THE CHOICES OF MARKETING POLICIES MADE BY ENERGY COMPANIES

Work in progress

Felicetta Iovino
PhD Economics and Direction of Public Enterprises
University of Salerno
felicettaiovino@yahoo.it

Abstract

New two hour schedule tariffs were introduced on 1st July 2010 by AEEG. They distinguish use of electric energy between night and daylight hours and Sundays and public holidays, creating three different price bands (F_1, F_2, F_3), thus eliminating one hour schedule tariff for the highest protection customers. This study is proposed to understand the basic research problem "How much Italian energy companies have implemented relationship marketing and what are the characteristics of their marketing policies". We suggest this approach increases competition which is the aim of liberalisation processes. In fact, according to the principle of the "conservation of relationship energy", an Uppsala model, relationship energy cannot be destroyed and it can only be transformed and transferred to other relationships, manifesting itself in a variety of ways. So if relationship marketing is better implemented switching increases but trade relationships can be reactivated at a later time by social links which continue during the time. To answer that question we compare the data of two recent researches that analyze switching energy supplier in Italy and the UK. Furthermore, to explain the characteristcs of marketing policies, we are based on the data of an other research on customer satisfaction with Italian services.

Keywords: Energy, customers, relationship marketing, brand, pricing, offering, customer service

INTRODUCTION

The power also recognized to Italian customers to choose the free energy market since 2007, has submitted the concerned *utilities* to market competition. In this way, they have been challenged by the necessity to implement new *marketing* strategies, aimed at both finding new customers and retaining the old ones. But since the opening of the market to residential consumers of the energy market, how much do these consumers know about the existence of a variety of operators and the possibility of a *switch*? What are the main reasons that induce consumers to change their supplier? And do they know about and by which instruments do they know about today's commercial offers? The answers to these questions are really important for the development of marketing strategies both by big national and international *players*, approaching our market and by local *utilities*. In particular, to answer to these questions means to be willing to investigate, within a strategic sector such as the energy one is in any country, how much substantially and not only formally, the relational approach to the market has been adopted by the companies of the sector. In this work we assume that marketing strategies can be positively developed if they are implemented by energy companies that suitably adopt a relational approach. We also affirm that the partial adoption of such relational policies is the cause of a limited competition between energy *utilities* in our country. Then we sustain that such an approach has become one of the factors increasing the level of competition of energy markets. The studies carried out by the University of Uppsala, among which there are "*Inter-organizational Personal Contact Patterns*" (1982) by Cunningham and Turnbull and "*The principle of the conservation of business relationship energy: or many kinds of new beginnings*" by Havila and Wilkison (1997) show that even if the *trading* relationship ends, the relationship can continue in other ways. In this way a new commercial relationship can take place over time and at the same time the *relationship energy* can further emerge within other contexts. Referring then to the preservation principle of the *relationship energy,* in order to prove the truth of the above said assumptions, we will compare secondary data collected by two researches carried out by the regulating energy bodies in Italy and Great Britain, concerning the main aspects characterizing the liberalization process and secondary data from other researches, in order to provide further confirmation of the above said assumptions. We will then give a conceptual representation of today's *marketing* strategies implemented by Italian energy companies, being concentrated on the relationship between *pricing* and value offers, suggesting to consider them jointly both as regards already acquired and potential customers (Cassia F., Miglietta A., 2006). In this sense we will use data coming from a CFI research, in order to point out the main critical points and possible correction actions concerning marketing strategies. After this introduction, the next paragraph summarizes the conservation principle of the company's relationship energy which is the main theoretical principle proving the truth of the assumption made and showed in paragraph 3, where the results obtained by English and Italian markets are reported. In paragraph 4 and in its sub-paragraphs, today's marketing strategies implemented by Italian energy companies are presented together with a conceptual model showing critical points and possible correction actions. Then there are the conclusions in which theoretical and managerial implications are given, also showing the limits of this work and the possible future development of this research.

THE PRINCIPLE OF THE CONSERVATION OF BUSINESS RELATIONSHIP ENERGY

The relationship marketing is meant for "starting, negotiating and managing the exchange relationships with key groups interested in pursuing sustainable competition advantages in specific markets, according to long term agreements with customers and suppliers" (Håkansson H., Wootz B., 1979). *Marketing*, then, became *management* of long term relationships in the '70es, and since then it has been bidirectional and highly complex. For the purpose of this work, among the models of relational marketing published in literature, we will use the principle of conservation of *relationship energy*, created by Havila and Wilkinson. Such model has been created for the *interfirm* relationships within the sector of industrial goods according to IMP2 data collected by the University of Uppsala in order to analyze *marketing* relationships in depth within the above said sector, by a *network* approach. We can also sustain the applicability of such a model also as regards BtoC relationships and the sector of services, after the already experimented attempts of approaching the marketing of industrial goods, to that of services, made by Holmlud (1996). Moreover, according to Grönroos, also as regards goods, consumers ask for a service, besides a physical good, "other required resources" are necessary to use products (Grönroos, 1994). According to Grönroos: "*Goods are resources, goods businesses are service businesses, and the marketing of a physical good should be viewed as marketing of a service*" (Grönroos, 2005). Furthermore Ford, Gadde, Hakansson, Snehota (2011) affirm that business consumers ask for solutions, but also final consumers, as above said, not only ask for a core service. Havila and

