

# **Defining green electricity from a consumer's perspective; a cross-market explorative input for policy makers and marketers**

**Dr. Fridrik Larsen**

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HÁSKÓLI ÍSLANDS



# What is green electricity?

- As a result of restricted carbon emission allowances, generating and using renewable energy should lead to actual emission reductions, earning a valid claim to be marketed as an environmental source. If, however, renewable energy does not result in reduced allowances or if emission caps are not lowered, environmental claims cannot be genuine (Bird, Holt and Carroll, 2008).
- Consumer perceptions of what comprises a renewable source are not clear (Bergmann, Hanley and Wright, 2006; Borchers, Duke and Parsons, 2007; Ashley and Leonard, 2009; Larsen, 2013).

# Looks like a simple concept but it is not

- Which environmental benchmark should be chosen?
- How should environmental impacts be factored in?
- Does a green power product need to be totally green to be sold as such to consumers or can it simply be greener than previous offers from the company?
- It is not an either or phenomenon
- Overwhelming for the mainstream consumer

# The research

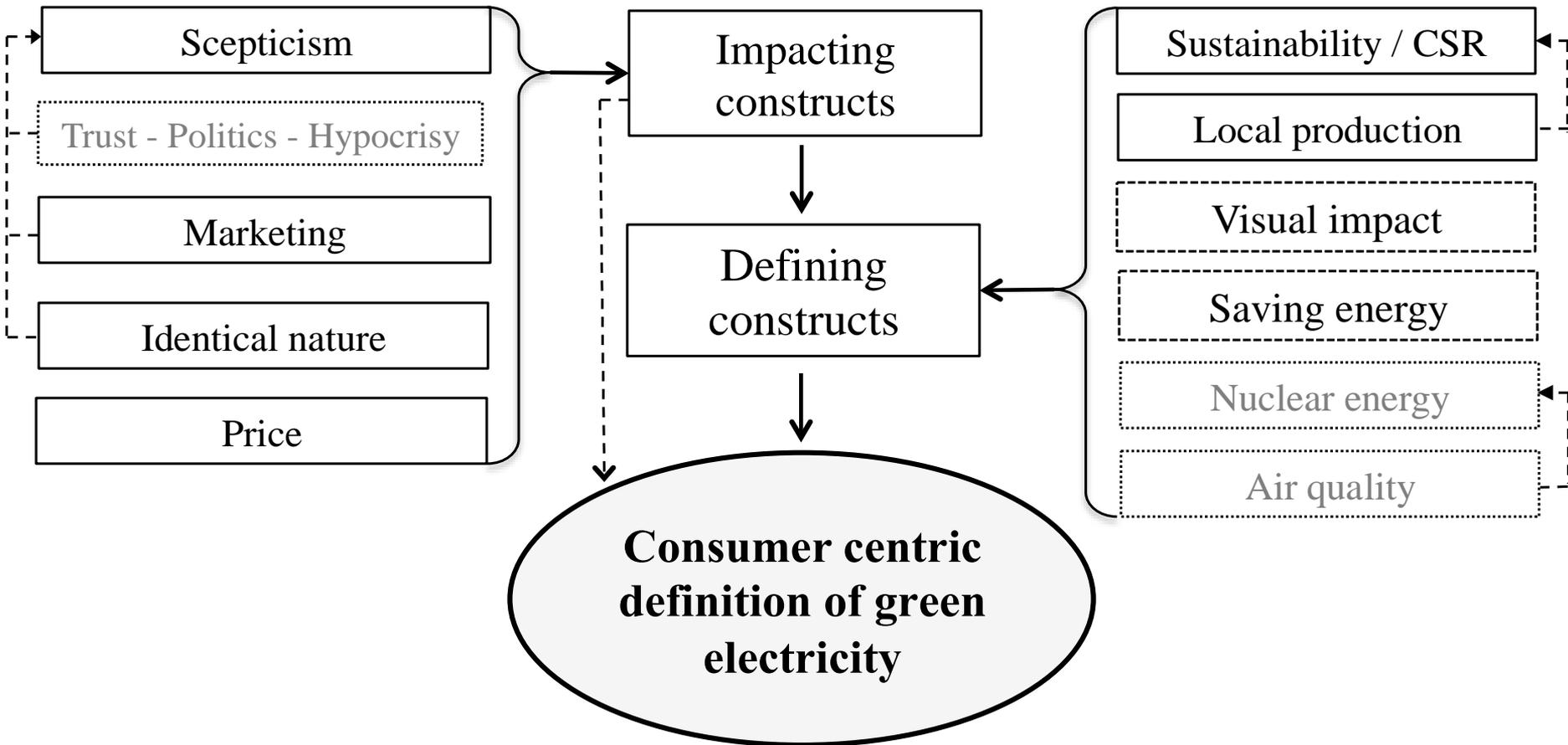
- Qualitative method used
  - 11 focus groups in five countries.
    - Iceland, Norway, Czech Republic, Poland, Estonia
- Four phases of analysis
- Criterion:
  - Paying customers of electricity companies.
  - Belonged to various age and income groups. Represented different household sizes
  - Articulate in English

