

Positioning and Promoting – the Role of Marketing and Communication in the Geothermal Sector

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ABSTRACT

The geothermal energy sector is offering a great potential for growth, but faces challenges. Despite the opportunities geothermal energy provides, it simply is not getting the same attention as other renewables, which directly translates to less support for development efforts and hampers its pace of growth.

Today, geothermal energy has shown constant yet slow growth compared to other renewables, particularly for power generation. At the same time, geothermal energy for power generation plays a significant role in specific countries and regions, such as California, New Zealand, Kenya, Iceland, and Indonesia, and could double its capacity in the coming years. Geothermal energy for direct use of heat could play an even more significant role, particularly in countries currently depending on coal and other fossil fuels for heating. With a need to improve air quality, countries such as China and Poland are looking at geothermal energy as an option to replace fossil-fuel-based heating.

But in the overall context of the energy sector, geothermal energy is not representing a strong share, nor does it get sufficient attention.

So how can we as a global industry position and promote geothermal energy to be a regular contributor to the future discussions of our energy supply? And what role can marketing and communication in companies or organizations play?

In this paper, we are therefore looking at what defines the roles of marketing and communication in a company or organization and how these functions could be strengthened for the benefit of companies and the sector as a whole.

We are looking at the challenges faced due to the fragmented market, the size of the companies and the limited funding available on company level, as well as in funding for associations representing the sector in one form or another.

The paper closes with suggestions on branding for geothermal energy, what role the associations representing the sector can play and how to use social media to promote geothermal energy in general and to business. Last but not least, we look at how the role of marketing and communication needs to be strengthened to help reach business goals and help to support an industry, which could help all market participants.

1. Introduction

The success of an industry and its market participants depends on many factors, such as demand, quality, price, innovation and many more. But there is one element that is likely the most important one and that is how any product, service – or in the case of geothermal – an industry and what it must offer is perceived in the eyes of the public, politics and other stakeholders.

The “brand” and perceived value of what it must offer is therefore a crucial element. But what constitutes a “brand”?

Shawn Parr with Fast Company once said, “Brand” as a concept is misunderstood, underappreciated, and very often underutilized.” The geothermal industry’s brand, and the brand of any other industry, is the sum of all the player’s individual identities, from public to private, operators to service companies, non-profit and academic.

This paper will dive into the importance of having a professional brand and a strategic marketing communication strategy to best position your respective place within the hierarchy of our industry. We will explore the different elements of integrated marketing communications, and how imperative this is for any organization large or small to embrace. We will weave this together to illustrate the critical nature that a lack of brand identity for our unique organizations collectively impedes the industry’s capacity to promote itself for public awareness, support, government funding and development.

This paper is building on the experience of the authors and uses case studies on small businesses focused on providing services to geothermal operators around the world. These fictitious companies represent examples of companies providing various different services, products and solutions to geothermal operators and developers internationally.

2. Defining marketing and communication

In a business context, advertisement, promotion, public relations and other communication tools are often thrown together and wrongly called “marketing”. Communications, as such, serve as a marketing strategy, which essentially represents more a planning element than actual execution. It is therefore crucial to understand the difference between marketing and communications.

The American Marketing Association (AMA) defines Marketing, as “the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.”

Communications – in a business context referred to as Public Relations, “refers to that form of communication management that seeks to make use of publicity and other nonpaid forms of promotion and information to influence the feelings, opinions, or beliefs about the company, its products or services, or about the value of the product or service or the activities of the

organization to buyers, prospects, or other stakeholders.” (American Marketing Association, AMA, et al.)

In a combined definition, Marketing & Communication (MarCom) can be described as all messages and media one deploys to communicate with the market to reach a target audience. Often, it is also talked about as Integrated Marketing Communications (IMC), defined as a process for planning, executing, and monitoring the brand message that creates customer relationships. The goal is to generate short term financial returns and build long-term brand value.

The “Brand Identity” of a company – or industry for that matter – is a combination of different factors, such as name, logo, symbols, design, packaging, product or service performance and image or association in the consumer’s mind. Integrated Marketing Communications plays a major role in the process of developing and sustaining a brand identity and equity. IMC provides great brand differentiation, accountability within a firm – or organization, trust among consumers (or other stakeholders) and levels of effectiveness in cutting through message clutter than single strategies.

In corporate structures, Marketing and Communication is often also tied to the Sales function. Sales – as a management function – is involving three interrelated processes, “(1) formulation of a strategic sales program; (2) implementation of the sales program; and (3) evaluation and control of sales force performance. (American Marketing Association, et al.)

While marketing essentially supports sales activities and so does communications efforts, sales is distinctively different.

