

Developing Marketing Communications Strategies that Motivate Homeowners To Embrace Energy Efficiency Programs

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ABSTRACT

Homeowners are a critical target market whose actions can generate long-term savings for energy efficiency and demand response programs. However, motivating home owners to make comprehensive changes requires overcoming significant barriers and developing specialized marketing campaigns.

This paper describes the marketing communications strategies and tactics used by innovative program designers to:

- Leverage the latest program evaluation research findings on non-energy benefits such as comfort, health, safety and home value;
- Leverage channel partners such as remodelers, HVAC installers, plumbers and realtors who are key influencers in homeowner decision-making; and,
- Integrate “carbon footprint” and other community value messages in non-traditional ways to appeal to the early adopter and high visible market niches.

This paper includes links to examples from award-winning energy efficiency marketing programs that showcase these innovative strategies including:

- NYSERDA’s Energy Smart Home Performance (www.getenergysmart.org/wherelive/homeperformance/overview.asp)
- Maine Home Performance with ENERGY STAR® (www.mainehomeperformance.org)
- Home Energy Makeover Contest (www.homeenergymakeover.org)
- Compact Fluorescent Light Bulb Fund Raiser (www.cffundraiser.org)

The long-term success of energy efficiency programs hinges on the development of comprehensive and successful marketing communications strategies. This paper illustrates the best ways to ways to motivate customers to action, and thus achieve program goals.

Introduction

Energy efficiency offers a low-cost solutions for improving energy security, reducing energy bills, and addressing the important issue of global climate change—all while helping to grow the economy. Energy efficiency is increasingly important to families and businesses, particularly now with the higher fuel prices of the past several years.

However, utilities, trade allies, and homeowners approach this issue from different viewpoints. Utilities and energy organizations want to focus on promoting lasting energy efficiency improvements that will lead to measurable and lasting energy and demand reductions. Trade allies are more focused on ways in which they can encourage prospective customers to purchase and install high efficiency (aka

high margin) heating, cooling, air conditioning, and ventilation (HVAC) systems, and other home improvements such as windows, siding, and insulation. Homeowners are much more focused on living in safe, comfortable homes that they can afford. They are also becoming more interested in reducing their carbon footprint.

So the challenge becomes how do energy organizations create and deliver programs that motivate these critical and diverse targets. This paper addresses the following question: How do you develop programs that link effective efficiency strategies with persuasive communications?

This paper focuses on three strategies that have been used by successful energy organizations throughout the United States. These strategies include:

- Leverage the latest program evaluation research findings on non-energy benefits such as comfort, health, safety and home value that will resonate with customers. In other words, create an integrated message,
- Motivate trade ally partners to promote and install higher efficiency equipment, that is leverage channel partners, and
- Promote community values such as carbon emission reductions and supporting local organizations.

Creating a “Integrated” Message

These programs are successful because they incorporate an integrated message that includes articulating both the energy savings and non-energy benefits, such as health, comfort, safety, and carbon emissions. Two program examples are based on a new effort launched by the ENERGY STAR[®] program.

Home Performance with ENERGY STAR[®]

To help US homeowners increase the energy efficiency of their homes, the U. S. Environmental Protection Agency (EPA) and the US Department of Energy (DOE) developed the Home Performance with ENERGY STAR[®] (HPwES) Program. This program offers a comprehensive, whole-house approach to improving energy efficiency and comfort at home, while helping to protect the environment.

HPwES focuses on a comprehensive “home performance contracting” service. The effort emphasizes consumer education, value, and one-stop problem solving. While the broad program goal is saving energy, its market-based approach and message emphasizes a variety of customer needs including comfort, durability, health, and safety. It also encourages the development of a skilled contractor infrastructure that has an economic self-interest in providing and promoting comprehensive, building science-based retrofit services.

