Getting to Yes
Innovative Marketing Strategies to Increase DSM Program Participation

Matthew Joyce, E Source, Boulder, Colorado

ABSTRACT

A number of utilities are bucking the trend toward greater automation in marketing and customer service in favor of a practice known as person-to-person (P2P) marketing. The age-old technique of direct conversation is finding a new level of respect alongside modern-day communications because it cuts through the clutter, addresses customers' concerns, and encourages them to take action, often on the spot. In other words, it gets the person to decide "Yes" and triggers the purchase.

We review three types of P2P marketing: company-to-customer, intermediary-to-customer, and customer-to-customer communications. Among the successful efforts we consider: In just a few weeks, Pasadena Water and Power delivered its energy message to approximately 92% of households with school-age children in its service territory. With one meeting Alliant established itself as the go-to energy expert for energy savings on college campuses and a facilitator of conversations between energy managers. In one year's time, National Grid educated 150 architects about high-performance buildings; it also saw two buildings completed, both of which demonstrated 30 percent efficiency improvements beyond code without incurring high architectural simulation costs. Southern California Edison signed up more than 320 churches, representing 12 denominations in 27 cities, to participate in rebates for its Statewide Express Efficiency program.

We also discuss the four types of risk that keep customers from saying yes, how to craft a P2P marketing campaign using the five T's of P2P, and the six key ingredients that a P2P message needs to ensure that it's passed along.

Introduction

Want to get your customers' attention? Get in their faces. Literally. That's what a surprising number of utilities are doing to improve customer satisfaction, cut through advertising clutter, and increase uptake in DSM program participation. At a time when back-to-basics cost cutting has gutted some utility marketing departments and driven many utilities and other energy service providers to improve the self-service functions of their web sites and voice response systems, a number of organizations are going against the grain. They're spending more time, money, and effort on personal contact with their customers through the practice of person-to-person (P2P) marketing.

Direct personal communication is the world's oldest form of sales and marketing, and it's currently enjoying a resurgence, taking its place alongside modern techniques like e-mail and traditional methods such as bill stuffers, print advertising, and media relations. Unlike one-way marketing tactics that can be easily disregarded, person-to-person marketing puts a human face in front of the customer. And as you know, it's far more difficult to ignore someone who is actually speaking directly to you—particularly if that person is a friend, a neighbor, or another trusted figure.

Word-of-mouth communication—to use the marketing term—is faster and more accurate than a speeding bullet. Because it's actively passed from person to person, it effectively reaches more people than media outlets, the mail, or the Internet—all of which must wait passively for people to pay attention. Word-of-mouth communication also immediately cuts through the clutter, because a friend's opinion is almost always more credible than anything coming from an unknown source through traditional marketing methods.

Person-to-person communication is arguably the most powerful force in the marketplace. You and your competitors may spend a great deal of money to deliver information to customers and prospects, but ultimately it's the recipients who talk over the information, influence each other, and decide what to do. It's those unscripted, uncontrolled exchanges that have been shown in study after study to be the "proximal cause of purchase."[1] That is, a person-to-person conversation is usually the most recent thing to have happened just before a purchase is made. In other words, it's the conversation that gets the person to "Yes" and triggers the purchase.

The Three Types of Person-to-Person Marketing

Person to person marketing goes by a variety of names, including: word of mouth marketing, viral marketing, event marketing, community-based marketing, cause marketing, grassroots marketing, referral marketing, and influencer marketing. They're each a bit different, but they can all be readily grouped into just three basic categories.