Wilkinson (2002), by the model of conservation of the business *relationship energy* have highlighted what happens when the commercial relationship has ended, that is during the stage called *relationship aftermath*. The two scholars have investigated about what happens during this stage and in particular, about the role of links of a social kind, born from a previous commercial relationship. Such question had been previously investigated by Dwyer (1995) in terms of distribution of the collected relational capital. As a matter of fact parties tend to adapt themselves to each other over time, carrying out investments of different kinds in the relationship, because of a variety of possible interactions existing between the parties. All this causes a larger involvement between the parties and the development of various kinds of links over time. For example, the trust, the good faith, the personal esteem, the *commitment*, the knowledge and cooperation developed during relationships are good principles on which to build other relationships, while negative elements coming from conflicting and trustless relationships, weaken the birth and development of relationships themselves. The suggested model is above all based on the results of the researches carried out by Gadde and Mattesson (1987), who underline that a merely commercial relationship can be interrupted for a certain period of time and then be started again. However, in the meanwhile, there are personal interactions and contacts which can be used later. In their ARA model Hakansson and Snehota (1982) also affirm that exchanges of a personal kind are the basis for the occurrence of a new commercial relationship. By mainly referring to previous researches, Havila and Wilkinson have further underlined that the *relationship energy*, does not exist anymore when the commercial relationship is over, but it is preserved in order to emerge again in new relational contexts. The people mainly involved in the *business relationship*, allow the birth, the development and the transfer of the concerned *energy*. And it is the variety of such entities to allow that it is transferred from a specific commercial relationship to other relationships. The *relationship energy* caused by previous relationhips or by relationships still in course of development can be imported into the focal relationship if the people themselves are involved. In the same way it is possible to export energy from the focal relationship to the following ones. Such importations and exportations can be positive or negative, as far as that they consolidate or weaken relationships. Furthermore changes in the *relationship energy* of the focal relationship show their effects on the other relationships. In this way, relational energy allows both the relationship itself to start again later also in commercial terms, and to foster or hinder the emergence and continuation of others just because the “end” of the *trading* relationship does not imply the end of the relationship itself, being the new marketing *focus.*

METHODOLOGY

The method of the qualitative comparative analysis has been adopted. It has been focused on the data of energy markets in Great Britain and Italy. Such countries have been chosen for different reasons. First of all this work is the first step towards a larger analysis of the European energy markets. Moreover, Italian Energy markets have been liberalized later than other countries within the European market, while the English energy markets are characterized by the highest level of competition and switching activities in the world and then this country has been considered as benchmark. To such an end secondary data have been used. They are made up with those resulting from two researches carried out by two different research institutes, the RIE for the Acquirente Unico (AU- protection authority of customers bound by contract in Italy), and Ipsos Mori for the Ofgem (regulating English authority) every year since 2007. Both researches concern the knowledge of the liberalization of energy markets by consumers and the main reasons for switching. A comparison has been carried out between the data of the two researches, starting from the results given by the investigations made by both the above said research institutes on similar aspects, as regards their respective national energy markets. From the two researches it is possible to derive data concerning the following elements being critical for the marketing strategies on energy markets: a) knowledge of liberalization; b) knowledge of the switching possibility; c) switching rate; d) main reasons for switching; e) main instruments to know commercial offers. Moreover, we will use other secondary data obtained from researches carried out by YouGov for uSwitch and data of the Vaasaett world Energy retail ranking reports, in order to underline the relationship existing between the customer satisfaction and the switching rate over time, as regards the English energy markets. We also further emphasize how the increase in customer satisfaction, being an expression of the implementation of relational marketing, is linked to high levels of switching and then to a growth of competition between Energy companies. Finally we will use the data of another research carried out by CFI on customer satisfaction in the Italian public services, in order to present the main marketing policies, suggesting a conceptual model showing any critical points and possible correction actions.