In the small industry that the geothermal energy sector is, companies are often small, financially stretched and combine the different roles of marketing, communications and often sales into the same department, and often onto the same person.

Let’s look at the distinctively different functions.

Marketing management is “the process of setting marketing goals for an organization (considering internal resources and market opportunities), the planning and execution of activities to meet these goals, and measuring progress toward their achievement. The process should be ongoing and repetitive (as within a planning cycle) so that the organization may continuously adapt to internal and external changes that create new problems and opportunities.” (American Marketing Association, et al.)

Communication management/ public relations role “calls for developing communications objectives that are consistent with an organization’s overall objectives. As two-way communicators, public relations practitioners interact directly with key publics, relaying the resulting information (with recommendations) to other members of the management team.” (Agility PR, et al.)

Sales management is “the planning, direction, and control of the personal selling activities of a business unit, including recruiting, selecting, training, equipping, assigning, routing, supervising, paying, and motivating as these tasks apply to the sales force.” (American Marketing Association, et al.)

For this document, we consider marketing and communication to be supporting activities to the sales efforts of a company, whether or not they are done by the same department or even individual.

With a complete changed environment for these business functions through digital channels and tools, such as Social Media, the overall management of marketing, communication and sales for that matter has changed dramatically, provides great opportunities, but also completely new complexity and options.

Managing communication channels, such as social media, a new approach to media with content marketing opportunities, online business networks etc. represents opportunities for wide reach and engagement with customers, potential buyers, stakeholders and the public.

3. Current Status of Geothermal Energy and the Industry

The status of the global geothermal industry is unpredictable at best. We all know it’s highly segmented and regional, therefore the status of the industry should be examined through those two lenses; category and region.

Power production is rampant in countries such as Turkey and Kenya, with known leaders like the Philippines, Indonesia and the United States steadily adding MW’s online each year. However, considering the known benefits of geothermal power – widely adopted government incentives and subsidies that promote development seem to change with every respective government regime leaving consistent development to flounder and regions to constantly fall short of the overly publicized geothermal potential.

With an installed power generation capacity today of around 13,300 MW and up to 14,000 MW of planned development, there is growth potential, but with a focus on specific regions and countries.

