

THE ROLE OF INTEGRATED MARKETING COMMUNICATIONS IN ENERGY EFFICIENT TECHNOLOGIES INTRODUCTION AND DEVELOPMENT

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Abstract

Marketing is one of the most important components in the management process when the state / company / manufacturer is trying to offer innovative products to customers and is implementing the new, innovative product on the market. In this study we have researched the role of integrated marketing communications in one of the most important challenges of 21th century - promotion of energy efficient technologies. The use of integrated marketing communications in promotion of energy efficient technologies can be considered as "Innovations Marketing", because devices like them are innovative products, therefore they need to be demonstrated to end users in a new, innovative way. The importance of marketing in relation to innovation has laid the foundation for a new concept - "Innovations Marketing", which means creating market-oriented innovations. The study provides the results of two interrelated research, which aimed at: Establishment the level of public awareness about benefits of energy efficient technologies in Georgia; End users attitude to integrated marketing communications in Georgia;

Key words

Energy efficiency; integrated marketing communications; Innovations marketing, Energy efficient technologies; Energy saving; Marketing

JEL Classification: M13, L26, L25

Introduction

*"It Is Not the Strongest of the Species that Survives,
But the Most Adaptable"*
Charles Darwin

Energy efficiency is a global issue that is becoming more and more actual day by day. This is caused by energy shortages, rising prices on energy resources, energy dependency and ecological problems. In the epoch of today's global economic, technological and social changes, any business is on the verge of "survival" and technological innovations are only hope in new economies. Using less energy to accomplish the same amount of work. Getting the most work per unit of energy is often described as a measure of energy intensity. Common metrics for buildings and neighborhoods include energy use per square foot and use per capita. Energy has emerged as a critical economic issue and top priority for policymakers. Unsustainable energy supply and demand have serious implications for everything from household budgets to international relations. Buildings are on the front line of this issue because of their high consumption of energy. Studies have repeatedly shown that efficient buildings and appropriate land use offer opportunities to save money while reducing greenhouse gas emissions.

It is interesting to define the importance of integrated marketing communications in developing and implementing such a crucial process, such is energy saving. This process can be freely considered as an innovative issue - the basis for the implementation of any innovation is marketing research, which defines the customer's needs. Therefore, marketing is one of the most important components in the management process when the state (company, manufacturer) is trying to introduce innovate products to customers and implement them on the market. Marketing is an essential ingredient for the success of energy efficiency finance. But too often, finance and efficiency experts focus on technical and financial issues and underestimate the importance of marketing. Using best practices in marketing is necessary to drive demand to the high levels state goals require.

In Georgia, an interest to energy efficient technologies is slowly growing up – more and more customers are buying eco-lamps, eco building materials, domestic appliances with inverter engine, heating/cooling eco systems, etc.

Customers are trying to understand why they should pay more today, why they should buy a central heating system working on solar energy and save up to 70% of consumed energy when they can pay twice less and warm up the building with a gas-powered device. In this case the role of integrated marketing

communications is very important - to create an interest among potential customers, to create demand, to implement and sell energy efficient equipment to customers, while competition is growing day by day. However, it should be emphasized, that the main point for energy saving is to change the behavior of each individual – they should have the desire to save energy, to take care of the environment, to reduce costs and to understand why the change is so vital. Society will save energy and buy energy efficient devices only after they fully understand the importance of the problem and will be motivated to become "energy savers".

As Martin Gitlin, Senior Advisor at Harcourt Brown & Carey Energy & Finance says: "There's not been a lot of uptake on existing programs. The biggest obstacle is... what to do to convince people to buy energy efficiency."

Theoretical background

Marketing is one of the most important components in the management process when the state / company / manufacturer is trying to offer innovative products to customers and is implementing the new, innovative product on the market.