A COMPARISON BETWEEN THE ENGLISH AND THE ITALIAN ENERGY MARKETS

About ten years after the opening of the Italian Energy markets, we can observe that there is no real competition in our country, with the predominance of a few big operators. Such limited development of competition dynamics can be derived from a partial adoption of strategies having a cooperative-relational approach to demand, unlike what happens in Great Britain. The latter results to be one of the countries having the highest levels of competitive and s*witching* action in the world, compared with the Energy world, also considering the markets of the other public services. From the surveys of the World Energy Retail Market Rankings Report 2010, Great Britain is in the third position, after Ireland with a *switching* rate of 21% and the State of Victoria in Australia which reaches 25%. Going further on with the analysis and the comparison of data resulting from the recent investigations carried by the RIE (2010) on behalf of the Acquirente Unico (AU) for the Italian market and by Ipsos Mori (2010) on behalf of the Office of the Gas and Electricity Markets (OFGEM) for Great Britain, it is possible to show the link existing between energy companies and the relational *marketing* policies and that in Italy they are not fully implemented. Both researches have been carried out, since 2007, each year on a sample of consumers of the Energy market. As it was to be exptected, both researches have shown an increase over time, of people being acquainted with liberalization. As regards the electric power sector, in Italy the percentage of such people has increased between 2007 and 2009, from 60% to 80%, while in Great Britain a pretty total knowledge can be found in 2009, with a percentage of 96%. However, we must notice how from the RIE research 25.9% of the interviewed people states not to know the implications of liberalization. Moreover the majority (89% electricity and 91% gas) of the interviewed families states not to be willing to change its own energy supplier. In order to evaluate a switch, it is to be added that 29% of the sample asks for obtaining a saving of money of at least 50%. The main reason for a switch among the Italian consumers who have changed their supplier or have accepted a new commercial offer has been, in 2009 too, caused by economic reasons (75% as regards electricity and 80.5% as regards gas). However commercial offers are considered by Italian consumers to be clearly formulated but not easy to be compared (as regards electricity no has been the answer of 29.9 of the sample, I do not know of the 36.3 % and as regards gas, no has been the answer of 20.5% of the sample and I do not know of 54.6%). All these elements show how energy in Italy, particularly the electric one, is largely considered by residential customers to be a *commodity* for which they would hardly take care for finding and selecting possible new suppliers.

Q20b. How much do you agree or disagree that: "I found it easy to decide which deal to switch my gas to"	All	Age			Social Grade		Internet Access	
	All	15-34	35-64	65+	AB	DE	Yes	No
Base: All with mains gas and responsible for bills who have ever switched gas supplier	*(589) %*	*(86) %*	*(348) %*	*(155) %*	*(127) %*	*(123) %*	*(466) %*	*(123) %*
Agree	72	65	73	78	71	78	70	83
Neither	13	21	11	12	12	13	14	9
Disagree	14	13	15	10	16	8	15	7
Don't know	1	1	1	1	1	1	1	1

Q24b. How much do you agree or disagree that: "I found it easy to decide which deal to switch my electricity to"	All	Age			Social Grade		Internet Access	
	All	15-34	35-64	65+	AB	DE	Yes	No
Base: All with mains electricity and responsible for bills who have ever switched electricity supplier	*(633) %*	*(91) %*	*(374) %*	*(168) %*	*(130) %*	*(135) %*	*(495) %*	*(138) %*
Agree	75	73	73	81	73	79	74	78
Neither	11	8	12	9	9	9	11	10
Disagree	13	17	14	9	16	11	14	11
Don't know	1	3	1	0	2	1	1	1

"I am confident that I fully understand the key features of the deal I switched to"	All	Age			Social Grade		Internet Access	
	All	15-34	35-64	65+	AB	DE	Yes	No
Base: All with mains gas and responsible for bills who have ever switched gas supplier	*(589) %*	*(86) %*	*(348) %*	*(155) %*	*(127) %*	*(123) %*	*(466) %*	*(123) %*
Agree	76	67	79	76	76	74	77	73
Neither	10	15	9	10	5	15	11	8
Disagree	12	18	11	10	16	9	12	15
Don't know	1	0	1	5	2	2	1	4

"I am confident that I fully understand the key features of the deal I switched to"	All	Age			Social Grade		Internet Access	
	All	15-34	35-64	65+	AB	DE	Yes	No
Base: All with mains electricity and responsible for bills who have ever switched electricity supplier	*(633) %*	*(91) %*	*(374) %*	*(168) %*	*(130) %*	*(135) %*	*(495) %*	*(138) %*
Agree	78	71	78	82	79	78	78	75
Neither	10	11	10	11	5	15	10	11
Disagree	11	16	11	7	14	6	11	12
Don't know	1	2	1	*	2	1	1	1

Source: Ipsos MORI

Fig. n. 1, www.ofgem.gov.uk - Update on probe monitoring: tariff differentials and consumer switching - 1 July 2010

In Great Britain the situation is quite opposite, because the Ipsos Mori research shows, as above said, not only a high level of knowledge of the possibility of *switch*, also among those who have never changed their supplier (a percentage reaching even 83%), but above all a big involvement of consumers into the selection of the supplier. From the last survey carried out in 2009 on behalf of the Ofgem, an almost equivalent percentage has been registered between the *switches* carried out by the Internet sites comparing offers and the sales carried out door–to-door (27% in the first case and 34% in the second case). More specifically, a rapid increase in the use not only of the websites of different suppliers, but even more of those specially created to help consumers for the evaluation of different offers, has been observed. All this shows a large use of the Internet and the consciousness of the help that it can provide to make one's own choices, also and above all as regards energy. And the clear *engagement* of consumers, as it results from the Ipsos Mori research, is represented by a high percentage of those who think to have fully understood the key points of the contract signed with the new supplier, 76% as regards gas and 78% as regards electricity.

