products more environmentally friendly throughout the life. Its products are generated from the earth, and they return to the earth at the end of their life cycle.

In addition, to improve sustainability, the company has adopted solutions to increase the energy efficiency in the plant by transforming waste and emissions into potential resources.

Among the key components of Novamont's customer value proposition are innovation and the sensitivity to sustainability. The benefits that the customers expect to receive by purchasing these products are mainly social and environmental in nature. As for the economic and functional advantages, there are some references to these types of advantages, but they are not so strong to constitute the main benefit of the proposal.

In their report for the sustainability, they address the proposition to all the company's stakeholders. It is therefore possible to find both direct and indirect customers among the recipients of the customer value proposition, as well as the entire supply chain of the company, such as its suppliers and collaborators, as well as the environment and local communities in which Novamont operates in addition to the society as a whole.

The customer value proposition is primarily determined by suppliers, as consumers are not actively participating in the creation and co-creation of value, leading to a supplier-determined perspective. In terms of focus, the proposition focuses on highlighting the product features of the bioplastics as well as the process innovation that will allow the company to manufacture their offering with natural raw materials.

There is no concrete estimate of cost savings within the proposition, so the explicitness is weak. However, there is a concrete measure of the reduction of environmental impact, as evidenced by the 55619 tons of CO₂ that will be avoided by 2021, which gives it some level of explicitness. By developing a customer value proposition at a customer segmental level, Novamont is able to target specific segments of the customer, such as agriculture for Mater-Bi and cosmetics for Celus-Bi.

The logic behind the customer value proposition built by Novamont possesses characteristics that can be found both in replace value logic and in resurrect value

logic. In this case, the product is intended to replace the existing product with a more sustainable solution, which is indicative of a replace value logic. However, some design elements of the customer value proposition are similar to the ones of the resurrect value-logic in the Finnish market.

3.4 RESULTS

The results of the analysis of the customer value propositions performed in the Italian B2B market can be summarized in the following table.

Table 2: Overview of the CVP design elements of the selected companies

CVP design elements	Bio Valore World S.p.A.	Diasen s.r.l.	Ecozema s.r.l.	Maker s.r.l.	Novamont S.p.A.
Innovation	Product Innovations	Product Innovations	Product & Process Innovation	Service Innovation	Product & Process Innovations
Benefits	Functional, Social & Environmental	Functional, Social, Environmental, & Economic	Functional & Environmental	Functional, Environmental & Economic	Social & Environmental

Recipients	Customers, Society & Environment	Customers	Customers, Society & Environment	Customers	Customers, Supply chain, Environment & Society
Perspective	Transitional	Transitional	Transitional	Mutually determined	Supplier determined
Focus	Product's characteristics & customer's experience	Product's characteristics & customer's experience	Product's characteristics & customer's experience	Improved performance outcomes	Product's characteristics
Explicitness	Weak, but comparison with alternatives	Explicit quantification of the benefits	Weak	Weak	Weak but measure of the reduction of environmental impact
Granularity	Customer segment level	Customer segment level	Customer segment level	Firm level	Customer segment level
Value-creation logic	Replace value	Replace value	Replace value & Resurrect value	Optimize value	Resurrect value & Replace value

Source: Own elaboration

Through this table, it is possible to have an overview of the design elements of each CVP analyzed.

According to the cross-case analysis of the selected customer value propositions, the first element which stands out is the granularity factor. As a result of this analysis, it turns out that 4 out of 5 of the companies selected are articulating their CVP on a customer segment level. It means that they are primarily focused on their customers or on specific industries that may gain a benefit from their offer. In addition, according to what has been documented in the literature, it is usually the marketing department that develops the customer value proposition at a customer segment level.

According to the analysis, three companies adopt a transitional perspective. This indicates that the majority of the companies examined are open to engage in dialogue with their customers in order to understand what is valuable to them. In these cases, there is a high level of involvement by the buyers, but it is still the company that determines the value and the customer value proposition.

A further aspect worth considering in this cross-case analysis is the explicitness. Based on the results, it becomes evident that the CVP is not objectively quantified, calculated, and articulated. Companies prefer to compare their offer to the alternatives or to quantify the reduction of the environmental impact.

Finally, the result of the analysis revealed that Italian companies tend to build their customer value proposition around product innovations that aim to substitute existing alternatives.

CONCLUSIONS

There has been an increase in the number of companies, as mentioned in the thesis introduction, who are increasingly aware of their impact on the environment, and, therefore, decide to adopt sustainable practices. A green marketing strategy is, however, not always adopted by companies for environmental reasons. They often face pressure from the government, which expects companies to meet certain environmental standards, a competitive pressure from the competitors, or they adopt an environmentally friendly strategy as an opportunity to achieve competitive advantage.

Moreover, as seen in the first chapter, firms can adopt two different approaches to implement a green marketing strategy, namely a proactive or reactive strategy. Both of them can be correlate to a degree of innovation, that can go from a small product innovation to a discontinuous innovation.

There is no doubt that innovations play a crucial role in the circular economy, as they can be considered an opportunity for businesses to differentiate themselves from their competitors and creating value for their consumers. However, environmentally friendly innovations alone are not sufficient to obtain a competitive advantage. Suppliers must be able to communicate with buyers what are the benefits of the sustainable innovation.

To communicate how the innovation is delivering value to the customer, it is crucial to properly develop the customer value proposition according to one of the four logics discussed in the second chapter.

The first logic, namely the resurrect value logic, is based on the idea of introducing new product and process innovations that enable firms to recycle existing product or materials and returning them to the market.

The main characteristic of the share value logic is that the customer value proposition should be built on those service innovations and process innovations that are useful to improve the distribution of or access to underutilized assets and resources.

The customer value proposition built according to an optimize value logic is intended to focus primarily on innovations in service and business models that enable firms to extend resource usage.

The last logic, the replace value logic, is centered on replacing existing products with more sustainable alternatives.

Each of these logics is characterized by different design elements, which constitute the architecture of the proposition.

The aim of the analysis performed in the last chapter of this thesis is to identify the design elements of the customer value proposition of each Italian company selected to classify the proposition according to one of the four logics identified in the study taken as reference for the development of this analysis.

The findings show that companies primarily build their customer value proposition according to a replace value logic, based on the proposition built to replace existing products. This can be found in four of the five companies analyzed. In two of these cases, the companies adopt a value creation logic that has design elements of both replace and resurrect value logic.

In the case of Ecozema s.r.l. the design elements are similar to the replace-logic. However, the company also performs an activity, restore materials, that it is typical of the second logic.

On the contrary, in the Novamont's case, the customer value proposition presents design elements similar to a resurrect value logic, but the proposition is built on replacing existing alternatives, characteristics of the replace value logic.

Only in one case it can be clearly see that the company built the customer value proposition according to an optimize-value logic.

It is, in conclusion, possible to affirm the importance of green marketing strategies to strengthen the company's presence in the markets by exploiting the great value of sustainability, which is increasingly in demand among investors, stakeholders and customers.

The results of the analysis indicate that the most common logic used by Italian B2B companies when building the customer value propositions is the replace value logic.

However, its design elements have some dissimilarities with those identified in the study taken as reference for the development of the analysis. The same applies in the case of the other customer value creation logics.

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