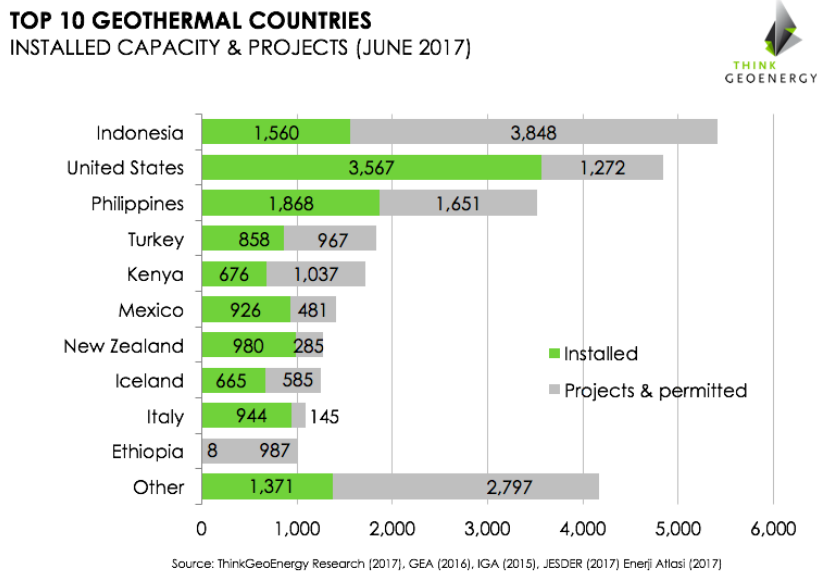


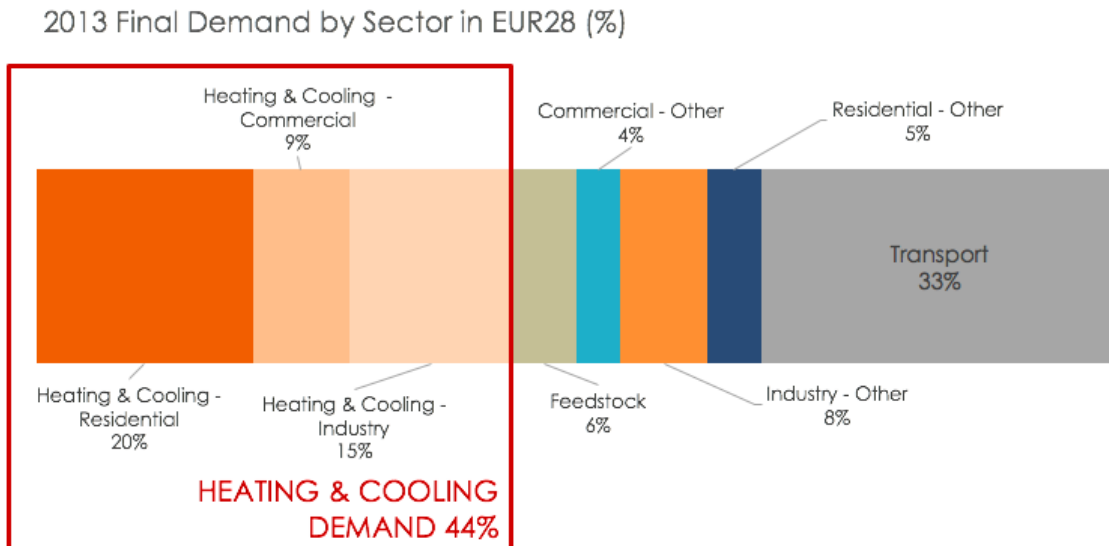
Figure 1. Installed Geothermal Power Generation Capacity & Projects

Despite continuous growth, the geothermal sector has not been able to show the same speed of growth as some of the other renewables, such as wind and solar.

Direct Use, District Heating, Ground Source Heat Pumps and other forms of geothermal have experienced consistent growth globally where commercially viable. Such as the US ground source heat pumps across the mid-west and eastern states, or the European direct use and district heating developments.

In Europe alone, heating and cooling represents nearly half of the energy demand in the European Union. There is a significant potential for growth in Europe, but also – and likely even more so – in other regions of the world.

ENERGY DEMAND EUROPEAN UNION
2013 FINAL DEMAND BY SECTOR IN EUR28: 14,000 TWH



Source: IHS Energy Multi-client Study Beyond the Flame: The Transformation of Europe's Heat Sector (2016)

Figure 2. Energy Demand, European Union by Sector (2013)

It is in the region’s best interest to capitalize on their respective geothermal resources to reduce dependence on fossil fuels, boost their local economies with jobs and join the renewable energy conversation. This is best showcased with island nations such as Iceland, the Philippines, New Zealand and Japan to name a few. Each with exorbitant amounts of commercially viable geothermal resources beneath their feet and limited fossil fuel production. Some countries are now more aware of the potential of geothermal energy in the fight against emissions and to improve air quality.

China has launched an ambitious geothermal heating strategy with planned investments of up to USD 90 billion over the next 5 years, and Poland is pushing a new geothermal program to help replace coal fired heating with geothermal energy based heating.

Geothermal energy does not find itself in the overall mainstream renewable energy discussion. Why does solar, wind, and even bio-mass at times get the spotlight and base load geothermal power get left in the shadows? There are various factors contributing to this. For the purposes of this document we are arguing that this is partly due to the lack of a global and regionally unified, value-added, brand awareness for geothermal energy and what it has to offer.

The question is who is representing geothermal energy internationally, regionally or nationally and helps promote, push and support development. Are these the companies, organisations, lobbyists from the scientific world, are politicians or peer groups making a case for geothermal? And another question is, who *should* brand and promote geothermal energy?

4. Current Challenges

In the renewable energy context, geothermal energy provides a rather unique value proposition. Geothermal energy can be utilised for power generation, in direct use for heating, in residential and industrial applications, as well as for cooling.

To simplify the discussion, we are focusing here on geothermal power generation.

The current challenges our industry face include; a lack of alignment with companies and the buyers, the ever-changing political landscape and the budgets that follow, a knowledge gap, valuation of strategic marketing, stakeholder engagement, a lack of understanding of the opportunities provided by geothermal energy, as well as the challenges in development and financing.

Given the size of the sector and its fragmented service industry, with only a handful of significantly large players, most of the companies servicing the sector are small and medium sized companies. This limits the capabilities and funding available at the company level, but also in the organizations representing the sector nationally, such as the Geothermal Energy Association (GEA) in the U.S., or internationally the International Geothermal Association (IGA).

The companies often either don't have the funding to effectively support marketing efforts on behalf of its geothermal business, or more importantly for geothermal energy in general. In many cases, marketing – and even communication/ public relations – is a single-employee function. Often, Sales Managers are finding themselves in the position to either manage marketing and communication efforts, or having to fight for a specific “geothermal” budget in the case of larger corporations.

