


MARKETING OF ENERGY SOCIAL RESPONSIBILITY: EXPLORING THE CUSTOMER SATISFACTION

Bruno Grbac (*University of Rijeka, Croatia*) 

Duško Radulović (*Energo Ltd., Croatia*)

Anita Klanac (*Sensum Ltd, Croatia*)

Abstract:

Energy market liberalization, environmental issues and customers' social problems require social marketing approach in order to achieve energy customer satisfaction and sustainable energy company development. The purpose of this paper is to examine energy companies' social responsibility perspectives and its functioning in liberalized and competitive energy market, regarding the level of customer satisfaction. At this purpose, the correlation of energy customer level of satisfaction and function of social responsibility marketing in energy companies will be assessed. Research included a survey on customers of gas and district heating service in the local community. Obtained results were tested and final findings indicate that energy companies' social responsibility marketing activities correlates with the level of energy customer satisfaction. Therefore, new marketing relation of energy social responsibility is presented in order to achieve a community sustainable development.

Keywords: *marketing; energy; social responsibility; customer satisfaction; sustainable development*

MARKETING DE LA RESPONSABILIDAD SOCIAL DE LA ENERGÍA: EXPLORANDO LA SATISFACCIÓN DEL CLIENTE

Resumen:

La liberalización del mercado energético, los aspectos medioambientales y los problemas sociales de los clientes requieren un enfoque de marketing social para lograr la satisfacción del cliente de energía y el desarrollo de las empresas de energía sostenible. El objetivo de este artículo es examinar las perspectivas de responsabilidad social de las empresas de energía y su funcionamiento en un mercado energético liberalizado y competitivo, en relación con el nivel de satisfacción del cliente. A tal propósito se evaluará la correlación del nivel de satisfacción del cliente de energía y la función de marketing de responsabilidad social en las empresas de energía. La investigación incluyó una encuesta a consumidores de gas y calefacción en la comunidad local. Los resultados obtenidos fueron testados y las conclusiones finales indican que las actividades de marketing de responsabilidad social de las empresas de energía se correlacionan con el nivel de satisfacción del cliente de energía. De este modo se presenta una nueva relación de marketing de responsabilidad social de cara a lograr un desarrollo sostenible de la comunidad.

Palabras clave: *marketing; energía; responsabilidad social; satisfacción del cliente; desarrollo sostenible*

 Faculty of Economics (*University of Rijeka, Croatia*), Ivana Filipovića 4 51000-Rijeka (Croatia)
e-mail: grbac@efri.hr

1. Introduction

Nowadays, as the local community struggles with the issues of increasing resources demands, loss of biodiversity and social rights, the energy social responsibility represents a priority to political, cultural and professionals. There are some studies that suggest that liberalization of energy market initialized competition between energy companies in environmental issues, social responsibility and customer satisfaction (Evans 2002; Ilie et al. 2007; Sharratt et al. 2007). Other studies claim that the relation between climate change and energy consumption is an open question for marketers and policy makers in order to establish proenvironmental and efficient customer behaviour and consumption measures (Tuladhar et al. 2009; Arbex and Perobelli 2010).

At the same time energy customers are in position to require additional quality of energy service from their energy companies such as: consumption of renewable energy, fair price, customer switching, energy consumption planning, etc. That is why other studies instruct energy company marketers to base their marketing strategies on social responsibility and embrace social initiatives (Sharratt et al. 2007; Gasior 2012; Metaxas and Tsavdaridou 2012). As an issue of social marketing it could be understood as “it has its bottom line in influence of customers’ behaviour but it also seeks to benefit broader community and not just company marketing itself” (Andreasen 1994, p. 112). Finally, the need for social marketing practices represents new challenges for energy companies and local communities (Porter and Kramer 2006; Kotler 2011) because they need to identify the particular set of societal problems and gain greatest competitive benefit for company and community sustainable development.

This paper examines two important dimensions of contemporary organizational activity: social responsibility marketing and customer satisfaction. We focus upon the relationship between an energy company and its customers and assess the way in which social responsibility activities (such as energy efficiency and renewable energy) influence on the level of satisfaction of the costumers. Additionally, the paper aims to determine differences among group of respondents based on their level of satisfaction with marketing activities of energy companies.

Our findings extend existing literature in two ways: firstly, obtained results indicate that customers’ attitudes to energy social responsibility correlate with energy company marketing activities; secondly, such findings can be generalized and suggest a new relation which can be deployed in a range of contexts regarding community sustainable development.

2. Theoretical background

Early researches describe social responsibility in companies as a way to maintain the ethical and cultural norms of the communities in which the organization operates (Steiner 1975; Carroll 1979). In this sense, Social Responsibility (SR), or Corporate Social Responsibility (CSR), is defined as the integration of “economic, ethical and discretionary categories of business performance” (Carroll 1979, p. 499).