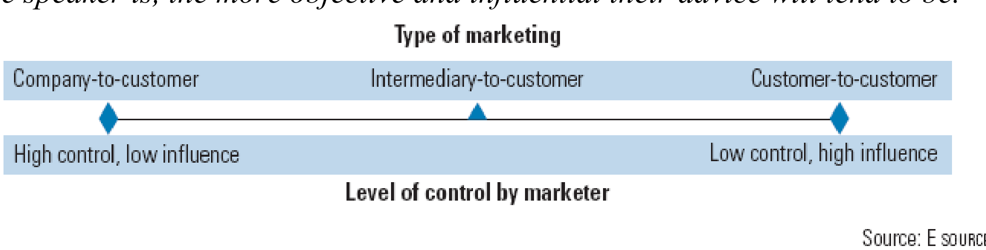
The three basic types of person-to-person marketing are: company-to-customer, intermediary-to-customer, and customer-to-customer. Each has its strengths and limitations, but generally the less control a company has over the conversation, the stronger the conversation's influential power will be (see Figure 1). This may seem counterintuitive at first, but it makes sense when you consider that most people assume that the farther removed an advocate is from a company, the more objective and independent their advice is likely to be.

The other factor that makes person-to-person marketing so effective has to do with the listener rather than the speaker. When a potential customer is considering a purchase or another action, such as signing up for online bill presentment, that person must first weigh the risk inherent in taking the action. The best way to reduce risk is to speak with someone who has more experience with the product or program. Taking the time to learn from others reduces the individual's chance of making a mistake; wasting money; or, in the case of business-to-business transactions, even risking their employment. Consequently, personal conversations between company representatives and customers—and between customers themselves—function as secondhand "experience-delivery mechanisms" for the purpose of risk reduction. That's why successful experiences foster sales better than any other factor.[2]

So how can utilities harness the power of person-to-person marketing? E Source explored the efforts of numerous investor-owned and municipal utilities in the United States and Canada to find out.

Figure 1 Influence Increases as Marketing Control Decreases

The persuasive power of a person-to-person conversation is often inversely proportional to the marketer's control of the exchange. In other words, the further removed from a company the speaker is, the more objective and influential their advice will tend to be.



Company-to-Customer Marketing

Company-to-customer communications are as old as business itself, but utility marketers have been learning new tricks when it comes to speaking with their customers, and more importantly getting customers to speak amongst themselves.

Alliant Facilitates Conversations

More often than not, person-to-person marketing is a component of a larger marketing effort. Jodi Palmer, a product manager at Alliant Energy, provides a case in point.[3] When she was asked to help Alliant's Iowa key accounts department reach its higher-education customers, she began with a simple save-the-date letter to the president of every college in the service territory. The letter announced a one-day symposium on energy efficiency designed especially for colleges. Palmer followed up with a formal invitation to the college president, CFO, and director of facilities at each campus. Fifteen colleges sent representatives to the event itself, which was where the real person-to-person marketing began.

The event was strictly informative. There wasn't even a table with promotional brochures about the utility's programs. Instead, Palmer concentrated specifically on connecting with people in her audience. She spoke about energy-saving tips and what other colleges were doing to cut costs. Each participant got a packet including a case study on an energy-efficiency project that Alliant had implemented at another college. Palmer told us that the CFO of that college was the day's featured keynote speaker: "Their CFO was our biggest cheerleader. Basically, she got up and said, 'If you folks aren't looking at energy efficiency at your college, you're behind the times, and you'd better get on it.' It was a great testimonial."

The event positioned Alliant as energy-efficiency experts, but it did more than that. It also positioned the utility as a facilitator of conversations between the colleges. Palmer extended the potential for these conversations even further when she sent thank-you notes to the attendees and in-case-you-missed-it notes to those who couldn't come. Those notes contained a link to Alliant's web site, where people could listen to 30 audio clips of all the day's speakers or share them with their peers. And that in turn created the opportunity for customer-to-customer marketing.

Intermediary-to-Customer Marketing

Midway along the continuum between maximum control of the conversation and maximum influence lies the realm of the intermediary. That is, a spokesperson or representative who is well-informed about your company and your various offerings, yet who is also seen as somewhat independent of your control. Such an arrangement might involve a trade ally or a contractor. In the case National Grid it involves an architectural consultant.