Figure Four: Mature European Market Aggregated Electric Retail Customer Switching Trends

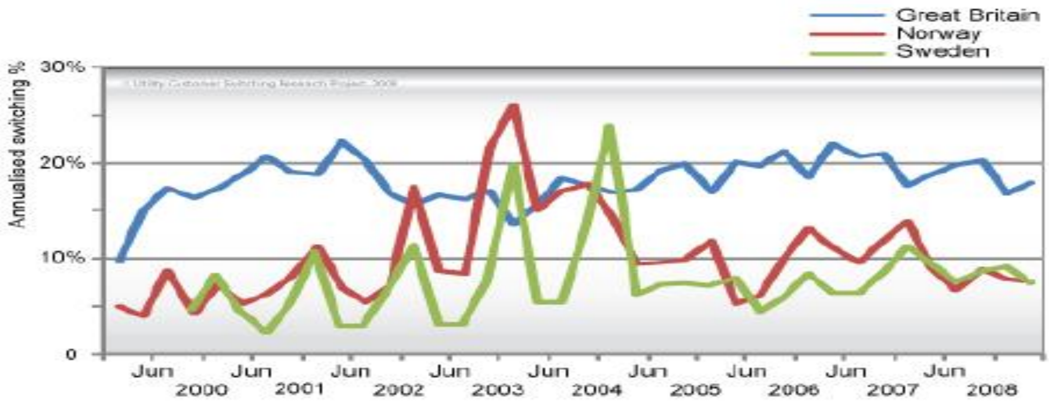
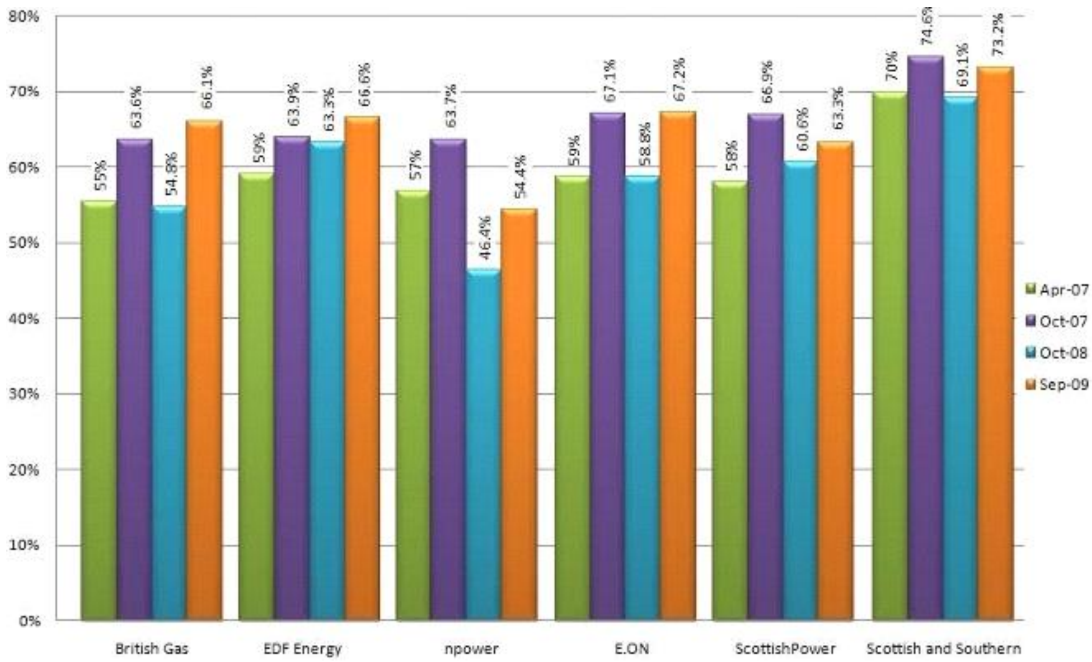


Fig. n. 2, Lewis P.E., VaasaETT world energy retail market rankings report 2008

Fig. n.3, Lewis P.E., VaasaETT world energy retail market rankings report 2010



	British Gas	EDF Energy	npower	E.ON	ScottishPower	Scottish and Southern
Overall Satisfaction	66.1%	66.6%	54.4%	67.2%	63.3%	73.2%
Recommend a Friend	47.3%	45.6%	32.4%	47.2%	41.2%	55.8%
Value for Money	53.0%	50.4%	42.2%	53.1%	49.2%	59.1%
Best Deal	43.6%	40.0%	28.8%	42.4%	40.5%	42.4%
Customer Service	52.5%	54.9%	39.8%	52.1%	48.5%	62.0%
Billing	68.4%	63.3%	47.6%	68.2%	67.2%	70.0%
Meter Services	64.9%	57.5%	42.6%	62.2%	59.0%	59.5%
Online Services	48.1%	44.7%	33.3%	53.6%	57.3%	37.9%
Reward Schemes	20.3%	43.7%	28.6%	39.2%	12.8%	30.2%
Energy Efficiency	28.6%	40.9%	21.3%	29.8%	20.5%	33.4%
Transfer Process	74.0%	73.1%	69.4%	77.5%	75.1%	75.9%