The integrated marketing communications are the most important contributors to achieving this goal. In the modern world, where technology is developing so fast, the role of integrated marketing communication is significantly increased. In developed countries, businesses spend more time and money using marketing communications to increase revenue and maintain the company image and reputation. The use of integrated marketing communications in terms of energy efficiency and promotion of energy saving technologies can be seen as "innovation marketing" because, energy saving devices, in fact, are innovative products, so they need to be presented and offered to customers in a new way. The main purpose of innovation marketing is to open up new markets and ultimately lead to an increase in the business' sales. Innovation marketing also aims at newly positioning the business' products as well as addressing the customers' needs. As the dynamics of business keep changing on a daily basis, so are the marketing strategies. Innovation marketing essentially comes from two important business terms which are innovation and marketing. In order to understand innovation marketing it is essential to understand the meaning of the two words:

- Innovation – This is the process of coming up with new ideas that will be able to bring positive impact to the business such as new products or services.
- Marketing – this is the process where the producers communicate to the consumers about

their products and services. Marketing is essential for informing the customers and prospective customers about the product, its features and why they should buy it.

A combination of both terms yields innovation marketing which is simply the implementation of a new marketing method which has not been used earlier and normally involves a big change in the product design, pricing, promotion and even packaging. The main purpose of innovation marketing is to open up new markets and ultimately lead to an increase in the business' sales. Innovation marketing also aims at newly positioning the business' products as well as addressing the customers' needs. As the dynamics of business keep changing on a daily basis, so are the marketing strategies. One of the main features that distinguishes innovation marketing is the fact that it signifies the company's or business departure from the old marketing strategies. Thus, innovation marketing should be able to highlight the progress in business by using new marketing methods that have not been used before.

To be clear about innovations marketing and innovative marketing, here are some good examples of "innovative marketing": IKEA has always had close ties with innovation. Founded in 1943 as a mail-order sales business, the company has grown into a global multinational spanning 46 countries, built on the unique USP, and the momentous commerciality, of ready-to-assemble furniture. IKEA's products are renowned for the level of detail that is put into their design – enabling their furniture to be easily assembled, often without tools – and equally it's in the detail of IKEA's marketing where the company is most innovative. The brand has put customer-experience at the heart of their marketing strategy, not just at individual needs and touch points, but across the whole buying cycle. The app is a great resource for customers in the consideration stage of the buying cycle. Those who visit an IKEA store can look forward to a number of innovations designed to make create excellent shopping experiences. Parents of young families can benefit from babysitting for 60 minutes completely free of charge. Customers can also enjoy the in-store restaurants and bistros, for a taste of Swedish cuisine, and with breakfast available for as little as \$1, and family-friendly offers such as buy-one-get-one-free frozen yogurt, it's little wonder that IKEA's family memberships increased from 4.3 million to 6.9 million in 2014/2015. Perhaps most impressively of all, IKEA also make efforts to cater for customers' post-purchase needs, even though it may have no direct revenue return for the brand. In previous years, for example, they introduced a platform that helped customer sell their second-hand furniture, even going as far as helping users take photos and opening up the brand's Facebook page to

act as an online marketplace. These are just a few examples. It's the collaborative impact of all of IKEA's efforts that makes their marketing so innovative. Initiatives have been staunchly focused on improving the complete buying experiences of their customers, without falling into established paradigms or typical processes. While many brands appreciate that customer experience is key to successful strategy, IKEA has managed to execute on a level of detail where numerous others fall short. In 2013, for example, they launched the Catalogue app, which not only gave users access to the company's inventory, but via augmented reality, actually allowed them to view how items would look in their home spaces. Good example of innovative marketing has company L'Oréal – This is a French cosmetics company with a strong foothold in the cosmetics industry all over the world. One way in which cosmetic companies market their products is by having exhibitions where people get to sample makeup as well as other cosmetics for free. In order to reach a wider customer base in this digital world, L'Oréal developed an App called the L'Oréal makeup genius. This app allowed users to do a digital makeover and by doing so they were able to sample the best makeups that suited their skin tones. The application was a huge success, being downloaded more than seven millions times.

Goal and Methodology

To find out how important the role of integrated marketing communications in Georgian reality is, what type of communication has the most effective result and if Georgian citizens have information about energy efficiency, energy saving technology by random selection I made a complex survey, the results of which clearly showed that the role of integrated marketing communications is very important in

Business, in project implementation and raising awareness of public on energy savings and energy efficient equipment.

Research N1:

The purpose of the research is to identify the level of public awareness about benefits of energy saving and energy efficient technologies in Georgia;

Research object - 150 interviewed, 21-55 years old, employed people;

Research Method - 100 Direct Interviews, 50 Social Surveys;

Place of research - Georgia, Tbilisi.