Without significant support within the company's structure, support for geothermal branding and promotional activities is limited, and even more so in supporting organisations, such as national geothermal associations, that could help bundle efforts towards national campaigns to promote geothermal energy to politicians and the public.

Despite the limited marketing budgets available in the industry, the variety of tools available and the often unclear value proposition of specific tools make it difficult to plan and execute concise and successful marketing strategies.

Taking social media as a great example, how can companies and associations measure the value of these tools and how can the sector partner to promote geothermal energy across these channels? Would there be a benefit from a collective and unified social media presence? Who are the companies we are aiming to reach with their messaging? Budget constraints are likely the biggest culprit or limiting factor to a successful strategic, integrated marketing communications plan.

Let's take an anonymous example of a U.S.-based service provider to the global geothermal sector. The company can be considered a small business with less than 50 employees based in the Western United States. Here a few of the challenges faced by the company:

- Lack of alignment with companies and the buyers: The company is focused on winning the next deal rather than also being a part of a larger movement or campaign to promote the geothermal industry. Obviously, individual stakeholders want their respective companies to succeed, but that does not mean that the company couldn't simultaneously contribute to the larger industry, have a seat at the *proverbial* table and use their platform to help share the geothermal story.
- The ever-changing political landscape and the budgets that follow: As a small company, it pays attention to the current administrations in government and monitors their respective views on energy, the chatter and reality of budgets, the health of the U.S. Department of Energy and how that will shape the future funding opportunities both for their R&D efforts and for their customer's (the Operators) incentives and subsidies to bring more MW's online.
- Knowledge gap: Whether there is a gap in young professionals choosing geothermal as career, or educating political leaders and staffers – there seems to be a never-ending's cycle of challenges in keeping geothermal at the forefront of a diverse audience's train-of-thought, or even in the conversation. How can the industry begin to mitigate this? How can the company help contribute? We must engage in conversations and deploy strategic marketing campaigns outside of our industry. We are very good at *preaching to the choir*, but poor at effectively and consistently reaching those that we need to help catapult the geothermal industry onto the main stage.
- Valuation of strategic marketing: As mentioned earlier, there is more focus on selling than strategic brand communications. Smaller companies far from the Chevron-like marketing budgets struggle with prioritizing branding, messaging and integrated communications over or equal to the idea of selling more. A healthy balance of both and better yet, an alignment of Sales and Marketing, yet separated, is what our collective industry needs.
- Stakeholder engagement: The activities of the company define stakeholders. For developers' stakeholders are e.g. politicians, suppliers, the local population, while for service providers like in our example, these are supporting entities, such as – for the U.S. – the Trade Department, the Foreign Service, Development Banks, foreign partners and customers, as well as potential business partners. These uniquely different stakeholders

require different approaches to engagement, e.g. in the form of communication, events, meetings, promotions, site visits etc.

What are the tools available? Are these the geothermal associations or – in some countries – company/ sector clusters? Are these classic representational tools, such as trade shows and a booth presence? Is it content marketing in the form of press coverage? Is it an engagement over social media, e.g. through Facebook for the public or LinkedIn for a more business focused network?

For companies, such as our example, this is often seen as an incredibly difficult-to-navigate jungle of options. It is also perceived as making things more complicated compared to how things were done in the past. But in this challenge also lies opportunity. These tools provide an economic way to reach audiences near and far if managed well.

5. In Closing – A Step Forward

In the discussion above, it was discussed how little attention geothermal energy receives and how we have not been able to create a clear, concise brand that highlights the opportunities represented by geothermal energy. But there is also the challenge for companies understanding the importance of their own brand for their business.

Looking at our sample company referenced earlier. How can the small service provider maximize its ROI with a small Sales and Marketing Team and tight budget? For starters, they need to take a diagnostic approach to their brand.

As mentioned earlier, a brand is the sum of many parts. Many mistakenly see brand as the logo, an advertisement or what's on product packaging. They don't understand the power that a fully articulated brand holds when deployed across all areas of the business. If the company recognizes this – they can shape their integrated marketing communications and sales efforts around their brand even with a small staff and budget.

A Brand is rational and emotional. A brand is like a person, committed to adding value to people's lives and operating with a set of guiding principles. Ask why does the company's brand exist and what are they trying to accomplish? Then think about how the company should behave to ensure its relevant and memorable.

A Brand does not ONLY belong to marketing. Every CEO must be the leading brand ambassador and ensure every staff member understands how to bring the brand to life at their respective level of the organization. Leaders often rely on the Marketing expert to own and champion the brand. But just as culture isn't the sole responsibility of HR, brand is not the sole responsibility of marketing. This is especially true for small and medium sized companies like the company with few people focused solely on marketing. Every staff member starting from the top must leverage their position as brand ambassadors.