Further researches support the existence of a link between social responsibility and environmental strategies and financial performance because “successful corporations need a healthy society” (Porter and Kramer 2006, p. 82). During the last decade, many local communities have embraced energy social responsibility as an important tool in their sustainable development (Ling et al. 2009; Covenant of Mayors 2014).

Therefore, it seems that 40-years practice of social responsibility has changed its conceptual purpose. At the beginning companies embraced social responsibility in order to share the same ethical values as local communities (Andreasen 1994). Nowadays, struggle with environmental, energy and social problems has influenced the ethical meaning of social responsibility, which has a marketing perspective for companies, while local communities use it as a method for their sustainable development (Kotler and Lee 2007; Covenant of Mayors 2014).

The consideration of a marketing perspective on social responsibility brings in the focus into the customer care. Additionally, it can be used for company promotion, branding and image development, which sometimes has unethical purposes (Carrigan and Attala 2001; Kotler 2011; Williams 2011). More and more customers have been labelled as “socially sensitive” and already have strong influence on corporate marketing planning (Kotler 2011).

Further literature defines *social* or *sustainable marketing* as the process of planning, implementing and controlling the development, pricing, promotion and distribution of products in a manner that satisfies the following three criteria: i) customer needs are met; ii) organizational goals are attained; and iii) the process is compatible with ecosystem (Fuller 1999). These social marketing issues and ethical approaches in marketing have been analysed with another source in order to explain customer ethics requirements and behaviour as “the most customers pay little heed to ethical considerations in their purchase decision making behaviour” (Carrigan and Attala 2001, p. 574), which makes the link between social responsibility and customer purchase behaviour unproven.

Those findings influenced our research and directed it towards energy market liberalization and energy company marketing literature. European energy market liberalization indicates that free competition influenced on energy customer behavioural attitudes and their willingness to react on energy efficiency and renewable energy promotion (Wieringa and Verhoef 2007; Harris et al. 2010; Scarpa and Willis 2010). However –and unfortunately– other evidence imply that energy customers are not making full use of the savings opportunities which market liberalization offers (European Commission 2010).

Another study indicates that energy companies seek to legitimize themselves by appearing as socially and environmentally responsible organizations, as well as economically viable organizations (Tate et al. 2009). Further research carried out among energy companies in Poland imply that social responsibility actions do not stem from the willingness to help the environment or behave ethically, but from purely financial reasons (Gasior 2012). Different findings, gathered from Greek energy companies explain how social responsibility becomes an integral part of these companies’ business strategy (Metaxas and Tsavdaridou 2012). Another research in the UK, on energy industry social obligations, suggests that “incentives to react responsibly are grounded in diverse perceptions of commercial interests with little reflection on ethical considerations” (Sharratt et al. 2007, p. 1518).

Literature suggests that liberalization of energy market influenced energy companies across Europe to embrace social responsibility in their business strategies. But evidences also indicate that social responsibility has been used for marketing or financial reasons rather than ethical issues. To determine customer satisfaction with the image of energy companies’ social responsibility there are also other researchers’ attempts to profile marketing activities in relation to environmental concern. Most marketing activities in energy companies are based on marketing policy, involving: i) energy product (service) selection; ii) pricing sustainability and regulation; iii) placement or energy distribution; and iv) promotion activities. Therefore marketing mix emphasizes environmentally friendly company efforts in order to create added value for its stakeholders (Cronin et al. 2009; Pelozo and Shang 2011).

One recent paper analyse favourable attitudes towards social responsibility and their influence on customers’ higher level of satisfaction in correlation with customers’ loyalty to the company (Galán et al. 2013). Another important opinion on social responsibility marketing is that companies applying it gain competitive advantage and increase their market share (Saxena and Khandelwal 2010). Such conclusion highlights again the conflict between social marketing and marketing ethics, also implied by other findings in literature (Carrigan and Attala 2001).

All above literature motivated the authors of this paper to continue with their empirical research and encouraged them to determine importance of social responsibility marketing in energy companies.

3. Methodological issues

A exploratory research design has been used in this study, which focused on customers satisfaction related to importance of social responsibility marketing activities in energy companies. A questionnaire was built for the purpose of data gathering, consisting of 25 questions which were divided into three sections: the first section of questions focused on determining customer attitudes about the energy companies’ socially responsible activities; questions in the second group examined customers’ level of satisfaction with the energy services they are using; finally, the third section of questions was designed to gather respondents’ socio demographic characters (gender, education, occupation and income level).

The survey was carried out in June 2010 among sample of customers which used gas or district heating, or both of those services, provided by the local energy company in the city of Rijeka, in Croatia. The Computer-Assisted Telephone Interviewing (CATI) method was used and the respondents were accidentally picked up among energy company data base of 30000 customers.