Research N2:

The goal of the research - the user's attitude towards integrated marketing communications in Georgia;

Research object - 140 interviewed, 21-50 years old, employed people;

Research Method - 70 Direct Interviews, 70 Social Surveys;

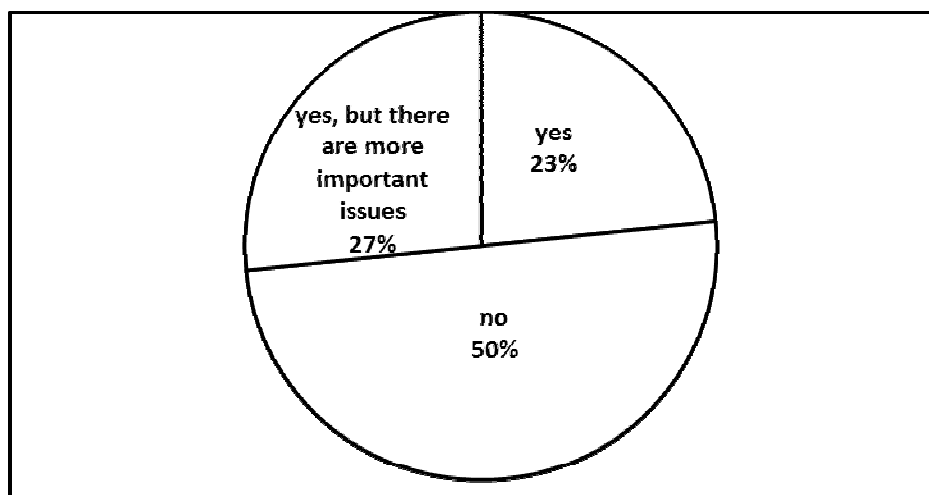
Place of study - Georgia, Tbilisi.

Findings

Research N1, which was aimed to define the level of public education about energy efficiency and energy efficient technologies in Georgia showed that the state's maximum involvement in energy efficiency issues is essential;

- The first question, which was about whether the energy efficiency is the main task for Georgia, 50% of respondents have responded negatively, only 23% perceive the actuality of the problem of energy deficiency as the main priority and 27% thinks that energy efficiency is important, but other "painful" issues are priorities for Georgia; (see the diagram N1)

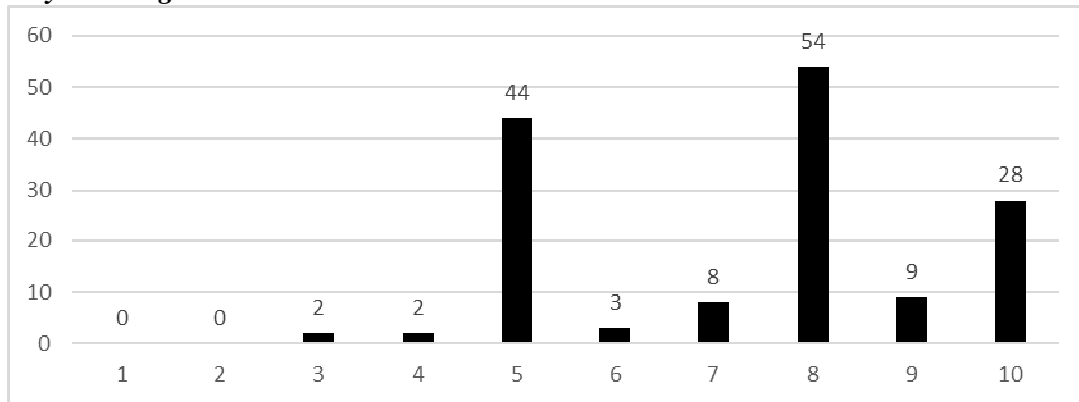
Diagram N1 - Do you think energy efficiency is the main task for Georgia?



