

Why No One Signed Up After You Sent Out The Brochure:
Insights into Exemplary Marketing Practices to Increase Energy Efficiency Program Participation

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ABSTRACT

Many organizations are faced with increased targets for energy efficiency, and while target markets may have basic awareness about the EE technology offerings, the messages regarding participation benefits may not be getting through to end users or the trade allies and channel partners that typically serve them.

This paper provides insights into effective energy efficiency program marketing strategies that could be deployed by a regional power provider to increase the uptake of program offerings. A number of approaches to reviewing EE program marketing exemplary practices were considered in addition to the typical program metrics often reported. A set of questions was developed to review marketing efforts and what made them most effective in reaching target markets by customer type:

- How well were program goals defined?
- Was the target audience well defined? Is it an appropriate target for the goals of the program?
- Does the program channel provide sufficient access to the target audience?
- Is the content of presentations and brochures appropriate to the audience? Is it understood? Is the message content motivational?
- Are the materials and delivery methods effective? Is the presentation, format, and medium for this type of marketing and educational materials appropriate?
- Were the customers and/or partners satisfied with what the program achieved?
- Was the program effectively supported from within the organization? Did it have the time and resources to adequately deliver the message and track activities?

A series of case studies were developed on programs identified as exemplary for Residential, Commercial, and Industrial sector programs to answer these questions and provide insights into the key factors that make successful programs tick. This paper summarizes key insights and provides data on program effectiveness.

Introduction

A *marketing plan* entails a wide variety of activities and materials, and needs to be an integral part of energy efficiency program design and delivery. A comprehensive marketing plan includes a suite of toolkits for training, support, and communications among market actors, always focusing on the perspective of the ultimate customer. A marketing program could include the review of market segmentation data, the selection of appropriate channel partners, staff training, technical support, and development of promotions. Effective marketing requires the ability to listen to the voice of the customer and incorporate what is heard into the product (in this case, energy efficiency program delivery).

The goal of developing a strategic marketing plan is to provide a set of concrete strategies and an action plan for reaching ambitious conservation targets that many utilities have adopted, or had thrust upon them. These targets must often be achieved with reduced conservation staff and diminished budgets. The marketing strategies outlined in this paper were researched for several organizations, and some were developed specifically for Bonneville Power Authority (BPA), who as the regional power and transmission provider in the Northwest, and does not typically have direct interaction with end-use customers. Instead of marketing directly to customers, BPA must work through a variety of channels including local distribution utilities, trade allies, and other regional efficiency organizations to meet their goals. The development of a strategic marketing plan for BPA had the following high level objectives:

- Provide examples of successful energy efficiency (EE) marketing activities at other relevant energy companies.
- Show examples of the structure of successful endeavors from other entities, including the use of various supply channels.
- Suggest an overall marketing strategy for BPA's positioning and brand.
- Suggest a set of skills that successful marketing groups possess, and how they acquired those skill sets (training, hiring, etc.).
- Provide examples of activities that could boost the marketing success of BPA's EE programs. This may include a roadmap of how to evolve the marketing function over time.

Methodology

The authors first conducted a situation assessment. This involved a series of interviews with internal program staff, regional trade allies, and other regional efficiency organizations to better understand the current situation and needs for EE marketing in the Northwest, and the appropriate role for BPA to play in to these markets. The research also included a focus group with a Utility Sounding Board that represented a number of BPA's constituent utilities. Then, a review of program best practices was undertaken, searching out through a literature review the EE programs that served the residential, commercial and industrial sectors and employed innovative or successful marketing approaches. The literature review was coupled with interviews with program managers from successful programs in other jurisdictions. Key lessons from this review formed the basis for a gap analysis between the current marketing practices at BPA, and those that would bring much greater program success in the region. The third leg of the research involved a review of marketing practices in other industries that could be applicable to serving customers with energy efficiency products and services.

The results of the research include an overall marketing strategy, market research and segmentation needs, channel partner development strategies, and promotion and outreach recommendations.

Results

Situation assessment

When developing a marketing strategy, understanding the wants, needs, and barriers of each of the target markets is a critical factor. To understand the target markets, the authors conducted dozens of extensive interviews with key players to understand the nuances of the issues they face as well as their opinions about BPA and other regional players. From the analysis, three primary and distinct markets were identified that BPA serves today, another that is a critical market for the future in the form of trade allies, and also the end-users.