National Grid Starts Peer-to-Peer Conversations

When National Grid decided to improve its energy-efficiency efforts in the business sector, it targeted new buildings in the 20,000- to 100,000-square-foot range because they represent an underserved section of the marketplace. "Despite their wide distribution, they're too big to be addressed with prescriptive specifications alone and too small to be cost-effective for building simulation," said Michael McAteer, manager of business efficiency services at National Grid.[4]

To have an impact on energy usage in this segment of the marketplace required a new approach. McAteer and his colleagues knew a workable solution was available through the Advanced Buildings program developed by the New Buildings Institute and the Energy Center of Wisconsin. "The problem was, not many architects knew about it," said McAteer. "Their decisions drive the construction process, so we needed to speak to them directly."

But McAteer was realistic. "If our ideas were going to gain traction, we needed to facilitate one-on-one conversations about the architectural design process," said McAteer. But not between the utility and the architects. "The conversations needed to be peer to peer: one architect to another," he said. That way the conversations would be credible and informative.

To do this National Grid contracted with a local architectural firm to provide an architect to serve as a liaison between the utility and the community of architectural firms in its service area. "The architect, Martine Dion, is quite knowledgeable about high-performance and green buildings," he said. "So we spent a few months teaching her about the utility business."

Using Dion's expertise, National Grid sponsors quarterly training seminars to teach architects in its service territory about using cost-effective products, methods, and materials to design high-performance building envelopes, integrated HVAC systems, and high-efficiency lighting. The utility also sponsors "lunch-and-learn" workshops at individual architectural firms that gets attendees excited about high performance, the U.S. Green Building Council's (USGBC's) Leadership in Energy and Environmental Design (LEED) program, and USGBC buildings.

"In the last five minutes she describes our utility incentives, how to apply for them, and how we support the architects throughout the process," explained McAteer. Before she goes, Dion leaves behind an information packet that contains a case study of a finished building, benchmark information, benefits, various criteria, and a reference guide with specifications.

In the first full year of the effort, National Grid's architect facilitated four half-day workshops and 30 lunch-and-learns, educating more than 150 architects—approximately 4 percent of those in the area—in that time. She also inducted five new high-performance buildings into the process. The first two completed buildings demonstrated 30 percent efficiency improvements beyond the levels specified by code—all without incurring high architectural simulation costs.

"Having buildings completed means that we're moving beyond theory," said McAteer. "We have case studies now. And better than that, the architects are talking about their own buildings. That's how this process will really grow."

Customer-to-Customer Marketing

In the best of worlds customers will talk amongst themselves about the positive and negative experiences that they've had with your company. To a certain extent that's always been the case, but such random conversations are notoriously difficult to track and they provide relatively little leverage for marketing purposes. Not content with those limited opportunities, some utility marketers are increasing their leverage by planting the seeds for positive word-of-mouth and encouraging them to sprout under more controlled growing conditions. Pasadena Water & Power provides an example of how utilities are planting the seeds for positive word of mouth by beginning with the end in mind. That is, they hire an intermediary who can virtually ensure that a customer-to-customer exchange will take place.

Pasadena Water & Power Makes It Fun and Contagious

When Pasadena Water & Power wanted to promote green energy to its customers it turned to a unique form of person-to-person marketing that used an intermediary to bypass its adult customers and speak directly to the key influencers in their homes: their children.

The California municipal utility retained the services of the National Theatre for Children (NTC) to work with the Pasadena school district to teach school children about the basics of energy production, the importance of renewable resources, and how families can sign up for green energy.

The utility covered the costs and NTC provided a turnkey program called The Unseen Green Machine to the school district. “We visit one school in the morning and another in the afternoon,” explained Ward Eames, president of NTC.[5] Working Mondays through Fridays, one troupe serves 10 schools in a week, which equates to about 5,000 families and 200 teachers.

