

POWER INDUSTRY: THE NECESSITY OF MARKETING

For the successful enterprise management to master the art of marketing becomes necessary in the conditions of transfer of electric power industry from monopoly to working on market basis.

Marketing - the management of the production activities of the organization aimed at meeting the needs of customers for products and services taking into consideration the requirements of the market. Marketing concept is based on the union of producers and consumers. Marketing is like a negotiation process capabilities of the producer and consumer needs.

In the power industry marketing has a number of peculiarities. There are two main areas of marketing in electric power industry: marketing of subjects of the power sector and marketing of electricity consumers.

Subjects of electric power industry – legal entities engaged in the following activities in the electric power industry sector: generation of electricity and thermal energy, supply, services of electricity transmission, dispatching management, distribution and organization of purchase and sale of electric energy.

Electricity producer faces the following objectives:

- provide a structure of power generation, which minimizes producer's costs;
- sell the electricity to the maximum profit in the wholesale and retail electricity markets;
- carry out repairs of equipment according to the optimal repair schedule;
- generate investments on modernization and development of production capacities.

All of these problems need to be addressed to meet the requirements of the electricity market, as well as the need to develop referral marketing in power industry as work with every single largest consumer to reconcile the interests and arrange a mutually beneficial relationship.

Another form of marketing is the organization of relations with suppliers of fuel for power plants: to choose the supplier of coal, to agree on prices, to agree on terms of delivery, etc.

Consumers of electricity – physical or legal persons that use electricity for their own needs. Electricity consumer marketing is directed at satisfaction of needs taking into consideration different market requirements.

The primary means of achieving the reconciliation of interests, on the one hand, energy producers, and its suppliers and service companies in the electricity market, and on the other hand, consumers, is the price for electricity and tariffs for the services which are integral to the delivery of electricity to the consumers. The fact that in the electric power industry due to the homogeneity of its products and non-uniformity of consumption tariffs play more important role than in other industries, is the important distinctive feature of marketing in power industry.

The above features characterize the operational marketing, however, there is an obvious need to develop the perspective marketing as well. It is based on a forecast of electricity consumption, which depends on the rate of economic development of the region. If the decision on ensuring the growth of energy consumption through the creation of new generating capacities is taken, there is an obvious need to solve a number of problems, which should be considered as marketing problems.

Formation of investments for construction of a new power plant is an important direction of marketing in power industry. Investments can be formed from different sources: depreciation, profit, borrowings, revenue from sale of shares. All these sources must be assessed in terms of their appropriateness taking into consideration lending rates, income on issued shares, etc.

Thus, the marketing in the electric power industry has its own characteristics and there is an obvious need in such marketing in conditions of transition to market relations.