Brand clarity drives confidence and performance. Significant issues holding an organization back can be the lack of alignment around brand and what it means to the business or industry. It takes courage, commitment, and patience to drive change, and one of the most important catalysts to change is *brand clarity*. Like confident people, brands that operate with clarity generally deliver more consistent results.

For us as an industry, the lack of brand clarity is most prevalent to the geothermal industry. What is our collective, unifying message? Something the global geothermal associations have struggled to pin down and collaborate on.

As we take a step forward in the unified promotion of our industry – we should collaborate internationally on a concise message. An “elevator pitch” value proposition that promotes, educates and excites the public about geothermal. To do this collaboration must include the core associations, (IGA, GRC, GEA, EGEC, among others), industry leaders and policy champions, but also industry cluster organisations (such as the industry initiatives in France, Iceland and New Zealand).

The message must resonate beyond our industry and intrigue the public, governments, and alternative renewable energy leaders.

Social media cannot continue to be perceived as a medium only used by millennials or adolescents for fun and to gossip, rather as a strategic, cost effective communication channel that all demographics and all audience types utilize for their information intake. The geothermal industry should step forward, collaborate on messaging, develop promotional social awareness campaigns, using hashtags and tagging techniques, or at the most basic level, support each other’s own social media campaigns in the form of *liking, sharing, retweeting and commenting*.

Not all social media channels are relevant for all companies or messages. It is important to clearly define the market for the company’s products or services (regional, national, public, specific customers). For developers, social media (like Facebook) can be important for stakeholder engagement, while for companies selling products across B2B channels would focus more on business focused networks, such as LinkedIn.

To add another twist and current trend, our industry and individual companies need to do a better job with content marketing.

The Content Marketing Institute defines, Content Marketing “as a strategic marketing approach focused on creating and distributing valuable, relevant, and consistent content to attract and retain a clearly-defined audience — and, ultimately, to drive profitable customer action.”

What kind of content? Best practices include writing and sharing news about your company, the industry or other relevant trends. Keep the content short, concise and share regularly across your website, blogs, popular social channels and reputable news websites where your target readers spend time. Essentially, the geothermal energy sector needs to talk more openly of what it does, and report and promote its achievements and potential, this applies to the sector as a whole represented by organisations such as the national/ international associations or cluster organisations, but also companies and individuals. We all have to play our part.

If you take anything from this paper, focus on recognizing the importance of strategic marketing within your respective organization. Understand the differences between sales and marketing, how they must be aligned yet have distinguishably different roles.

The Marketing Departments of the past are not set up to be *as successful* with content marketing today. The new marketing department should be equipped or have access to the following contributors to be effective at communicating the content of their brand identity. Bernie Borges a

contributor to HubSpot's Blog, outlines the seven roles within today's ideal Marketing Department.

- **The Visionary:** The visionary is the driver of the content strategy.
- **The Project Manager:** The project manager's primary role is execution.
- **The Story Teller:** The story teller reports to the project manager and is primarily responsible for the creation of the story.
- **The Editor:** Whether a full time or shared resource, the primary purpose of the editor is to review the content produced by the story tellers and edit it for the *3 Ps: punctuation, polish, and power*.
- **The Creative:** This person is primarily focused on making the story interesting with creative elements. Most commonly this entails graphic design.
- **The Technical Director:** The technical director role is one that is mostly needed to "direct" the digital execution of content across various formats and channels.
- **The Analyst:** The analyst role is the person who measures the results of the content strategy.

It is entirely possible that these seven roles can be consolidated into less than seven employees. Many small businesses, including the company our case study references throughout this paper can only justify one marketing professional on staff. In reality the traditional "Marketing Manager" is expected to represent all, but it is important to understand the "marketing role" as a wider reaching function beyond the "individual manager" and across the different departments of a company. Note that some of these roles are part time and can even come from other departments. Leverage the talents within your organization to maximize your content marketing strategy.

In closing, it is important to stress that there is a need to unite all the global geothermal associations to campaign together, not compete for who is the best or biggest. There is real strength in numbers, and our industry needs numbers to be truly heard. Similarly, we should recruit socially (media) active thought leaders to work together with consistent messaging and shared hashtags to steadily promote the industry. We should even consider hiring from outside of our industry to get the fresh perspective we so desperately need. Furthermore, leaders within the industry should be encouraged to leverage their expertise and position to become geothermal brand ambassadors, and be active within their local or international associations. Lastly, all organizations, regardless of size must embrace integrated marketing communications, brand strategy and content marketing for their success and our industry's future relevance.

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