Larger Utilities:

These utilities are characterized as having their own substantial staff capabilities. They may have many DSM programs, significant marketing capabilities, technical experts, wide-reaching corporate communications, and a fairly large customer population. Utilities in this target market include Seattle City Light, Tacoma Power, Puget Sound Energy, Snohomish, Eugene, and Avista. A few key findings regarding this customer group:

1. These utilities have enough expertise in-house that they say they do not need much or any assistance from BPA on marketing. They prefer not to have BPA, NEEA, or contractors of these organizations talking to their customers, although there are many exceptions, unless it's explicitly coordinated with them.
2. Program execution and good coordination is key. One example was the CFL (Savings With a Twist) program, in that it caught many retailers by surprise and they ran out of product. This caused difficulties for the utilities instead of helping them.
3. If BPA is going to develop programs they will use, it needs to be done in close conjunction with the utilities. Most are interested in a recently launched third party grocery store focused program, for example. There are opportunities for niche applications like this.
4. BPA can play a strong regional role in coordinating activities, having workshops, continuing and expanding brown bags and training seminars, and facilitating regional dialogues. This coordination role was the one that floated to the top of what BPA could do to enhance the conservation efforts of the region.

Small and Medium Sized Distribution Utilities:

These utilities (including coops, munis, and PUDs) typically have smaller staffs to implement conservation programs, have limited planning and evaluation capabilities, and rely on other entities such as BPA for support on many aspects of programs, including technical support. The top issue for this market deals with the actual design of BPA conservation programs. First, the *programs were described as too complex*. For example, it is difficult to determine eligibility, and there are too many permutations of options (using the heat pump program as an example). Some said that the cost of doing these programs exceeds the benefits.

5. Program design is a key element of the marketing mix. The group felt that they have the capabilities to effectively sell programs *that fit their customers' needs*. They stated that, if the product is wrong, there is little chance that even heroic marketing efforts will be successful with their customers. While there can be many opinions regarding what the right product is, this can best be determined by asking both the small utilities, and surveying their customers regarding program features that will work for them.
6. BPA should market more effectively directly to the utilities, explaining how and why the programs were chosen and what the objectives are; gathering input from them on what they want and what works and what doesn't; and providing technical support (which BPA does well).
7. Many suggested that BPA coordinate an umbrella awareness campaign throughout the Northwest in order to "prime the pump" for all energy efficiency programs. They want the customers to have a greater desire to reduce energy consumption and improve the economy and the environment.
8. Some small and medium utilities had difficulty defining an appropriate role for trade allies. They acknowledge that the trades are key players, but the allies often are not good proponents of the best efficiency solution. Trades may often circumvent what is in the long-term interest of the customer. Training might be useful, and utilities again mentioned that if the program designs were simpler, the trade allies would promote them more often.

Regional Implementation Groups:

The two most dominant groups in this target market are the Northwest Energy Efficiency Alliance (NEEA) and the Energy Trust of Oregon. Both have large budgets for implementing various conservation programs and are key players in the region. BPA's coordination with NEEA is particularly important for marketing success in the region. In addition to these groups, state energy offices are active in some parts of the region, and extension services working out of state universities provide a range of technical support services in their respective states. A key finding from discussions with all players was that there was market confusion about who played what role in serving customer needs in the region. The top ideas that emerged to alleviate this concern were:

- Explicitly plan marketing campaigns together
- Clarify the 'supporting role' of BPA and NEEA

Trade Allies:

The attitudes and opinions of the trade allies in the region will inevitably be a very important market for BPA and the Northwest region in achieving conservation goals. By making them a distinct market for market planning purposes, new concepts, channels, and marketing approaches can be discovered. This market is very broad, and includes contractors, engineers, distributors, retailers, architects, and others that deliver energy products and services.

The top ways to improve marketing coordination with trade allies include:

1. **BPA should increase its Role in Trade Ally Education and Training:** At a very basic level, knowledge is a key to moving the market in the Northwest. If contractors are installing inefficient equipment, it may be because of lack of information and skills to install high

efficiency options. Many may not have knowledge about rebates available. BPA could play an expanded role in training contractors and engineers in energy efficiency techniques, with their strong expertise on the engineering side.