• I received a relatively good picture about energy efficiency management on a 10-point scale - the majority of respondents estimated this issue by 8

points and 1 and 2 points were not be answered by any of the respondents; (see the diagram N2)

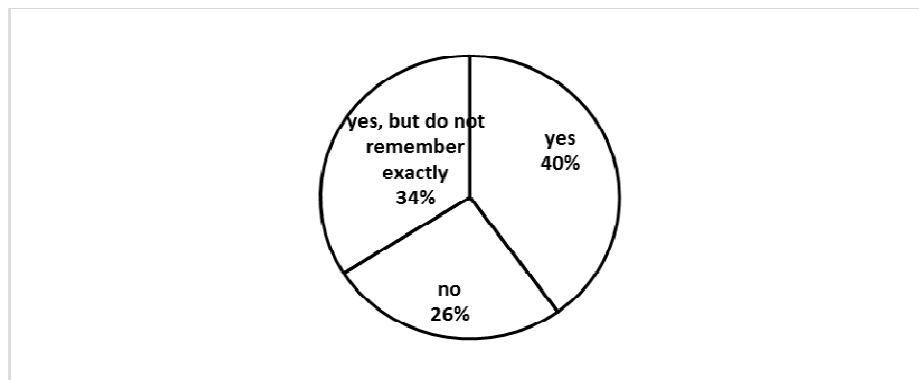
Diagram N2 - From 1 to 10 scale, (10 - the most important), how important is the management of energy efficiency in Georgia?



• On question if they have heard about the state programs, which support energy efficiency in Georgia, 40% of respondents did, 26% did not hear

about such programs and 34% had some idea about state support, but do not specifically remember which programs at all. (see the diagram N3)

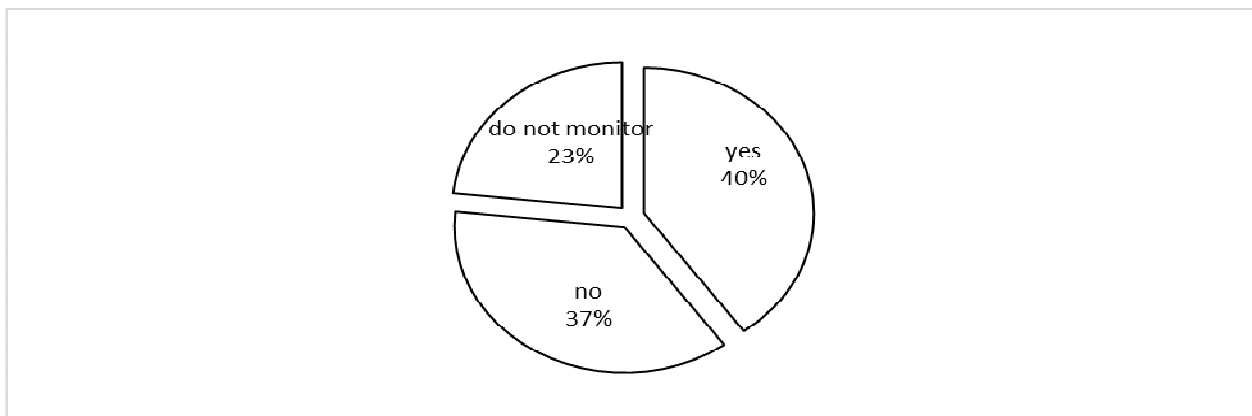
Diagram N3 - Have you heard about energy efficiency oriented state programs in Georgia?



• I have got some interesting results, while asking them whether they were saving or not energy and what kind of energy saving activities do they make every day. 37% of respondents gave negative

feedback, 23% saves but do not monitor on which activity and 40% saves energy by purchasing eco lamps, turning lights off - when they do not have the need for this; (see the diagram N4)

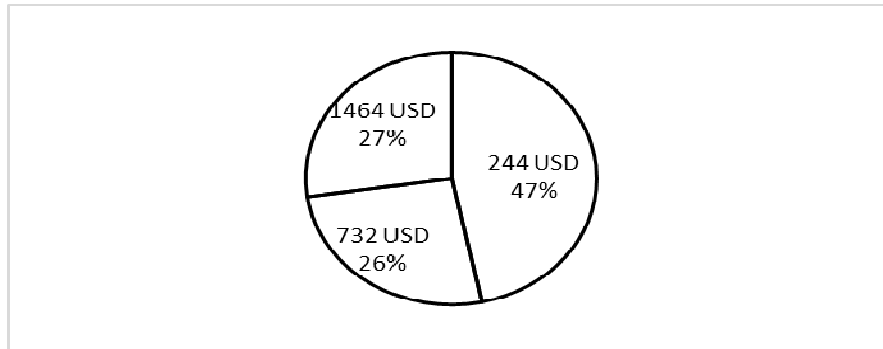
Diagram N4 - Do you save energy or not, and if Yes, in what way?