	British Gas	EDF Energy	npower	E.ON	ScottishPower	Scottish and Southern
Overall satisfaction	72,8%	74,8%	65,5%	73,1%	73,1%	78,6%
Recommend a friend	54,5%	53,3%	42%	51,6%	51,6%	59,4%
Value for money	57,2%	61,5%	53,8%	58,3%	60,9%	63,5%
Best deal	43,7%	47,2%	37,5%	47,5%	46,3%	49,6%
Customer service	56,5%	61,4%	51%	55,6%	54,4%	67,9%
Billing	72,3%	71,3%	60,5%	71,6%	71,2%	73%
Meter service	65,8%	64,2%	55,4%	64,2%	62,8%	60,6%
Online Services	56,6%	50,5%	44,2%	57,2%	57%	43,3%
Reward schemes	20,1%	51,9%	26,8%	36,9%	17%	33,5%
Energy efficiency	31,1%	43%	25,1%	35,6%	20,7%	32,6%
Transfer process	73,5%	84,3%	75,7%	79,6%	80%	82,8%

Fig. n. 4, YouGov, uSwitch Energy Customer Satisifaction survey 2009, 2010

As further confirmation of the above mentioned data we must add that the trend of the *switching* rate in the country shows an increase every year (Lewis P.E., 2010), as well as regards the *customer satisfaction* analyzed by researches carried out by YouGov on behalf of the website uSwitch every year since 2007. Such researches show the general satisfaction of customers of the English energy companies. It has been then analyzed according to a variety of elements, the values of which show an increase in the application of the relational approach. Among the analyzed activities there are the *customer service*, the *on line* services, the *billing* system, besides the switching process and the *meter services* for which from 2007 to 2009 an increase of the number of different energy *suppliers* has taken place, as above said. The *switches* carried out in Italy on December 31st 2009 are 9.2%, but only 2.7% results to have switched to a competitor operator, unlike what happens in Great Britain, where since 2009 the percentage has increased up to reach 18%. The English energy companies have then implemented a real relational approach by increasing competition between themselves and the consumers' engagement. The merely commercial relationship, as above said, can end, but other forms of personal interaction and contacts can continue, thus allowing the occurrence of a new demand over time also of that service supply.

The increasing improvement of such services that we have observed, shows an increasing *empowerment* of customers who, as they become better and better at comparing different offers, have caused an increase in the *switching* rate over time and then in the competition between operators. The English energy companies, then, have been able to transform themselves into sensitive organizations, in which needs, perceptions and likes and finally, customers' satisfaction, become the focus of their action (Kotler, 1978). The customer is really the partner of a co-production relationship, in which there is not only attention to his motivations and evaluations, but a mutual exchange of information takes place. To such an end we have deeply changed and renewed the distribution channels, and as regards communication we have increased its level of clarity and transparency and in this sense the ICT has showed how useful it is for the development of bidirectional relationships between demand and offer. *Marketing* policies have been adopted that have caused both an increase of the effectiveness and efficiency, but also a real reversal of the relationship terms, so that we can call it *reverse marketing* (Costabile, 2001). It is a *customer satisfaction* oriented relationship, in which the criteria of customers' satisfactions are the focus of the relationship itself, which the business too helps to determine (Sicca, 1998).

MARKETING POLICIES

The deregulation of the European energy markets has produced an increase in the level of competition that together with the demand sophistication has challenged again the energy industry (Cerrato D., 2004). In this sense the *marketing* policies for energy companies represent the main means of relationship with the external environment, in particular with customers, thus producing positive effects in the competition between companies (Dezi L., 2003; Mele R., 2003). The results of the Nesbit's (2000) and Pesce's (2002) studies, according to which the costs for the acquisition of new customers on energy markets can be 5/6 times higher than *retention* costs and the enough care taken for both kinds of customers, make it necessary to plan and implement a *mix* of policies both of retention and of acquisition. In this sense, we are observing two important phenomena which confirm what above said:

1. an increasing but nonetheless limited diversification, called *constrained diversified*, in which the primary role is played by *Energy companies*, as a proof of the trend observed over the last years, towards a substantial focusing of the market on the energy *core business*;

2. the consolidation of *marketing* policies, both as regards residential and industrial customers. The right implementation of these *marketing* policies must be based on the above explained principle of the conservation of the *business relationship Energy* (Calza, 2006).

Both during the planning and the implementation stage of the policies themselves, energy companies must take under consideration a long term perspective for the birth, the conservation and increase of their relationships with customers (Ford D., Gadde L., Hakansson H., Snehota I., 2011).