The questionnaire was designed according to the common framework of measures for the promotion of energy efficiency within the European Union in order to ensure the achievement of the EU target goal for 2020 of 20% on energy efficiency and to pave the way for further energy efficiency improvements beyond that date (European Commission 2012). Energy customers' social issues and their perspective in liberalized energy market were also taken in mind as guidance when settling on the questions (Sharratt et al. 2007; European Commission 2010). In order to examine influence of marketing social activities on energy companies' image and satisfaction attitudes with provided services, a couple of questions searched for customers' opinion on that subject (Saxena and Khandelwal 2010; Claudy et al. 2012). That seems to be crucial for competitive approach findings.

The data collected from energy customers survey was tabulated and processed using univariate, bivariate and multivariate statistics. Data analysis consisted of several tests, regression and analysis of variance with Tamhane *post hoc* test, since the assumption of equal variances was met.

4. Results and discussion

A total of 505 energy consumers answered the questionnaire and provided data for the analysis. In this sample, the proportion of gas customers (58.2%) was higher than the one of district heating consumers (26.7%) and the one of those which use both gas and district heating (15%) which is satisfactory regarding the characteristics of the overall statistical sample. Table 1 shows the descriptive statistics of the tested sample.

Results show that mean scores (M) are all above 3.5, thus indicating that the customers involved in this study tend to have positive attitude and environmentally social responsibility. According to the customers satisfaction with the energy company marketing activities the responders were asked 5 questions, presented as items in Table 1. The most highly evaluated item ("*energy company promotes energy efficiency*") show that respondents tend to emphasize coexistence of satisfaction with marketing activities and energy efficiency. At the same time, most respondents did not recognized energy company investments in energy efficiency and renewable energy, which imply the possibility that those activities did not clearly represent environmentally social marketing activities in customers view.

The ANOVA results (see Table 2) show that there were no significant differences between mean ratings among responders propositions ($p < 0.01$). These results were acknowledged later with Tamhane *post hoc* test ($p < 0.01$). Such findings are partially in accordance to results of previous studies (Saxena and Khandelwal 2010; Claudy et al. 2012; Galán et al. 2013).

Based on the obtained results certain implications can be drawn. So, and firstly, energy social responsibility could correlate with customers' level of satisfaction and besides ethical or financial issues, it could impose higher empathy for the environment and energy service. So customers' level of satisfaction with social activities represents –or, at least, it should represent– an important aim for marketing managers in energy companies. Their focus on ethics should be used to gain greater market shares and competitive advantages, which is a difference regarding the findings from previous surveys (Carrigan and Attala 2001). Secondly, a new relation can be deployed in a range of contexts regarding community sustainable development. This relationship complements community engagement and outline basic energy framework for environmental, social and economics dynamics from already existing community sustainable development template (Ling et al. 2009).

Table 1. Descriptive statistics for energy social responsibility marketing in energy company

Item	N	M	SD	SE
Energy company promotes energy efficiency	433	3.98	1.134	0.055
Invests in energy efficiency and renewable energy	347	3.58	1.205	0.065
Energy company is environmentally social responsible	433	3.68	1.068	0.051
Educates customers about energy efficiency	439	3.87	1.177	0.056
Has recognizable image and marketing campaigns	435	3.78	1.134	0.054

Table 2. Results of ANOVA

Item	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>p</i>
Energy company promotes energy efficiency					
Between groups	60.734	3	20.245	17.544	0.000
Within groups	495.045	429	1.154		
Total	555.778	432	1.068		

Invests in energy efficiency and renewable energy					
Between groups	82.166	3	27.389	22.338	0.000
Within groups	420.560	343	1.226		
Total	502.726	346			

Energy company is environmentally social responsible					
Between groups	67.642	3	22.547	22.755	0.000
Within groups	425.092	429	0.991		
Total	492.734	432			

Educates customers about energy efficiency					
Between groups	58.332	3	19.444	15.420	0.000
Within groups	548.542	435	1.261		
Total	606.856	438			

Has recognizable image and marketing campaigns					
Between groups	97.499	3	32.500	30.401	0.000
Within groups	460.754	431	1.069		
Total	558.253	434			

5. Conclusions

This research contributes to the existing literature in the field by applying social responsibility marketing to explore the uncertain and under investigated energy customer level of satisfaction with the energy service. Our findings highlight the importance of marketing activities which influence on the customer level of satisfaction, regarding energy efficiency and renewable energy issues and their compatibility with a positive company image.

Despite changing values and previous mistakes in the ethical use of energy social responsibility in practice, this research demonstrates that energy customers are still willing to accept new environmental standards. Simultaneous implementation of those standards is certainly accelerated by the energy market liberalization process.

Therefore energy customer attitude for community sustainability, environment preservation, social issues and other related topics has to be in focus and strategically planned among energy marketers. Their social responsible marketing activities require active and compelling engagement process of customer service value upgrade, in order to stay competitive in the market.

However, there are also certain limitations in this study. So, as presented results are gathered from customers included in a concrete energy company portfolio, it would be interesting to broad the sample by including other individuals which share the same local resources and have their own vision of sustainable community development. This could be translated into a future research focus which could measure customers' environmental and social responsibility attitudes and explore various aspects of energy social responsibility marketing.

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