NYSERDA’s Energy \$mart Program

The New York State Energy Research and Development Authority (NYSERDA) developed its marketing plan after it developed a solid understanding of the drivers in the home improvement market, the regional market characteristics, and the needs of its sales force-contractors. The program was launched after completing a series of contractor focus groups which identified the importance of creating messages that focused on delivering a program that focused on delivering services from credible and trusted sources. The focus groups also identified the critical messages that NYSERDA incorporated in its marketing campaign:

1. Health/Safety/Comfort
2. Environmental Benefits
3. Energy Savings

The marketing campaign for this program focuses on:

1. Educating the customer about the benefits of home improvements, using the themes identified previously;
2. Demonstrating to the contractor that NYSERDA has a long-term commitment to the market by creating and maintaining an advertising and outreach
3. Creating an action step that has the customer visit the website for more information or contact a local participating contractor.
4. Relying on the contractors to do the direct marketing to customers, leveraging the awareness created through NYSERDA's television spots and promotional activities.

As a program staff member observed, "Marketing creates awareness... the public will come so you have to balance the needs of: 1) creating a program targeting and building an infrastructure that supports contractors} with 2) creating significant homeowner interest. There is a delicate balancing act between balancing the needs of the contractor and the homeowner."

Promotional Methods: To stimulate the market, NYSERDA developed and deployed an aggressive marketing campaign, including paid broadcast media with the joint goals of increasing consumer awareness and demand for whole house services and of attracting more contractor participation.

This program has evolved as the market has developed. The promotional budget is about 50 percent of what it was at program launch. In the beginning, the program focused on building awareness and creating an understanding and demand in the customer segment. It used a celebrity spokesman, Steve Thomas of "*This Old House*." However, as the program has expanded, the focus has shifted to televised testimonials from customers in different regional areas.

The promotional mix has evolved as well during the five years of program operation. Initially the focus was to generate "buzz" and excitement about this new activity, so NYSERDA devoted most of its promotional budgets to build awareness. Now, the emphasis has shifted to more of a supporting role to demonstrate NYSERDA's long-term commitment to the program, more as a signal to contractors as much as to homeowners.

The program's promotional methods had changed from an event orientation to a heavier emphasis on local TV spots. Some of the more savvy home improvement contractors leverage the NYSERDA's advertising activities by piggybacking onto the television spots. For example, these contractors will "book end," that is buy the spots immediately before and after the NYSERDA TV ads. This activity illustrates the importance of coordinating with the channel partners, so they can leverage the program's marketing activities and supplement it with their own.

Some contractors focus on guerilla-type marketing tactics that include yard signs, door hangers and telemarketing targeted in the neighborhoods where they are already performing home performance analyses and making home improvements. These contractors have learned how to successfully leverage a statewide program and translate that into local lead generation.

NYSERDA also an active website designed to promote its energy programs to residential customers (www.getenergysmart.org). For this program, the information provided includes:

- Education about the importance of making home repairs

- Case studies documenting energy savings
- Participation guidelines and requirements
- Loan information and forms
- Referrals to qualified contractors

Maine Home Performance with ENERGY STAR®

Maine has some of the oldest housing stock in the nation, heavy reliance on heating oil, and cold winters. The Maine Home Performance with ENERGY STAR® Program (MaineHP) links Maine homeowners with qualified and certified contractors who provide one-stop-shop access to a whole-house assessment and home energy efficiency improvements. The Governor’s Office of Energy Independence and Security developed the program in close coordination with the Maine Housing Authority and Efficiency Maine, a program of the Maine Public Utilities Commission. Over \$100,000 in support has been provided by local businesses that support the program goals and could benefit from program success. Additional program funding has also been obtained from the U.S. Department of Energy through a competitive grant and marketing campaign support from the U.S. Environmental Protection Agency.