Mass communication and branding

Energy companies need to implement a suitable policy of *mass communication* and *branding* for both kinds of customers, the present and the potential ones, in order to impose and consolidate their business image and brand. It has been found that the three main goals of communication are to inform, to convince and to remind. In this sense energy companies, as well as all the other companies providing public services, are implementing actions aiming at setting up an information process being really made comunicative by the market feedback messages. Only in this way a positive bidirectional process is caused, which can improve the company's offer system. In 1998 Duncan and Moriarty developed a communication model to manage relationships with customers. It underlines two essential aspects: the necessity for an integrated communication and a communication that is not interactive. Such necessity is the result of the conclusions made by two scholars in their works, according to which "each action, but also a non action of the company conveys a message that can strengthen or weaken relationships", by the involvement of different actors within the company and the use of different *marketing* activities. And it is just the institutional communication to convey the *brand* values and also the values of ethics and innovation. They must be then consolidated by the consumer's satisfaction, in order to start a trust relationship between the customer and the company. However, from a research carried out by Cfi (2010) on behalf of CFMT about customers' satisfaction, a substantial distrust about messages and the language of companies providing services, is observed. As regards both ethics and the innovation of companies, customers express a not positive opinion. As regards ethics only 59% of the people interviewed thinks that a loyal behaviour is central for the brand and only 56.3% affirms that there is a correspondence between the values affirmed and facts and the real behaviour assumed. A similar evaluation has been registered as regards innovation, with a percentage of about 57%, with reference to the ability of companies to offer services useful to solve problems and anticipate needs. The analysis of the reported data emphasizes how much the correspondence between customers' expectations, above all created by the company's communication and their perceptions following the service supply is central for the construction and development of relationships based on a mutul trust between the parties. In this sense, the interviewed people consider language a primary means to be used by *utilities* and suggest as its best characteristics those of clarity, precision and transpaency. The efficient reception by the *Energy companies* of the above mentioned requirements of the demand will allow to reach two goals:

1. a wider consciousness, by Italian consumers of the liberalization processes of public services, in particular of the energy ones;
2. the ability of customers to find the elements distinguishing the different offers existing on the market, more easily.

To such an end, over the last years the *web* has gained an increasing importance thanks to its generally recognized communication and transaction functions, also allowing energy *utilities* to get more and more effectiveness and efficiency results. The number of *utilities* creating their own websites is increasing, they send periodical *newsletters,* they provide discussion *forums* and can be found on the main *social networks*. In this way they foster the creation of *communities* among users, both present and potential customers, generating an information flow through the *word of mouse,* immediately known by the company. A further activity of *mass communication* is today implemented by diagonal and mixed agreements signed with entities being external to the sector of public services, typically represented by *joint venture* or medium-long term contracts (Gilardoni A., Lorenzoni G., 2003). In this sense, all the activities meant for the implementation of such policies must be based on the principle of the *business relationship Energy,* thus allowing the duration of the relationship even when the *trading* aspect is provisionally suspended.

Profiling and segmentation

The knowledge of the customer, after actions of *customer profiling,* is the starting point for an efficient competition action, which can be also carried out at minimum costs. The *customer profiling* is an information system that can provide for each single customer, a detail about his current and expected purchasing behaviour, in order to predict his degree of *loyalty*. The data collected about the customer, and following an integration mode, are entered into a *datawarehouse* which allows their processing and analysis into description, behaviour and prediction parametres for each single customer (Costabile M., 2001). Such knowledge has become fundamental also in the energy sector, for the real implementation of a *customer oriented* policy. The overcoming of monopolistic policies and the coming of new operators on the market has forced all competitors to single out the different segments of customers to be addressed (Cerrato D., 2004). No more an only user range to which to address one's own offers, but more specific Smart target segments. This strategy has been already widely adopted by energy companies by the use of CRM systems, outlining customers' profiles by processing the collected data, thus allowing one, also personalized management of relationships with customers. Personal data, consumption profiles, payment modes, contacts with the company both by traditional channels such as *call centers* and innovation channels, such as the *Internet*, are fundamental instruments of knowledge, not forgetting the questionable role played by *cookies*. The latter are a silent way by which companies collect information about customers, according to the websites visited by customers themselves. It is then up to businesses to be able to use the collected data in a creative way, both directly and by their own partners, and to make the personalization of their own services and the selection of high added value segments possible, thus allowing the implementation of zero *defection* action, not only from a commercial point of view but also from a social point of view (Carù, Valdani, 1997).