• In the questionnaire was one such interesting question - "Every night and every weekend, during one year if we turn off 10 computers, what do you think, how much will we save?" - 50% of respondents

could not answer the correct answer, only 26% "guessed". The correct answer was 1830 GEL (about 732 USD); (see the diagram N5)

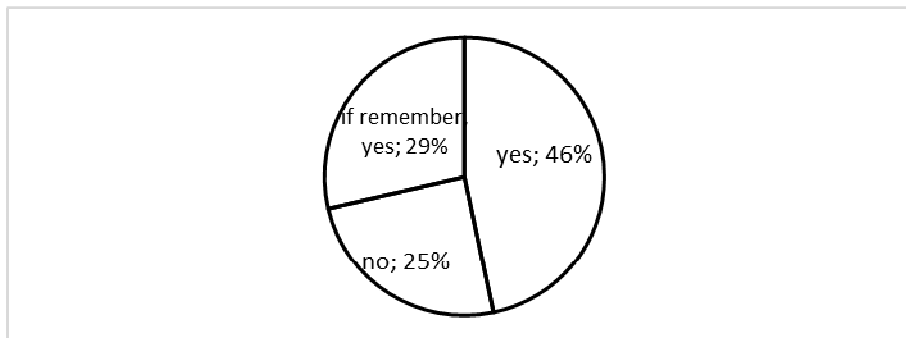
Diagram N5 - Every night and weekend during one year, if you turn off 10 computers, how much do you think we can save?



• 46% of the interviewed turn off from el. sources the equipment on which they are responsible for (Computer, printer, copier, electric warmer, heating-

cooling equipment, etc.), 29% do only when remember it and 25% do not. (see the diagram N6)

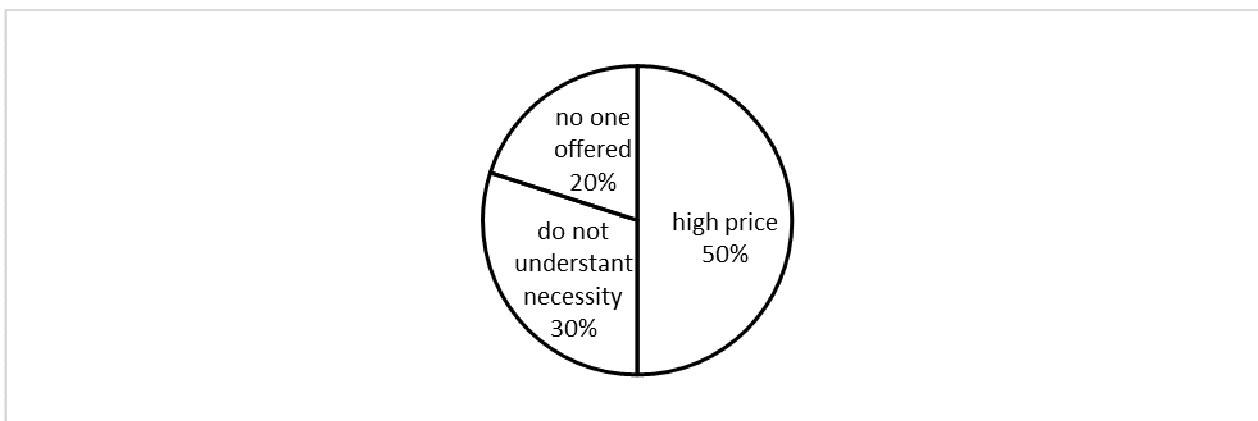
Diagram N6 - At the end of the day, do you turn off from el. source equipment you are responsible for? (Computer, printer, copier, electric warmer, heating-cooling equipment, etc.)