The key theme in the program’s marketing campaign is “How Does Your Home Perform?” The program focuses on integrating the energy and non-energy benefits by demonstrating that energy efficiency improvements led to better and more comfortable homes. The program promotes that Maine homeowner can rely on a Maine Home Performance contractor to help them to:

- Reduce energy costs
- Improve the health and safety of home
- Increase personal comfort
- Extend the longevity of building and appliances
- Lower carbon footprint
- Increase home value

Maine Home Performance’s mission is to create a sustainable market throughout the State of Maine for the diagnosis and treatment of homes to make them healthy, comfortable and energy efficient. Contractors participating in the Program make long-term, sustainable and profitable changes to their business model. Homeowners participating in the Program receive a comprehensive assessment of their home, implementation services, third-party quality assurance and access to affordable loans. A “*Certificate of Energy Savings Improvements*” documents each participating homeowner’s energy, dollar and carbon savings.

Promotional Methods: This messaging is displayed in a variety of ways, highlighted common types of problems, such as leaky ducts, mold, and comfort issues, while illustrating that the whole-house approach is the best way to “fix” these homes’ performance issues.

The statewide program uses radio ads, media outreach and community event exhibits to support contractors’ own marketing efforts. The consumer outreach effort that has been concurrent with an extensive effort to recruit and certify contractors has included:

- **Home Performance Makeover Contest.** Over 500 entries were received online at www.mainehomeperformance.com for the contest that was used to begin to generate consumer

awareness while contractors were in training. MaineHP collected energy bill and home characteristic details from all entrants through an online contest entry form. Using an objective BTU-per-square-foot measure, the home entries were ranked and about 30 home owner finalists were invited to submit a videotape of their home and family, as well as their heating bills. The contest winners were the McCarthy family of Windham, Maine because their home had the greatest potential to demonstrate home energy savings. They received a package of energy improvements worth about \$30,000 that is expected to save them almost 50% of their energy bill with a much warmer and more comfortable home. The home improvements include: a new space and water heating system; about 20 replacement windows; and insulation in walls and other spaces where needed. A complete home performance analysis report is available at www.mainehomeperformance.org. Local businesses and contractors were recruited to donate all the products and services for the contest.

- **“Whole House” television program on The CW Portland WPXT-51 network.** The winning home from the Home Performance Makeover Contest was featured in a television show in which the MaineHP conducts an analysis of the home, recommends how to cut energy bills and demonstrates the installation of the energy-saving measures. The program was broadcast over 90 times to reach an anticipated viewing audience of over 25,000 people. A cross-section of local businesses and organizations stepped up to donate the products and services featured in the television program and provided other promotional consideration. The sponsors included: Efficiency Maine, Maine Home Performance with ENERGY STAR®, Northern Utilities, Lee Toyota, WarmTECH Solutions, Energy Kinetics boilers, Paradigm Windows and Carpet & Rug Depot.
- **“Whole House” video excerpts.** In addition to the full broadcast version of the television program, the show excerpts that feature the building science and ENERGY STAR® messaging were produced as a separate DVD to be used by contractors to help explain the program to customers while the contractors perform in-home performance testing.
- **Strategic alliances with trade ally organizations.** Prior to the consumer launch and contractor training, meetings were conducted with Maine Oil Dealers Association, Maine Housing Authority (MHA) and other public benefit organizations to explain the program and to solicit help in recruiting contractors and creating awareness among the general public.
- **Press conferences and media availabilities with the Governor and other officials.** Governor John Baldacci wrapped up a series of home heating events in August 2006 with a visit to a MaineHP contractor training session. This direct interaction with contractors prior to the official program kick-off was a key motivator in gaining momentum to establish the infrastructure needed. In October 2006, Governor Baldacci’s Office of Energy Independence and Security officially launched the program to the general public with a news release and press conference. At the press event, Maine HP demonstrated advanced home performance diagnostic techniques and press members were invited to sign up for an educational assessment of their own home or a home of their choice.
- **A publicity campaign** resulting in an extensive feature article in the *Portland Press Herald/Maine Sunday Telegram* as well as other print and broadcast media recognition.