Total offer of value and pricing

The acquisition of potential customers in the energy sector over the years immediately following liberalization, has been based on a *pricing* offer of an aggressive kind, while for the retention of today's customers, the strategy followed has been that of an offer of global value. The latter in particular, has been one of the primary directions that has characterized the service policies of the whole sector of public services, following the starting up procedures for the market penetration (Mele R., 2003; Dezi L., 2003). In this sense, we have seen an increasing expansion of the global service, that is the *core* service (the supply of energy) has been offered together with a variety of basic services depending or not depending on it. Consulting services, as the services provided by the *Energy manager* are an example of this. In this way the offer differentiation is developing, thus producing an increase in the value offered to the customer. Such goal has been recently pursued also by *multiutilities* strategies, in order to provide multiservice integrated packages (Cerrato D., 2004). This model is going to be less and less successful, because the expectations concerning the economies of scope have been disappointed, thus causing a new focusing of consumers' attention on the energy *core business* (Cerrato D., 2002). Such recent trend has been accompanied by the signing of partnership agreements, in order to guarantee one's own customers with the access to further services, such as the bank or post office ones, under privileged conditions, aiming at increasing both the level of *customer satisfaction* and *customer experience*. Taking into account that balanced marketing policies require a balancing action between acquisition and retention policies, under the present conditions of persistent economic crisis, the sole use of the *pricing* offer for potential customers and of the value offer for the already acquired customers, cannot be adopted as a strategy anymore. The suggestions given by the market clearly show the necessity of adopting policies aiming at jointly using the two above said types of actions both for the new and the already acquired customers. A lasting competition advantage can be then obtained both for residential and *business* customers, by the definition of an offer of personalized pricing ranges, but also by the offer of further services that can improve the quality of the service itself and customers' satisfaction. From the above said CFI investigation, only 60.4% of the interviewed people is willing to pay more for better services, and as regards services of public use, among which there are energy and gas, a percentage of 38% thinks that the improvement of the service is possible just by a balanced relationship between quality and price. Then, customers' satisfaction guarantees the competitiveness of energy companies by actions of enhancement of all the elements of the global service. The sample interviewed about the increase of its satisfaction, for 34% also suggests the necessity of shortening times and 30% of simplifying the service for 30%. These data confirm what has been above specified, that is that both the acquisition and retention of customers require the implementation of an offer characterized by a consistent *mix* of *pricing* and value, meeting, in this way, the current needs of the energy market demand and allowing the prosecution of the relationships started over time.

Customer service

Besides *mass communication* also *one-to-one* communication has played a strategic role for energy *utilities*. To determine the level of satisfaction of customers, a big influence is exterted by the contact staff of the *customer service*. It is just the different interaction between the staff and the customer, to be another direction followed over the last years, by the newborn liberalized public services, in order to guarantee a varied offer (Mele R., 2003; Dezi L., 2003). By it the *functional quality* perceived by the service, finds its expression, it refers to the way in which the customer receives services (Grönroos, 1984). By increasing the level of functional quality, it has been showed that it is possible to directly increase satisfaction and indirectly increase the loyalty of the customers of *Energy companies* (Drummond J., Hanna F., 2001). The functional quality is then to be considered among the real competition factors, unlike the technical quality that is on the contrary considered as an acquired element by the consumers of energy markets (Grönroos, 1996). The CFI investigation shows that the main correction actions, being among the weak points, concern just the staff's professionalism, its efficiency and ability of *problem solving*. 37% of the interviewed people thinks that a better care for managing the relationship with the customer is necessary and 21% thinks that a better staff's training and competence are a means for improving the service. The consumer, being involved into the process of service supply, requires that his participation is followed by easy terms granted by the company and particularly by the contacting staff. From this point of view technology is completely changing this relationship, letting the customer be free during all the stages of the service providing process. The needs expressed today by customers are those of an *utility* being really able to solve problems, to accept their requests in a suitable way and at the same enhancing its participation and autonomy. In this way a connection network (Carù A., Valdani E., 1997) is created, amplifying customers' satisfaction, and making the company be long term competitive, in order to continue the relationship between customer and company also during the stages of provisional interruption of the commercial relationship.

CONCLUSIONS, THEORETICAL AND MANAGERIAL IMPLICATIONS

This work provides theoretical and managerial implications. The theoretical implications can be found above all in the emphasis given to the integrated use of theoretical models and principles formulated by the research about services together with the ones being typical of the IMP group. Moreover we emphasize the applicability of principles specifically formulated for the markets of industrial goods, also to the markets of services within a B2B and B2C perspectives. Different managerial applications can also be observed. From the comparison carried out between the results obtained in our country and those obtained in Great Britain we can easily deduce that in order to guarantee a real competition, it is necessary to use an efficient relational approach to the market, based on the definition and communication of commercial offers for the residential and *business* consumers' segment.

All this requires a further development of the *marketing* policies implemented over the last years in Italy, taking into account that the implementation over the last years in Italy of the principle of *relationship Energy* shows how, even if the *trading* aspect ends, the relationship can continue in other ways. In this sense, innovative choices in terms of additional services being offered, must be directed both towards already acquired customers and towards potential customers, paying the same attention to *pricing*. To such an end, collaboration agreements, as well as *sponsorship* agreements, fall within the range of policies aiming at catching opportunities both for the offer planning and communication. The differentiation of the service from the point of view of a higher value offered to the customer, compared with the main *competitor*, matching *pricing* with *customer service* represent then, the necessary levers to guarantee a competitive advantage that can be really maintained. However a variety of limits are to be underlined. They can be found in the limited number of countries for which a comparison of data has been carried out, in the reference period of time limited as well, and in the number of sources used that can be increased. The future research directions will be then focused on a larger number of countries being the subject of the analysis, at first the European ones and then the non European ones, particularly the USA and Latin America, which show the biggest cultural differences, then further public services will be considered and the attention will given to how structural differences in the sector, in different countries, may have influenced the present results derived from liberalization and from the implementation of marketing policies.