• The last question was about delaying factors for buying energy efficient equipment; 50% thinks that reason is high price, 30% do not understand the

necessity of buying energy efficient equipment and 20% answered, that they were never enhanced to buy energy efficient equipment. (see the diagram N7)

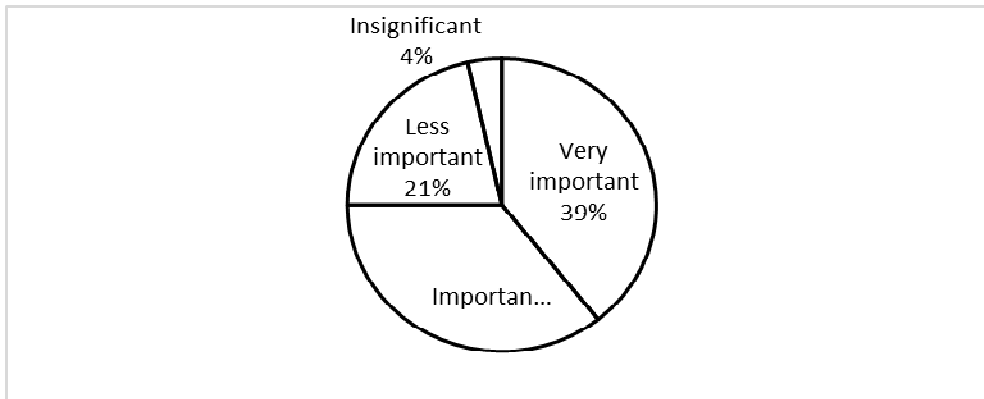
Diagram N7 - What are the delaying factors for buying e-equipment?



As a result of research N2, which aimed to identify the user's dependence on integrated marketing communications in Georgia, we defined that 50% of

respondents estimate integrated marketing communications as a very important tool for establishing the new market (see the diagram N2.1.);

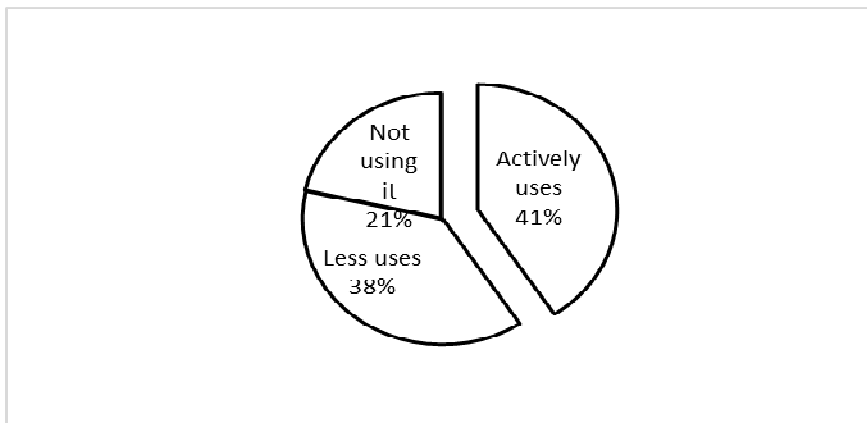
Diagram N2.1 - How important is the use of integrated marketing communication?



41% think that Georgian companies actively and successfully use Integrated marketing

communications for business development (see the diagram N2.2.);

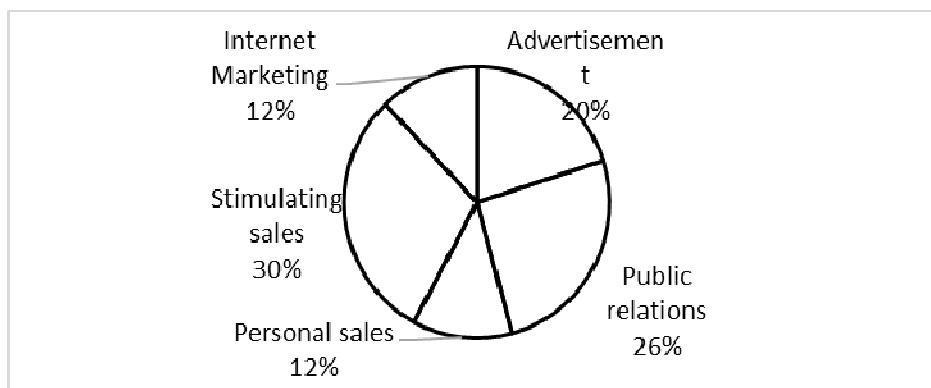
Diagram N2.2 - How Does Georgian Business Use Integrated Marketing Communications?