	<i>Gender:</i>		<i>Age:</i>			<i>Size of household:</i>		
	<i>Male</i>	<i>Female</i>	<i>20-29</i>	<i>30-44</i>	<i>45-65</i>	<i>1-2</i>	<i>3-4</i>	<i>5-6</i>
<i>Iceland</i>	9	9	1	13	4	10	6	2
<i>Poland</i>	10	9	13	6	0	8	10	1
<i>Estonia</i>	8	5	5	3	5	9	3	1
<i>Norway</i>	12	4	2	9	5	7	5	4
<i>Czech Republic</i>	6	11	5	11	1	12	4	1
<i>Total</i>	45	38	26	42	15	46	28	9

# Findings

	Czech Rep.	Estonia	Poland	Iceland	Norway
[ + ] Price	■	■	■	■	■
[ + ] Scepticism	■	■	■	■	■
Electricity is always identical	■	■	■	■	■
Trust	□	■	□		■
Politics	■	□	□		■
Artificial		■	■		
Hypocrisy		■			■
A concern of western countries		■	■		
Information			■		
Green is marketing	□	■	■	□	■
Sustainability / CSR	□	■	■	□	■
Technologically advanced production	■	■			■
Limited reliance on fossil fuels	□		□	■	■
Visual impact	■	■		■	■
Saving energy	■		■	□	□ / [AR]
Local production	□	■	□ [AR]	□	■
Nuclear energy	■	□	■		
Air quality	■	□		□	
Uneconomical	■				
Powerlessness			■		

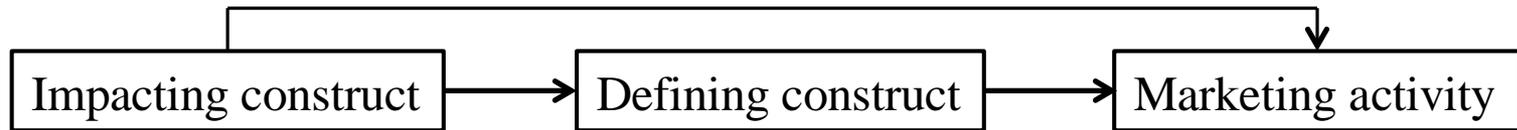
# Consumer centric framework of defining green electricity



# Impacting constructs - **Scepticism**

- There are many shades of green, it is easy to misguide consumers.
- The green literature discusses consumer scepticism toward green products at some length and how this negatively affects green purchase behaviour (Obermiller, Spangenberg and MacLachlan, 2005; Mostafa, 2006; e.g. Albayrak et al., 2011).
- Commercial advertising regulations allow for exaggeration of a product's features (Albayrak et al., 2011), which increases people's scepticism (Obermiller, Spangenberg and MacLachlan, 2005).
- Producers and green electricity marketing practices may be regarded with suspicion (Hartmann and Ibáñez, 2006). The participants' scepticism was heightened by the fact that many of them were not persuaded that the electricity received would in fact be green.

# Conclusion



- Defining consumer relationships to a particular product is important for promotion.
- Participants showed limited engagement with green energy
- Both is needed: Counteracting the impacting construct and emphasizing a defining construct.

# Conclusion

- Selecting which benefits to stress requires a short-term vs. long-term marketing perspective.
- A strictly information-based approach in marketing explaining how the company exhibits sustainability or its socially responsible behavior can be more effective than using images of unspoiled nature that take for granted consumer understanding.

# Want more?

[www.larsenenergybranding.com](http://www.larsenenergybranding.com)

[fl@hi.is](mailto:fl@hi.is)