- **Web site and telephone launch.** The site leverages the imagery of ENERGY STAR®’s national branding efforts. In addition to the internet site for the general public, a dedicated web-based intranet site was established for contractors to access the ENERGY STAR® Contractors Tool Kit as well as program information. A dedicated toll-free phone number for interested consumers is available as well.
- **The Sunrise Guide sustainable living booklet coupon offer.** A coupon for \$25 off a home performance analysis was made available in this booklet sold by local retailers and fund-raising groups.
- **Participation in home shows and contractor meetings.** MaineHP was featured at the Maine Oil Dealers Home and at the 1st Annual Maine Home & Energy Expo. The Expo co-funded presentations on Home Performance with ENERGY STAR® by national television personality Steve Thomas.
- **Targeted outreach to community leaders.** Extensive efforts were made to meet with job training, economic development and other public agencies to integrate efforts to reach out to potential contractors as well as consumers. The program has co-funding from Maine Housing to enhance recruitment and provide additional mentoring to women and minorities in later stages of program development.
- **Integrated financing solutions.** Income-eligible homeowners who have a home performance analysis may access the Maine Housing Authority’s Authority’s low-interest rate Home Energy Loan Program (HELP) for financing improvements. MaineHP contractors received financing program information to promote it to consumers, and the Housing Authority worked to integrate the home performance business model into its program options. In addition, MaineHP conducted a request for proposals for other finance providers and has identified an alternative unsecured loan program available exclusively through MaineHP contractors with no income restrictions.
- **Integrated Use of TREAT Home Analysis Software.** The TREAT software calculates and presents energy savings as well as non-energy benefits for a full range of improvements along with “cash flow” financial analysis and a proposal to install home improvements. Since TREAT creates an editable and customizable report, contractors can use TREAT to help maintain a consultative selling relationship with the customer. TREAT is integrated into both the building science and business process of the contractor training, providing contractors with an analysis tool that helps close home improvement installation sales with custom reports and financing options. The same data set that that creates the customer reports is then uploaded to the program administrator’s online database. For quality assurance, contractors provide copies of TREAT report findings and agree to follow-up consumer phone and on-site evaluations.

Leveraging Channel Partners

Another innovative approach that also focuses on promoting non-energy benefits as well as promoting a strong contractor infrastructure is the Home Energy Makeover Contest (www.homeenergymakeover.com). This contest is a creative way to promote energy efficiency and collaborate with home improvement contractors. Contest organizers award a major energy efficiency

retrofit to the winning contest participant in a highly visible demonstration. The home, chosen for its inefficiency, produces dramatic energy savings. This approach has been used by utilities throughout the country such as:

- Maine Home Performance with ENERGY STAR sponsored the “Whole House” television show that showcased the winner of its Home Performance Makeover Contest (highlighted in the previous section)
- Xcel Energy and the Colorado Energy Science Center (CESC) have completed three contests. Last year’s contest attracted 16,000 applications and the winning homes reduced natural gas use by over 70%.
- Colorado Springs Utilities conducted two contests to spur interest in their new Home Performance with ENERGY STAR program.
- Delta Montrose Electric Association (DMEA) worked with partners to conduct an Energy Makeover Contest designed to build consumer interest in energy efficiency.

Common among these programs are contest goals that seek to:

- Demonstrate measures that a homeowner could do that contribute toward a more positive cash flow from energy savings when financed
- Demonstrate how to conduct a whole house energy and environmental analysis, and communicate the results to homeowner, contractor and financier.
- Model a collaborative process for a home improvement/performance contractor supported by other energy and environmental-related product/service providers.

Home Energy Makeover Contests have proven to be an innovative way to motivate home owners with higher-than-average home energy costs to save by making the “right” home energy improvements. Unlike other well-known contests, such as Publisher’s Clearinghouse, this is not a random drawing. Rather, many of these Home Energy Makeover Contests are based on building science.