In the weeks prior to the tour company’s arrival, teachers receive information packets to help children learn key vocabulary words such as “waste” and “renewable.” They also receive playbills to promote the production and workbooks to be incorporated into the preexisting science curriculum.

Of course the highlight is the show itself, which tells the story of reporter Aberdeen Jean, who must learn about renewable energy in order to defeat the Great Waster. “The kids and teachers loved it,” said Scott Ushijima, marketing manager for Pasadena Water & Power.[6]

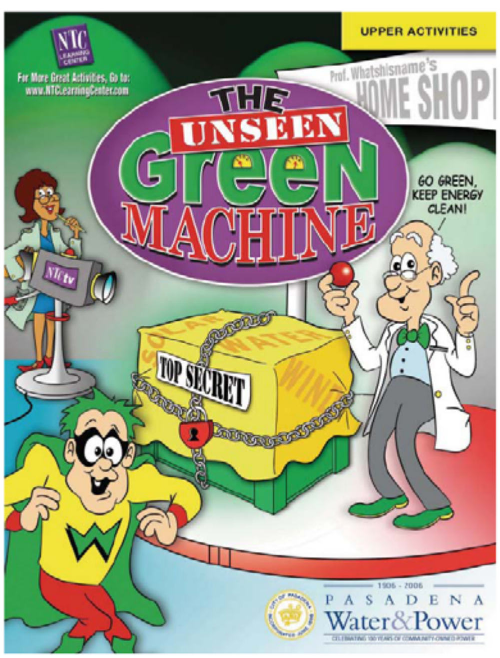
What makes NTC’s programs so successful is that they don’t stop when the show ends. For the next several days or weeks afterward, students use the accompanying workbooks to complete in-class exercises such as crossword puzzles and at-home experiments to be conducted with their parents (see Figure 2).

So how successful was Pasadena’s production? “Honestly, our goal was to educate the children and demonstrate our partnership with the school district, so we didn’t track new sign-ups to our green program,” said Ushijima.

Eames is more precise: “We track our efforts with independent university-run studies that show before, after, and control-group behavioral changes,” he told us. “Once we’ve entered the school and done our live event, we have 92 percent of our materials go home to be discussed with the parents.” At approximately 5,000 kids per week in a given service territory that’s a lot of customer-to-customer conversations.

Figure 2 Kid Stuff

Pasadena Water & Power uses live theater and accompanying workbook activities to teach elementary school children—and therefore their parents—about green energy.



Courtesy: National Theatre for Children [13]

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Three Types of P2P at Once

Southern California Edison Uses All Three Types of P2P in Sequence

According to Dave Ford, regional manager with SCE, the trick to stimulating effective word of mouth is to build a positive relationship with customers who are in a position to influence others. Ford strives to meet his company's energy-efficiency goals by reaching out to faith-based and nonprofit organizations, because he feels that they are natural focal points of human interaction.

He begins with company-to-customer communications but it's really just the first step in a larger strategy. "At first glance, a midsize church might look like a single business customer," said Ford.[7] "But some of them are composed of, say, 5,000 or more members, each of whom is a residential or business customer as well. So helping the church gives you access to all of its members." But more than that, churches often belong to larger associations, such as the Catholic Archdiocese, the Mormon Church, or the National Baptist Convention, each of which constitutes a vast delivery channel that serves its constituents. So establishing a relationship with a pastor in a single church frequently means working with a well-connected and well-respected person with the potential to persuade thousands of others, not only within his or her organization but also within a larger sphere of influence.

One of the most effective ways to do this is to approach the pastor and lay leaders with an offer to help them save energy and money. "I like to talk to the pastors because of their respected positions, but it's also a good idea to talk with the lay leaders since they're the ones who are often responsible for getting things done," advised Ford. He explains SCE's various programs, offers to do a free energy audit, and provides rebates and other incentives to help with efficiency upgrades for the church's facilities. But that is just the start.