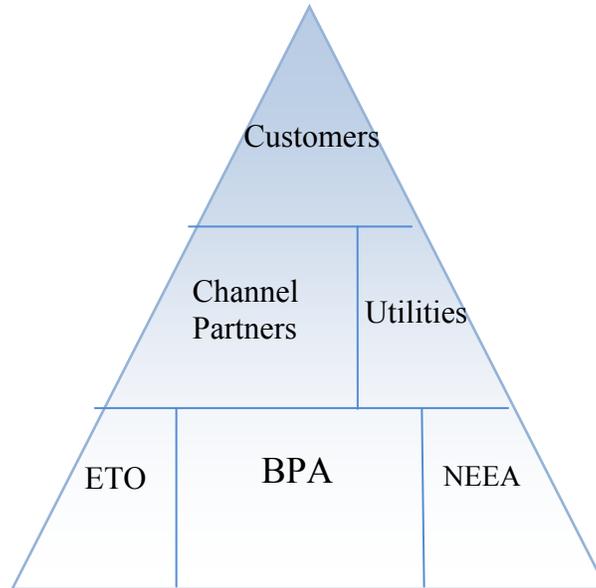
2. **BPA Develops Trade Ally Programs:** One approach that should be explored is the creation of conservation programs that are specifically sold and introduced through the trade allies to install equipment. BPA has proposed a trade ally network administrator for commercial lighting, who would provide training and other services to trade allies; this is an approach that could be expanded to other end uses and market sectors.
3. **BPA Works to Develop Trade Networks:** Smaller utilities, and possibly even the larger utilities, need assistance in bringing the trade ally networks—particularly contractors—into the region’s conservation process. BPA can play an important role by helping organize the trades to be more in tune with the needs of the utilities. This can be done through education and marketing. BPA could also aid the development of trade networks by establishing an online community, such as an interactive Q&A website or a listserv, through which trade allies and BPA technical experts can collaborate and share information.

End-use Customers:

While this study did not directly conduct interviews and primary research with end-users, all of the conservation programs eventually deal with end-users. BPA must understand end-users’ wants and needs to serve them both directly and indirectly. For the most part, BPA’s programs are delivered through intermediaries, including the four target markets outlined above. There may be occasion, however, where BPA is marketing directly to end-users as well.

All players ultimately must recognize that the customer may be confused about the roles of all the different organizations that may contact them regarding energy efficiency opportunities. Figure 1 highlights that the trades and the local utilities are the main interface customers have with the energy efficiency community. End-use customers interact with these local players primarily during brief windows of opportunity to influence investments in energy-consuming products and services. BPA and other regional EE organizations (only two are represented in the pyramid, but a number of others exist and are discussed throughout the report) need to be positioned to *provide timely, directed support* when it is needed by the local utilities and trade partners.

Figure 1. The Customer Sits at the Top of the Pyramid, BPA and Others are in Support Roles



Exemplary Marketing Practices

A number of approaches to reviewing EE program exemplary practices were considered. The following set of questions were used to review statewide demand response education and outreach efforts in California,¹ but they could also apply to energy efficiency efforts in the NW and can provide a quick snapshot of how each EE program did in regard to the following factors:

- *Goals defined?* How well were program goals defined?
- *Target audience defined?* Was the target audience well defined? Is it an appropriate target for the goals of the program?
- *Access to target audience?* Does the program channel provide sufficient access to the target audience? Is it an appropriate channel?
- *Message content?* Is the content of presentations and brochures appropriate to the audience? Is it understood? Is it motivational?
- *Message delivery?* Are the materials and delivery methods effective? Is it the right presentation, format, and medium for this type of marketing and educational materials?
- *Customer/partner satisfaction?* If applicable, were the customers and/or partners satisfied with what the program achieved?

¹ Process Evaluation of Selected California 2005 Demand Response Education, Awareness, and Outreach Programs, Summit Blue Consulting, April 2006.

- *Program administration?* Was the program effectively supported from within the organization? Did it have the time and resources to adequately deliver the message and track activities?

Exemplary Market Research

The following exemplary market research practices were identified during the course of the research.

- *Market research needs to be “actionable.”* Many times, market research is done without a clear understanding of the final objectives of the research. Every party to the research needs to fully buy into the research process and results in order to produce value. This can be achieved only by spending the necessary time up front to completely design the research based upon desired *outcomes*. And the outcomes need to be actionable, meaning that there is something that the company can do with the results once they are collected.
- *Market research results need to be understandable to non-research people.* Far too often, market research results sit on a shelf without being acted upon. Part of the reason is that reports and results show up in “market researchers’ language,” which is like an engineer talking to a doctor. They just don’t know each others’ language. Researchers need to cut to the chase and tell managers what the results *mean*, and not get into the gritty details of methodologies, for example.
- *Value of research needs to be constantly evaluated.* This includes a couple of important elements. First, market research is an investment in reducing risk. If a product can be tested before launch, a failure could be eliminated. If the target audience’s “hot buttons” can be discovered, then marketing will get a higher hit rate. Second, market research activities must always be evaluated as to their worth to the program or product. Sometimes market research is conducted on a routine basis because “it’s always been done this way,” but every dollar should be scrutinized.
- *Market segmentation is essential.* Segmentation gives marketers a much better chance of success. While every customer is somewhat different, market research can cluster customers into groups that act in a similar manner. This can be as simple as large vs. small, or as complex as segmenting based upon attitudes. Segmentation not only helps sell successfully, but also provides tremendous insight to help the new product development process.
- *Organizing around a sector breeds success.* While there are many ways to create an organization, it is likely optimal to organize around meeting the needs of a given market segment. The team then focuses all their energy on producing a complete customer experience, and they become completely responsible for that success. Having a champion for each sector/segment really helps move in the right direction.
- *Sectors should be market-, not product- focused.* This means that the sector teams should not be aligned with specific products or DSM programs, but rather with a market segment primarily. Products then become a method for service to those customers, along with customer service, information, and a host of other services.
- *Data management is a large, important market research function.* Market research is not very useful if it’s not accessible to everyone who might need it. Too many times, a product manager wants a specific piece of information but it takes too much effort to obtain it, and therefore the value of the data is missed.