30% of respondents believe that sale stimulating is the most effective way of marketing communications

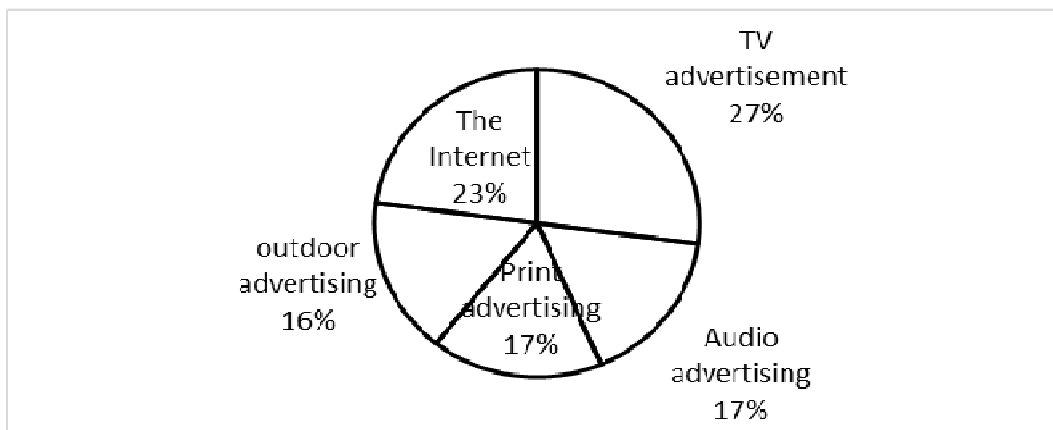
(see the diagram N2.3.), and 27% of respondents are admitting only TV;

Diagram N2.3 - Which means of marketing communication is the most efficient to deliver to the auditor main message?



Advertisement as the best way for mass awareness (see the diagram N2.4.);

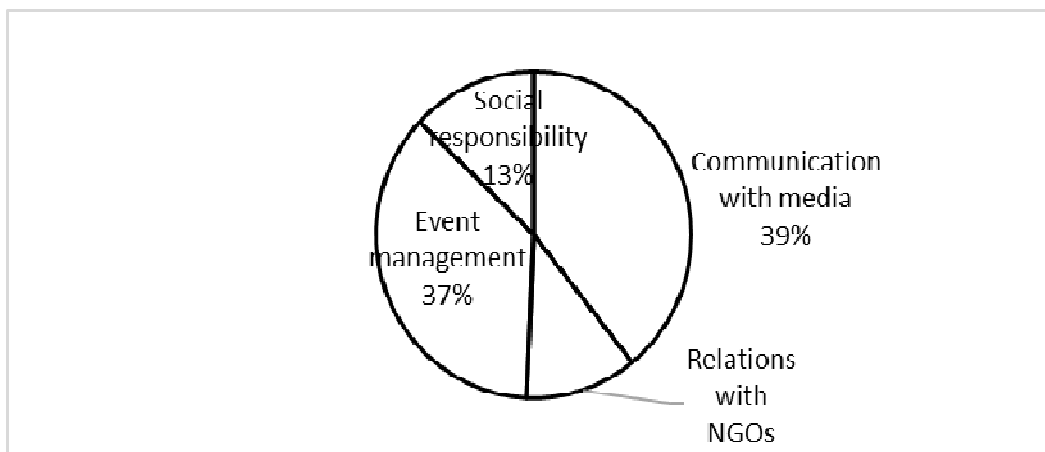
Diagram N2.4 - Which form of advertising is most effective?



