

## **Who Is, and Who Should Be, Promoting Energy Efficiency in Today's Environment**

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### **Abstract**

Our industry has been beating the drum for energy efficiency for the past 20 years, and electric utilities have been mandated to support it. This paper will look at the proliferation of other businesses that are promoting energy efficiency and the environment and work to determine if the messages are the same, if they are confusing customers, how electric utilities can remain in the forefront of the energy efficiency discussion, and whether they should be.

### **Results, Achievements, Concepts:**

Businesses have discovered that being perceived as “green” could be a good business strategy. Electric utilities are in a unique place when it comes to it comes to this issue—on the one hand, electric utilities are immediately thought of as environmental polluters, while on the other hand many electric utilities are promoting energy efficiency.

This paper is based on Opinion Dynamics' extensive data library of public perceptions of electric utilities, including qualitative and quantitative research from a variety of different studies across the country. We will provide data that compares public perceptions of the electric utility industry to other industries. We will also share with the audience information on how non-energy companies are building their brands via promoting the environment.

The National Energy Services Conference should take a good look at general issues facing AESP group members and individual members. Companies in a variety of industries are working to brand themselves as environmentally conscious. Although many members of AESP are working to promote energy efficiency and helping the environment, most electric utilities are lagging behind in attempts to claim a piece of the environmental puzzle. This paper provides the audience with a look at how the electric industry compares to other industries, and what the industry can do to work to effectively communicate its environmental standards and approaches.

## **Introduction**

For those of us who have been a part of the energy efficiency industry for the past 20 years, these are heady times. Every day, it doesn't take long when you are reading the paper, watching television, listening to the radio, or surfing the news on the Internet to find a piece of information that can be directly linked to energy efficiency. In fact, I recently sat down and watched the local television news in Boston, and, without even thinking, I saw five separate news stories that had some sort of link to energy efficiency, global warming, and/or the environment.

This undoubtedly is good news for energy efficiency folks—we are seen as wearing “white hats” in this discussion, and we're also much more interesting to speak with at cocktail parties. However, the question remains, what is the general public actually hearing from these messages? Are the correct messages getting through? And, most importantly to this paper, how are utility-generated messages fairing compared to business-related messaging?

The premise of this paper is to challenge energy efficiency professionals into realizing that they are not the only ones attempting to influence the public to adopt energy efficiency practices—for profit corporations are actively working to define the green marketplace through their own mass media efforts; both attempting to influence public perception and attempting to drive demand. With this in mind, it is important that we consider what energy efficient products and behaviors, exactly, are being promoted as “green” and the effect that non-utility sponsored messaging has in influencing consumer knowledge, behavior, and perceptions of energy conservation and efficiency. If you get nothing else out of this paper—please see this as a wake-up call to reviewing all energy efficiency related messaging when developing your next energy efficiency utility-driven campaign.

## **Data and Context**

Recent data collected by Opinion Dynamics shows that almost 70% of consumers now believe that global warming is a “Major Problem”, and 82% of consumers believe that Global Warming exists. These numbers are considerably higher than they were even two years ago. Clearly, this shows that messaging and media coverage can have a great effect on swaying public opinion.

Now, how does this manifest itself in influencing people's behavior and adopting more Earth friendly practices? Interestingly enough, we asked people whether they believe global warming is caused by normal climate patterns or by people's behavior. The table below shows the results.