Overall Marketing Strategies

These are the strategies that are likely to create an excellent marketing organization.

- *Begin all marketing-related strategies and actions from the customers' perspective.* This would require a shift from conservation program design being a top-down approach to working from the needs of the customers (utilities and their end users).
- *Create a flexible program approach.* We live in the era of choice. Customers want to feel in control of what they buy and use. Utilities are no exception. The solution could be to move towards providing flexibility in program design instead of a one-size-fits-all approach. Options include a matrix approach where utilities can mix and match the attributes, or even a web-based tool so they can customize their programs. For smaller utilities, they will likely need BPA guidance in using this kind of tool to select program attributes.
- *Create small innovation teams.* There will be many endeavors that evolve from new marketing strategies. Success has been seen in other industries by creating small, temporary innovation teams that are tasked with creating marketing solutions.
- *Become a provider of excellent niche programs for larger utilities.* BPA has the opportunity to help the larger utilities expand into new areas, hard to reach customers, and unique technologies. These programs require excellent delivery processes.
- *Create a continuous improvement program to make utilities' lives easier.* BPA should be seen as an enabler of programs, which means that the simpler BPA makes the lives of their customers, the greater the relationship and the willingness to continue with strong partnerships. By creating a continuous improvement program, BPA will be focused squarely on meeting its core constituency's needs. Simplifying program paperwork and processes, while maintaining some flexibility in program requirements may appear to be a daunting challenge, but with the use of appropriate software, and internal customer support, the challenges are not insurmountable.
- *Create a culture of communication.* Every employee of the energy efficiency department can become an evangelist of sorts for the goals of conservation in the region. At Disney, every employee, from the characters to the street sweeper, is completely indoctrinated in the Disney brand and culture, and each can provide guests with the experience they expect. BPA could also work to create this culture of communication so its story can be told to both internal and external markets. Develop *key stories* (similar to case studies) that reflect the benefits that conservation brings to communities and end-users, and teach others (including BPA's leadership) to tell those stories.
- *Promote the idea of conservation as powerful and good, and mesh it with current events.* Move out into the marketplace with a large campaign that promotes the benefits of conservation for the region and for smaller communities. Put the information in terms that customers feel strongly about (based upon the market research). Tap into current trends in customer psychology which evolve over time. For example, global climate change is a hot topic right now, so relate to that theme. A cold winter may drive a "lower your bill" message. Make *conservation* synonymous with *customer benefits*.

Summary

The top ideas needed to improve marketing outlined in previous sections of this paper and in the detailed plan developed for BPA were organized around the key elements for marketing success: market

research, channel strategies, promotion, and sales delivery. BPA has moved to implement a number of the recommendations that were developed from the research, including:

- ***Explore the creation of a series of niche market programs*** that are not currently being addressed by the larger utilities and therefore complement their portfolios
- ***Develop More Program Design Flexibility:*** BPA has already changed program rules to be more flexible in the combinations of measures accepted, and M&V requirements
- ***Start small, gain successes and buy-in:*** Conducting a series of targeted market research pilot studies is less costly and demonstrates commitment to the process of broadening organizational value to regional utility customers
- ***Explore the creation of a Seattle metro area coalition of utilities*** that focuses on delivering conservation to this high population area.
- ***Play a Larger Role in Trade Ally Education and Training, including the development of M&V training for contractors and other trade allies***

There is still significant work to be done in a number of areas, including:

- ***Establish consistent messages (both internal and external) regarding energy efficiency.***
- ***Develop more co-marketing opportunities with trade allies and channel partners.*** In addition to ongoing training sessions to clarify program rules and technical specs, co-marketing strategies are essential to building trust and community among these front line players.
- ***Develop a suite of web-based tools*** to smooth the program reporting process; create the ability to customize, order, or print marketing materials online; and to create an online EE community for trade allies and other interested parties through the use of FAQ responses, listservs, and other tools, including video and calculation tools.