REFERENCES

Benady, D., (1999), “Power struggle”, Marketing Week, Vol. 22, 37, October

Calza F., *Energy management. Scelte competitive nel mercato elettrico europeo*, Giappichelli, Torino, 2006

Carù A., Valdani E., (1997), “Customer satisfaction: un punto di avvio per la reingegnerizzazione dei processi di erogazione dei servizi pubblici”, Azienda pubblica, n.3/4

Cassia F., Miglietta A., (2006), “Sfide di marketing per le utilities: il mercato del gas”, Management delle utilities, n. 1

Cerrato D, (2002), “Processo di deregolamentazione e cambiamenti strategici e organizzativi nelle imprese di servizi pubblici. Il caso Aem Milano”, Azienda Pubblica, 15

Cerrato D., *I percorsi di sviluppo delle public utilities. Risposte strategiche alla liberalizzazione nel settore dell'energia*, CEDAM, Padova, 2004

CFI, (2010), “Italiani Rassegnati?La Customer Satisfaction nei servizi in Italia 2010” - Indagine realizzata da CFI per Cfmt

Costabile M., *Il capitale relazionale*, McGraw-Hill, Milano, 2001

Cunningham and Turnbull , (1982), “Inter-organizational Personal Contact Patterns” , in Håkansson, H., *International Marketing and Purchasing of Industrial Goods. An Interaction Approach*, Wiley & Sons, Chichester.

Dezi L., (2003), “Le tendenze del marketing nelle imprese di pubblica utilità”, Convegno internazionale Le tendenze del marketing, Università Cà Foscari, Venezia

Drummond J., Hanna F., *Selling power. Marketing energy under deregulation*., Ed. Trafford, Canada, 2001

Dwyer F., Dahlstrom R., DiNovo T., “Buyer-Seller Relationships - Theoretical Perspectives”, in Möller K., Wilson D., *Business Marketing: An Interaction and Network Perspective*, Kluwer Academic Publishers, Boston, 1995

Ford G., Gadde L., Hakansson H., Snehota I., *Managing business relationships*, Wiley, 2011

Gadde L., Mattsson L., (1987), "Stability and Change in Network Relationships", International Journal of Research in Marketing, 4

Gilardoni A., Lorenzoni G., *Local Public Utilities*, Egea, Milano, 2003

Grönroos C., (2005) "What can a service logic offer marketing theory", Library of Swedish School of Economics and Business Administration, Helsinky, Finland,

Grönroos C., *Management e marketing dei servizi*, F. Angeli, Milano, 1996

Grönroos C., (1984), "A Service Quality Model and its Marketing Implications", European Journal of Marketing, 4

Grönroos C., (1978), "A service-oriented approach to the marketing of services", European Journal of Marketing, 8

Grönroos C., (1996), "Relationship marketing: a structural revolution in the corporation", International Conference on Relationship marketing, Berlin

Grönroos C.,Gummensson E., "The Nordic School of services. An introduction", in Grönroos C., Gummensson E., *Service Marketing – Nordic School Perspectives*, Stockholm University, Stockholm , 1985

Hakansson H., Wootz B., (1979), "A Framework of Industrial Buying and Selling", Industrial Marketing Management,

Håkansson H., Snehota I., *Developing Relationships in Business Networks.* Routledge, London, 1995

Havila V., Wilkinson I.F., (2002), "The principle of conservation of business relationship energy: or many kinds of new beginnings", Industrial marketing management, 3

Holmlund M., (1996), "A Theoretical Framework of Perceived Quality in Business Relationships", *Research Report*, Library of Swedish School of Economics and Business Administration, Helsinki, Finland

Kotler P., *Al servizio del pubblico*, Etas Kompass, Milano, 1978

Lewis P.E., *VaasaETT world energy retail market rankings report 2010*

Lloyd P., (2000), "Energy marketing: what do customers want?", Public Utilities Fortnightly, Fall

Mele R., (a cura di), *Economia e gestione delle imprese di pubblici servizi. Tra regolamentazione e mercato*, Cedam, Padova, 2003

Nesbit B., (2001), "Power to the people", Public Utilities Fortnightly, Winter

Pesce B. (2002), "What's in a brand?", Public Utilities Fortnightly, 2

Sicca L., *La gestione strategica dell'impresa*. Concetti e strumenti, Cedam, Padova, 1998

YouGov, uSwitch, " Energy Customer Satisifaction survey", 2009, 2010

Wijnholds, H., (2000), "Competitive electricity markets in the U.S. and the E.U.: can they learn from each other?", Journal of Euromarketing, 1

www.acquirenteunico.it – Ricerca Rie, gruppo GMPR, AU, Enel, Federutility – 3° Indagine liberalizzazione mercato energia – Roma 13 aprile 2010

www.autorita.energia.it - Elettricità: dal 1° luglio arrivano i nuovi prezzi biorari – 25 -06-2010

www.ofgem.gov.uk - Update on probe monitoring: tariff differentials and consumer switching - 1 July 2010