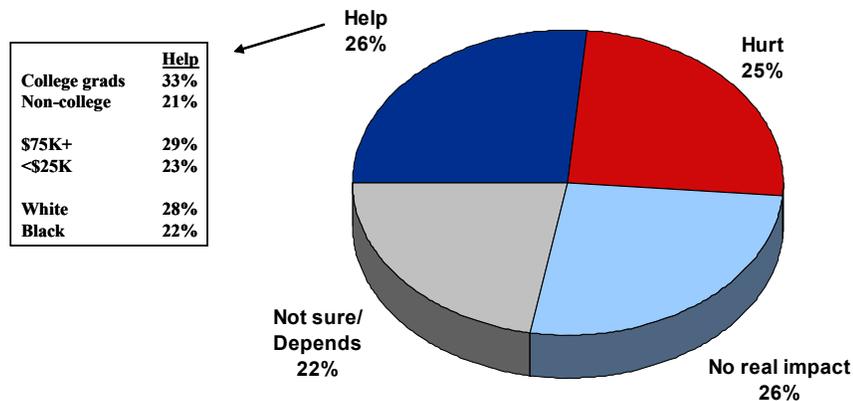
**Table 1.1. Do you believe global warming is caused by normal climate patterns or by people's behavior, such as driving and burning too much fossil fuel like coal and oil?**

	Yes (All)	Yes (Democrat)	Yes (Republican)
Global warming exists and is caused by people's behavior	34%	47%	21%
Global warming exists and is caused by a combination of people's behavior and normal climate patterns	31%	27%	30%
Global warming exists and is caused by normal climate patterns	12%	11%	15%
Global warming doesn't exist	10%	4%	21%

Of those people who say that global warming exists, one-third believe it is caused solely by people's behavior, while another third see it as both caused by people's behavior and normal climate patterns.

We also asked people about whether they think limiting greenhouse gases will help or hurt the United States economy. There is a true split of opinion on this issue, as is shown in the pie chart below.

**Figure 1.1. If the federal government limits the release of the greenhouse gases that most scientists believe are causing global warming, do you think it will help or hurt the U.S. economy?**



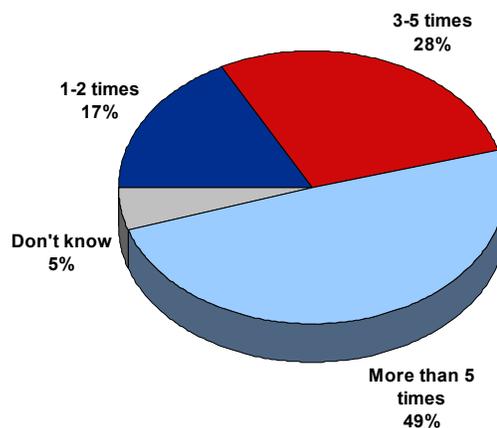
A few years ago, the same question was slanted much more towards the “hurt” side of the equation. It appears as though the scales have tipped towards believing that dealing with global warming will not necessarily hurt our economy. The ramifications of this shift are widespread—most importantly, the public is not necessarily siding with businesses who are lobbying Congress to not increase emissions standards. This is going to force businesses to adapt to a culture that is more efficiency-oriented, and less economy driven. Later, we will talk about three companies that have adopted this message in their advertising, and what they are saying.

Directly related to energy efficiency, we asked people if they think the benefits to the environment and money saved in lower electricity bills is enough to justify paying at least twice as much for a Compact Fluorescent Bulb (CFL) as for a traditional light bulb. Almost 60% of respondents said that yes, it was. One can rightly question whether this actually would manifest itself when consumers were making a purchase, but even the fact that this many people are not averse to paying double for a light bulb if it helps the environment shows a shift in public opinion from work over the past two decades. One has to wonder whether, if this were in fact the case in the early 1990's, whether CFL rebate programs would have been developed. In effect, by providing a rebate on CFLs for so long, we have been teaching consumers that CFLs are not worth paying more for than incandescent bulbs. Perhaps this has not been the best long-term overall strategy, and perhaps now we can help reshape it.

### Data Regarding Advertising

Opinion Dynamics also recently asked specific questions about energy efficiency advertising. Almost two-thirds of consumers in a National survey stated that they had heard or seen an advertisement promoting energy efficiency or suggesting they conserve energy in the past three months—and half of these respondents said they had seen an energy efficient advertisement more than five times in the past three months, as shown in the pie chart below.