These contests are conducted to enhance program awareness among consumers in an innovative manner and immediately engage participating contractors and sponsors. To implement the contest, program sponsors partner with area utilities and other businesses to present a contest in which the homeowner(s) with the greatest potential to demonstrate home energy savings will have the opportunity to be awarded up to \$25,000 in energy-related home improvements. The home improvement bundle will be determined based on an extensive energy evaluation of the home and other criteria to be determined. Consideration will be based on an analysis of the homeowners’ total energy bills (i.e. electricity, gas and propane) over the last 12 months, and other criteria such as which homes would provide the best showcase of a complete, cost-effective energy efficiency retrofit. Contest entry forms and rules will be distributed online and through contest sponsors.

The “prizes” for the Home Energy Makeover contest are energy efficiency improvements designed to demonstrate cost-effective home energy improvements. The individual package for each winning home varies, depending upon the improvements needed. The goal is to provide the winner with the most cost-effective set of home energy improvements that will reduce overall energy usage and increase occupant comfort, health, and safety. The home improvements may be donated from manufacturers and distributors with labor by local contractors. In addition, comprehensive home performance analyses without improvements may be awarded as consolation prizes. Copies of all the home performance analysis reports are often made available to all consumers to review and compare with their own home.

These organizations leverage the Home Energy Makeover Contest as a way to demonstrate to residential customers how to:

- reduce energy bills
- improve occupant health and comfort
- improve the safety
- reduce maintenance costs

Marketing and Promotion. Home Energy Makeover Contests have used various methods to advertise the contest and attract homeowners. Utility bills often provide a cost-effective opportunity to solicit applications and to promote the contest results. This can be done with a special insert or with an article and application form in the utility newsletter that accompanies the bill. A variety of other promotional tools can augment the utility bill, including print and television advertisements, magazine articles, and placing content about the contest on utility and sponsor Web sites. Contest promotion activities may include:

- Television program and/or video to showcase improvements to winning home(s)
- Tabloid newsprint insert and/or features to promote contest entry form and sponsors
- Workshop(s) and/or open house(s) for all contest entrants to showcase winning home(s)
- Web site detailing contest rules and status and showcasing winning home improvements
- Consumer magazine with corresponding web site to reach out to contest entrants and showcase improvements to winning homes

The critical communications messages included in the contest materials are:

- What can I win?
- Who can enter?
- How can I enter?
- What's the catch?
- Why are you doing this?

The promotional emphasis is on “disrupting” the traditional home improvement marketplace to refocus buyers on the value of considering energy-saving improvements. The program sponsors who most value this approach are those who are forward-looking and niche home improvement providers because the contest allows them to differentiate themselves in the market while aligning them with utility’s promotional resources and expertise.

After the work is completed, satisfied homeowners are rich resources for media outreach in the months following the contest, helping to keep energy efficiency in the minds of area consumers. Post-contest promotional materials may include:

- **Case Study Documentation and Publication:** Document the before and after condition of contest winners homes and draft case studies that emphasize both the energy efficiency and non-energy benefits for publication by local media and trade allies in addition to utility web site, newsletters, bill inserts, and other related materials.
- **Workshop Presentation and Publicity:** Conduct a consumer-oriented workshop to detail how the winning homes were selected and improved by utility working in partnership with trade allies. Invite trade allies to co-present and/or display during the workshop. Consider following the workshop with an “open house” where general public can drive to the homes to see the improvements and meet the homeowners.

DMEA wanted to drive its members to explore the benefits of energy efficiency improvements by using its online audit tool, so it viewed the Home Energy Makeover Contest as a way to generate awareness among its members of its Home Energy Makeover Guide created by Apogee Interactive. The MaineHP program was designed to build a contractor infrastructure, so it wanted to encourage customers to pay for a home performance analysis using the program's TREAT software.