"Once you do something positive for one organization, then you can leverage the strength of that relationship to help others," said Ford. To that end, when he's finished helping the church with its energy retrofits and the positive results are clear, he then asks the church to host a faith-based energy workshop. He uses the church's distribution lists to invite its members, as well as pastors and officers from other churches, to come to the seminar (see Figure 3). "We ask them to promote the event to their congregants," said Ford, speaking of the customer-to-customer component of his strategy. "But we also do our own marketing with mailers to the ZIP codes around the church."

SCE typically sponsors breakfast or lunch seminars that cover a variety of energy issues and updates. The events begin with company-to-customer marketing."We have our public affairs person talk about electrical issues. Our Savings By Design folks might talk about new opportunities. Then our residential folks cover energy efficiency in the home, while I talk about business issues," said Ford.

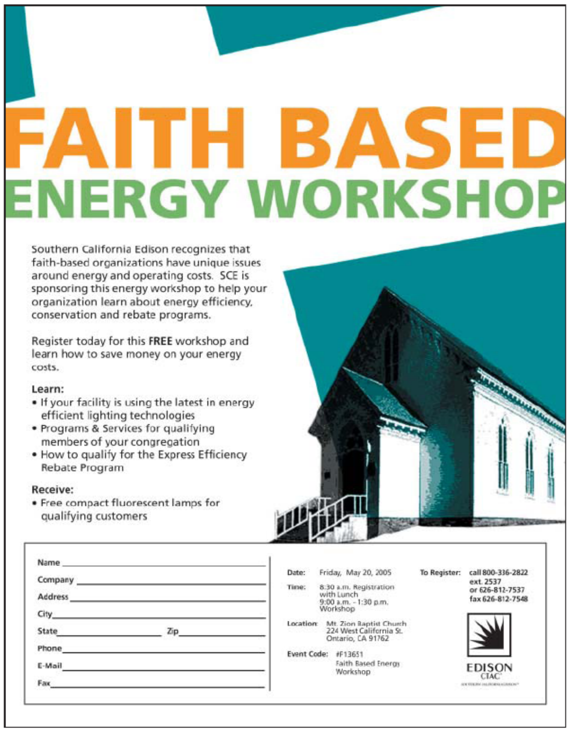
Then Ford shifts to intermediary-to-customer marketing. "We like to have a testimonial from the pastor that validates the benefit of the relationship with SCE."

Finally he reverts to company-to-customer marketing once again, and encourages people to sign up for free energy audits and directs them toward vendors willing to sell energy-efficient products at the price of the rebates so the products end up being free to participants.

Ford organizes four faith-based breakfasts per year, one in each quadrant of his service territory. It seems to be a successful formula. In 2006, SCE had more than 320 churches, representing 12 denominations and 27 cities, participating in rebates for its Statewide Express Efficiency program. This represents about 4.5 million kWh—3 percent of the 11,000 faith-based accounts in SCE's service territory.

Figure 3 Faith-based energy workshops

Using flyers like this one, Southern California Edison (SCE) promotes energy workshops to help faith-based organizations and their congregants save energy and money. Through these workshops and other efforts, SCE has signed more than 320 faith-based organizations to its rebate program.



Courtesy: SCE

Crafting a P2P Campaign

Crafting a person-to-person marketing message is like building a fire. A fire needs three elements in order to ignite. It needs combustible fuel, oxygen, and heat. Moreover, all three elements must be in the right proportion in order to ignite. Otherwise they won't combine. The same is true when you're trying to start a P2P campaign.

To start a P2P campaign you need a big idea, a reason to share it, and a reason to pay attention. When these three elements are combined together in just the right proportions they create a meme. Memes are self-propagating ideas. Memes are the virus in virus marketing; the reason why some marketing messages travel quickly, and others die a lonely and obscure death.