**Figure 1.2. How many times do you recall hearing or seeing [energy efficiency] advertisements over the past three months?**

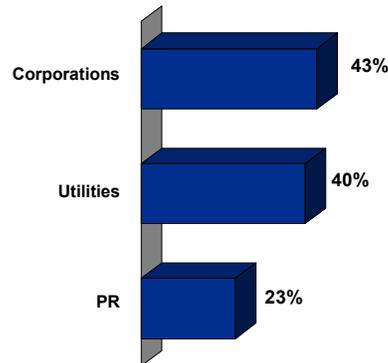


The following table provides the first type of information of its kind. It shows that consumers recall hearing energy efficiency advertising from corporations and utilities equally—43% of respondents recall hearing or seeing an energy efficiency related advertisement sponsored by a corporation, while 40% recall an advertisement from a utility or utility-related sponsor<sup>1</sup>.

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<sup>1</sup> Note that respondents were asked unaided to name the sponsors of the advertising they recalled seeing. Opinion Dynamics then coded the responses into “Corporate”, “Utility”, and “Public Relations”. Multiple responses were allowed.

**Figure 1.3. As far as you recall, who sponsored the [energy efficiency] advertisements? (Multiple response, valid response only)**



By far the largest recall of sponsored messaging was General Electric, followed in much smaller proportion by Wal-Mart and BP. It is important to remember that advertising usually runs in cycles, and our data only provides a snapshot in time. Asking the same questions at a different time period may well yield different results as to the companies that respondents recall.

The important takeaway, however, is that consumers are hearing and seeing corporate messaging and utility-based messaging equally. With this in mind, let's look at what corporations are saying, versus what utilities are saying.

### **Messaging**

In ODC's work with various utilities and regional energy efficiency agencies in both the United States and Canada we have worked to understand messaging to which consumers are exposed on a daily basis. More and more, utilities are being required to justify marketing dollars spent based on changes in consumer behavior. This issue is one for another paper altogether, but the fact remains that, in general, consumers are hearing both corporate messaging and utility-based messaging equally, and this has ramifications in deciding to whom we can attribute behavior changes.

In the presentation in Clearwater, we will show corporate messages from General Electric, Home Depot, and BP. We will also show messaging that is utility based. We will work with the audience to show the differences in the messages, and how consumers are interpreting the messages.

For example, for Home Depot, the message is clear and targeted—come to Home Depot and purchase energy efficient products. The products, however, are deemed energy efficient by Home Depot—not necessarily through an independent group (or a Government-led group like Energy Star). This paper is not intended to make a judgment about how Home Depot decides whether a product is energy efficient or not, but we do want to point out that consumers are being led to believe that these products at Home Depot are energy efficient.

What we have not seen is how utilities and other agencies are adapting messages about this. Are Home Depot's advertisements helping the energy efficiency cause? Are they being considered in the approach that utilities are taking when promoting energy efficiency? If the products promoted by the Home Depot advertisements are, in fact, energy efficient, then this seems like a great boon to the energy efficiency effort—however, if the products do not meet the standards deemed appropriate by other agencies, then this could be problematic.

A second company-based strategy for advertising energy efficiency is the more general advertising linking companies such as BP and GE to the environment and reducing global warming. The overarching question is whether these company messages actually help the overall energy efficiency message, or hinder it? In many ways, these advertisements are intended to “excuse” the companies from negatively affecting the environment, and keep consumers from digging too deep into their business practices.

Some people we talked to compare these messages to the messages that tobacco companies and beer companies have been forced to air on underage drinking and smoking cessation. Numerous research shows that anti-smoking and underage drinking ads produced by tobacco and beer companies are not nearly as hard-hitting or effective as ads on the same topics produced by non-profit groups focusing on these issues. None of this research has been performed for energy efficiency messaging, but it is time for the industry to ask this question, and for us to determine whether corporate advertising is having a positive or negative impact on consumers and their potential to adopt energy efficient behaviors.