As for the public relations, 37% of respondents think that the best way to introduce or implement product is event management and 39% thinks (see the

diagram N2.5.), like it is - communication with the media;

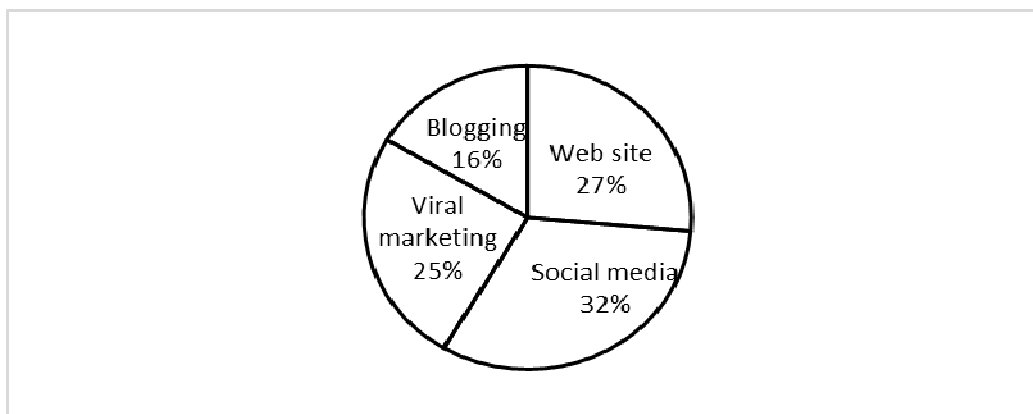
Diagram N2.5- Which form of public relations is most effective?



The role of the Internet in the development of modern integrated marketing communications is very high. On the question of which internet marketing

form is the most effective, the results are as follows: Social Media - 32%, viral marketing - 25%, web site - 27%, and blogging - 16%. (see the diagram N2.6.)

Diagram N2.6- Which form of internet marketing is most effective for business activity?



Based on the results of the survey we can conclude that consumers in Georgia slowly perceive the importance of integrated marketing communications

Conclusion

Based on the results of the survey, we can make a conclusion, that in Georgia, an interest to energy efficient technologies is slowly growing up – more and more customers are buying eco-lamps, eco building materials, domestic appliances with inverter engine, heating/cooling eco systems, etc. Fortunately, energy-saving habits are on the rise. Georgian companies are trying to build up public awareness about the use of renewable energy and about importance of energy saving technologies. Various supporting projects and events help them to make renewables popular among the people, but it is necessary to have more informed society about energy issues.

The role of the state is enormous in the developing of energy efficient technologies and energy savings behaviors. . A very useful and necessary project was "Energy Credit" - a dedicated program of the European Bank for Reconstruction and Development (EBRD) aimed at supporting sustainable energy projects development in Georgia, Armenia and Azerbaijan. Through "Energy credit", the EBRD provided USD 125 million to local financial institutions in the Caucasus region, for on-lending to both local businesses and individuals implementing energy efficiency measures and renewable energy projects. With these funds, the program aimed to enhance the awareness for energy efficiency and to transfer skills to local financial institutions in sustainable energy lending. Buyer of energy saving equipment was able to return 10% of the amount paid.

Besides these projects, it's important to mention Energy Efficiency Centre (EEC), which was established in 1998 by European Union within the framework of the EU Taci Project "Creation of an

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and they admire that integrated marketing communications has an important role in business development in Georgia.

Energy Efficiency Centre and Development Natural Energy Study in Georgia". The main objectives of EEC are:

- Support to renewable energy and energy efficiency utilization for sustainable development and as a result improve national energy security level and minimize negative environmental impact.
- Increase awareness of the civil society and the country's decision makers on the environmentally friendly and economically sound ways of energy production and consumption as well as on the potential for renewable energy and energy efficiency.

In April 2005, the "The Energy Efficiency and Cleaner Production Centre EECPC", which was established at 2003, within the framework of the Georgian - Norwegian Capacity Building Program on Energy Efficiency and Cleaner Production, was integrated into Energy Efficiency Centre Georgia. Since 2014 EEC is a supporter of Covenant of Mayors (Covenant Supporter).

It is necessary to popularize energy efficient systems and energy saving behavior in the society, not only for expenses optimization, but also for ecological issues of Georgia and the whole world.

Based on the results of the survey, we can conclude, that Georgians understand and estimate the importance of integrated marketing communications in business development, the necessity for Georgian society to be more informed about energy efficient devices, the need of maximum involvement of the state and giving detailed answers why should they save the energy - which would be impossible without an integrated marketing communications.

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