Memes are as old as humanity itself. Some of the earliest memes ever devised have be found in the caves of Lascaux, France where they were used 13,000 years ago. To understand a meme, imagine for a moment that you're a cave person. It's been a tough year and there hasn't been much to eat. Your family is hungry and you're trying to feed them. You wade through the stream trying to catch a fish with your bare hands. You struggle and thrash but every time you grab the fish it slips through your fingers. That meal you desperately need is always just beyond your grasp. So you decide to pray to the gods for help. You leave the river and walk up to the cliffs nearby and enter a cave. There in the torchlight you see a cave painting on the wall. It shows a person spearing a fish with a stick. You grin wildly and leave the cave. You find a stick and rub it on rock until it has a point. Then you go back to the stream and spear the fish. Now your family has dinner. That's a meme.

The idea was so good that one person decided to share it with another. More importantly, the idea was conveyed in a way that the other person could understand it and do something with it. You need to do the same thing when you determine your big idea, the reason to share it, and the reason to pay attention it.

The easiest way to craft a meme is to begin with the type of idea that people are already talking about. In the realm of marketing those types of ideas might include:

- Solving a common or unique problem
- Exemplary customer service
- Innovative concepts
- Shared ideals

The starving caveman example illustrates the two primary reasons for transmitting a marketing message. The person with the idea wants to share it and the listener wants to receive it. Our starving caveman needed something to eat and was looking for a solution to the problem. The well-fed artist understood the problem, having experienced it first-hand. But more importantly, the artist was so pleased with results that she wanted to share it.

The circumstances have changed since the Stone Age, but the dynamics have not. Today, instead of dinner, your customers might be seeking lower energy bills, or better lighting, or more comfortable homes. And the best people to explain how to enjoy those things are the satisfied customers who've already taken the necessary steps. It's the gap between these two groups that utility marketers need to bridge. And that's where P2P marketing does it's work.

Potential customers may feel an acute need for your proverbial fish, but they won't be able to consume it until they've overcome the challenges involved in doing business with you. Any transaction between your company and a customer involves a certain amount of risk. For the customer those risks can be enough that they'll never make the purchase or sign up for your program.

That's why before making a purchase, especially an unknown item or from an unknown company people do their homework to learn more. Risk reduction is the number one reason why people out seek P2P information when doing business. And the information they receive in that exchange has the strongest influence on whether they'll take action and what type of action they take. That's why P2P campaigns need to be designed to reduce customer risk.

The Four Types of Risk

Just as there many types of P2P campaigns so too are there many types of risk. At E Source we've simplified them into four categories: technical, personal, financial, and professional.

Technical risks generally boil down to the question, will it work? Will the heat pump work for me? Will the iPod play my MP3s? Will my dog like the new dog food?

Personal risks are more individual. If I sign up for online billing will I miss having a paper bill every month? Note how missing the paper bill is different than the technical risk of wondering what will happen if the bill gets caught in the spam filter of an email system.

Financial risks are always a question of price value perceptions, and they apply to all transactions from free online bill payment to the purchase of expensive lighting or HVAC retrofits.

Professional risks cover the personal ramifications of a business decision. They're best summed up by the adage: nobody ever got fired for buying IBM.

These risks are not rank ordered. Risk is relative. Sometimes one risk will predominate. Other times the customer may have several in mind. If you're doing company-to-customer communications you can address each customer's concerns specifically. If you're crafting an intermediary-to-customer or customer-to-customer message, you'll need to take your best guess at which risk is paramount. The one you choose will become the bridge that connects your P2P message carriers to your message recipients.

The Five T's of P2P

Andy Sernowitz, CEO of Word of Mouth Marketing Association (WOMMA), breaks the P2P marketing process into five basic steps:[8]

- Identifying people likely to share their opinions
- Educating people about your products and services
- Providing things to make it easier to share information
- Tracking and measuring how that information is being shared
- Listening and responding to what people say in a meaningful dialog

He identifies each step with a T-word, creating a pneumonic E Source calls the 5 T's of P2P. The five T's are topic, talkers, tools, take part, and track.

