

Marketing Solar Energy in Ghana: A Relational Perspective

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Abstract

This chapter reports the results of an exploratory qualitative investigation into buying behaviors and growth challenges within the solar energy industry in Ghana. It is premised on the understanding that African firms may experience “liabilities of localness” when marketing renewable energy products developed in the West. That is, customers doubt their capabilities to produce and install these products. Thus, market-driven growth of the solar energy sector in Ghana requires firm-level capability development through institutional support that promotes effective cross-border inter-firm collaborations as well as trust-building relationships with local customers. The results of the study confirm these observations. They show that Ghanaian consumers tend to evaluate the capabilities of foreign solar energy providers as superior to those of local firms. However, collaborations between local and foreign firms have enhanced their credibility. Firms rely mainly on word-of-mouth recommendations to attract new customers and see customer price consciousness as a major growth constraint.

Introduction

Renewable energy technologies are increasingly recognised as central pillars in the development of sustainable energy sources in most Sub-Saharan African (SSA) countries (Ikejemba et al., 2017). They are also essential to the attainment of UN Sustainable Development Goals (SDGs) which aim at ending poverty, protecting the planet, and ensuring prosperity for all by 2030. Solar photovoltaic (PV) energy, in particular, has been seen by various stakeholders (governments, policy-makers, energy planning agencies and donors) as having a huge potential on the sub-continent thanks to the abundant solar radiation that is available (Mas'ud, et al., 2016). The understanding is that PV technology allows for the decentralization of energy supplies, even to remote rural populations in off-grid areas. This awareness has generated some amount of academic interest with recent contributions from such scholars as Ondraczek (2013) as well as Hansen, Pedersen and Nygaard (2015) who studied renewable energy projects in Kenya and Tanzania, and Amankwah-Amoah (2014 and 2016) who studied developments of the energy sector in Ghana, Nigeria, South Africa, and Kenya. Similarly, Ikejemba et al. (2017) studied the management of renewable energy projects nine countries (Nigeria, Ghana, Kenya, Gabon, South Africa, Tanzania, Mozambique, Ethiopia and Malawi.). In spite of its immense potentials and the increase in the number of government and donor-funded solar energy diffusion projects, these studies have concluded that the solar energy industry is growing at a snail pace in Sub-Saharan African countries compared to other parts of the world.

The present study is in line with the growing literature on the development of renewable energy sector in Africa. It notes, however, that academic interest has, so far, emphasized macro issues such as government policies (Ikejemba et al., 2017), implementation failures (Mas'ud, et al., 2016), and technology development (Amankwah-Amoah, 2016). Although these studies provide relevant policy prescriptions, they do not provide insights into consumers' decision making processes and marketing efforts required to stimulate the diffusion of the technology. It has generally been acknowledged in marketing literature that customers tend to be apprehensive of making purchase decision with respect to unfamiliar products (Peter Ramaseshan and Nayar, 2002). Thus, since the renewable energy sector in SSA is at an embryonic stage and potential customers are unfamiliar with solar energy products, one can argue that effective marketing strategies are required to stimulate solar PV adoption by consumers. In other words, marketing is one of the key strategic challenges of new entrants into the solar energy sector. However, the manner in which firms decide on their strategic marketing processes and priorities in Africa has so far received very little attention (Chelariu et al., 2002; Winston & Dadzie, 2002; Gbadamosi, 2013; Boso, Debrah, and Amankwah-Amoah, 2018). Against this backdrop, the present chapter differentiates itself from previous studies by focusing on marketing dimensions of solar energy sector development. It reports the results of an exploratory qualitative investigation into the marketing ecosystem that firms selling solar energy products are in the process of creating in Ghana and how this system influences the growth of the sector.