Overall, the results for these diverse Home Energy Makeover Contests have been quite successful, in both creating awareness among the hard-to-reach residential retrofit customers and providing sales opportunities to encourage contractors to focus on energy efficiency improvements.

Integrating Community Value Messages

A third strategy to reach out to homeowners is to develop programs that appeal to a homeowners' sense of community. The Light Bulb Fund Raiser, which has been implemented by both DMEA and Orlando Utilities Commission (OUC) (www.cflfundraiser.com).

This program is designed as a way to promote energy efficiency in a non-traditional way. Instead of giving away compact fluorescent lamps (CFLs), local community groups sell them at a higher price and keep a \$2 dollar donation for each bulb sold. The utilities viewed this campaign as a way to encourage customers to purchase a few bulbs from local community groups as a fund raiser, and then motivate its customers to buy a full range of high-quality CFL products from local retailers. The types of community organizations that have participated in these fund raisers include: youth groups, religious organizations, civic groups and social clubs.

The CFLs selected for the program are a high-quality product manufactured by TCP, a leading manufacturer, in 60 watt, 75 watt and 100 watt equivalent sizes to fit in any standard lighting fixture that is not connected to a dimmer switch. All lamps have a 9-year manufacturer's warranty. The lamps were available packaged individually or in packs of four. The retail sales price established was \$4.50, \$5.00 and \$5.50 per lamp, if purchased individually, or \$18.00, \$20.00, and \$22.00 for a package of 4 lamps.

Promotional Methods: The key message of the program is to encourage consumers to replace the five most frequently used light bulbs with equivalent energy efficient light bulbs. This message was presented in all sales and training materials.

DMEA aggressively promoted the value of replacing standard light bulbs with compact fluorescent bulbs (CFLs). Its ads appeared in several publications and the utility dedicated the front page of its bill insert newsletter to the topic. All promotions clearly recognized the ENERGY STAR "Change a Light, Change the World" campaign which is a national challenge to encourage every American to help change the world, one light – one step - at a time. The timing of the Light Bulb Fund Raiser was designed to coordinate with the regional and national press that would be generated during the national campaign. By tying this activity into a larger national event, DMEA was able to generate additional press and awareness within the local community.

For OUC, Market Development Group helped the utility create a variety of promotional materials including posters, flyers, web site landing pages and news releases which promoted the light bulb fund raiser. The materials included pictures of the light bulbs, prices, and Wattage equivalencies.

Since the community groups recruited for this program were not "energy experts," it was also critical to provide proper sales training and support. Market Development Group provide the Orlando non-profit groups with sales scripts, frequently-asked questions and answer sheets as well as formal training and on-site coaching to provide these groups with the promotional materials necessary to support them in their fund raising activities.

Results

Another critical feature of this program was to not only capture the energy and savings impacts from these programs, but also to evaluate the carbon emissions. The DMEA program achieved the following results during the first two years:

- Achieve a 17 percent market penetration of energy efficient lighting products; a total of 5,202 light bulbs and 310 strings of holiday (Christmas) lights have been installed in DMEA's territory
- Fund raising groups raised more than \$12,000 in contributions
- DMEA will avoid more than \$43,000 in net power purchases during the next five years
- Customers will save more than 1,800,000 kWh during the next five years and 14,080 in peak kilowatts
- Approximately 1,145 metric tons of carbon emissions will be achieved during the next five years.

Conclusions

The programs selected in this paper illustrate the best ways to ways to motivate customers to action, and thus achieve program goals. The critical takeaways from this paper include the following:

- Energy organizations need to identify and focus on non energy benefits as a way to appeal to both home owners and trade allies.
- Energy organizations need to support and sustain its commitment to local contractors as a way to achieve lasting program success.
- Non-traditional marketing channels, such as community groups, can be a way in which to promote the value of energy efficiency improvements.
- Customers will actually pay for energy efficient equipment, whether it is light bulbs or home improvements, when energy efficiency message is conveyed in a meaningful way.

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