Topics P2P campaigns begin with a topic or a message that you want people to spread. Good messages are simple ones that can be easily relayed to others without being altered. For this reason they should be short. They also need to be compelling enough to motivate people to talk about them. Messages are discussed in more detail in the next section.

Talkers Traditional marketing encourages the use of the 80/20 rule to identify the 20% of your customers who purchase 80% of your product. But big spenders aren't the ones to target for a P2P campaign. What you want in this case are the 20% of your customers with the biggest mouths. Talkers are people who enthusiastically relay your message to others in their social network, and because of their influence they cause their listeners to take action. Sometimes they sit on the board of the local home owners association or the chamber of commerce. They can be customers, volunteers, bloggers, or reporters, or just people with lots of friends who feel strongly about your business.

Tools Naturally occurring P2P can be slow, but with the right tools you can greatly increase the speed and reach of your message. This is where you lay the groundwork to make it easy for people to share your message. You can set up customer meetings like Alliant or Southern California Edison. You can empower intermediaries like National Grid, or encourage customers to talk directly to each other like Pasadena Water and Power.

Take Part The entire point of P2P marketing is to start a conversation. That means engaging directly with customers. Doing so tells them three things: "You are worthy of my time," "I value your questions and suggestions," and "Let me help you." This personal touch is what builds loyalty, repeat transactions, and positive word of mouth.

Track Human conversations are fleeting, so how to you capture them? The easiest way is to simply ask people how they heard about whatever it is you're promoting when the buy it or sign up. You can also count the number of events you participate in, the companies you contact, and the people you speak with. You can track follow-up inquires, program sign ups and completed projects. To track causality you can give your out unique identifiers like specific 800 numbers or unique landing pages on your website. You can search the internet for mentions of your company. But don't stop with simple tallies. You can also sort the conversations, mentions, and feedback into positive and negative categories. Over time this will help you to refine your messages and improve your results.

Does Your P2P Message Have These Six Key Ingredients?

P2P messages need six key ingredients to help propel them to meme status. Those ingredients are:

- Subject – The subject in this case is not the general idea you want to convey, but rather the person you're developing a mini-case study about. This should be a real person, not a hypothetical character.
- Problem – The problem indicates the initial issue that the customer had, such as not being able to catch a fish with bare hands. In the case of DSM programs it might be wasting money and feeling cold because of not having a programmable thermostat.
- Solution – The solution explains what the subject did to solve the problem, such as spearing the fish. For DSM programs the solution could be installing a new thermostat, for which the utility provides rebate coupons.
- Result – The result short-hands the biggest benefits of taking the action. The cave people enjoyed more to eat. Your specific person might be enjoying 25% lower monthly bills.
- How to Take Action – The cave man figured out how to spear the fish without a single word, written or spoken. The simpler you make your call to action the greater the likelihood it will be conveyed. For instance, visit www.yourcompany.com/thermostat to get your rebate coupon today. Or better yet, see your local hardware store and pick one up today.
- Reason for sharing – The cave people wanted something to eat. For your customers the reason to share might be simplicity. Imagine one customer telling another "The thermostat was so easy to install and program I didn't even need my teenager to do it for me."

Summary

The best way to get to yes is to engage your customers directly in conversations that stimulate their interest, allay their fears, and tell them exactly what to do. To do that effectively remember 3, 4, 5, 6.

There are three primary types of person-to-person marketing: company-to-customer, intermediary-to-customer, and customer-to-customer.

There are four types of risk that may keep a customer from saying yes: technical, personal, financial, and professional.

To develop a P2P campaign you need to address the five T's: topic, talkers, tools, take part, and track.

To create an effective message you need six ingredients: subject, problem, solution, result, how to take action, and reason for sharing.

Remember: It's a conversation. Make sure you're a part of it.

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