

REACHING YOUR TARGET: VALUE-ADDED MARKETING STRATEGIES FOR PUBLIC BENEFITS PROGRAMS AND ENERGY SERVICES PROFESSIONALS¹

Mark C. Coleman, New York State Energy Research and Development Authority (NYSERDA)
Lawrence J. Pakenas, New York State Energy Research and Development Authority (NYSERDA)
Victoria S. Engel, New York State Energy Research and Development Authority (NYSERDA)

Introduction

The New York State Energy Research and Development Authority (NYSERDA) is the administrator of the New York Energy SmartSM Program, a public benefits energy efficiency, low-income, and research and development program that is funded at approximately \$139 million annually by a system benefits charge on electricity transmission and distribution services. One of NYSEDA's strategies is to leverage external resources as much as possible to maximize the impact of the program's public awareness effort, thereby, limiting public benefits program spending on traditional budgetary cost-centers such as promotions and marketing. As a result, a greater share of public benefits funds are reserved and made available to implement energy efficiency products and programs directly to electricity rate-paying customers, mid-market actors, and program participants.

The objective of this paper is to present the strategic marketing solutions NYSEDA has used to disseminate program opportunity information in the residential and small business markets. NYSEDA markets several programs in parallel to these customers; thus, consistency and clarity of marketing messages are important. Targeted and integrated marketing and strategic partnerships serve to create awareness, identify and differentiate NYSEDA program offerings, and stimulate demand for energy efficiency services. This paper will discuss the marketing methods NYSEDA has deployed; identify and describe how external strategic partnerships have been used as an innovative and cost-effective marketing solution; and describe the lessons learned from each approach and the benefits achieved to date.

The Social Marketing² Construct of the New York Energy SmartSM Program's Marketing and Branding Strategy

Since 1999 the implementation of the New York Energy SmartSM Program has resulted in the increased adoption of ENERGY STAR® products throughout the residential sector in New York. To achieve this, NYSEDA has employed social marketing and branding strategies to encourage New Yorkers to become more energy-efficient, to enhance environmental quality, and create economic development opportunities.

The key concepts of social marketing, branding, and brand-image, shown in Figure 1, help to frame the context by which NYSEDA's New York Energy SmartSM Program has created a branding strategy with its portfolio of ENERGY STAR® initiatives.

¹ The views expressed in this paper are those of the authors and do not necessarily reflect the views of the New York State Energy Research and Development Authority.

² Social marketing is a concept and theory developed from the fields of marketing and advertising, and is used in this paper for illustrative purposes.

KEY CONCEPTS

“Social marketing is the application of commercial marketing technologies to the analysis, planning, execution, and evaluation of programs designed to influence the voluntary behavior of target audiences in order to improve their personal welfare and that of their society.”³

“Social marketing is intended to: (1) engage citizens/consumers in policy/market processes; (2) engage citizens/consumers with specialists as facilitators to guide reflexive discourse; (3) facilitate the expression of their values and demands by identifying them to policy makers, service providers, and producers; and, (4) create a social marketing infrastructure to facilitate change on a continuous basis and enhance preparedness for historical dislocations.”⁴

“Today’s modern concept of branding grew out of the consumer packaged goods industry and the process of branding has come to include much, much more than just creating a way to identify a product or company. Branding today is used to create emotional attachment to products and companies. Branding efforts create a feeling of involvement, a sense of higher quality, and an aura of intangible qualities that surround the brand name, mark, or symbol.”⁵

“A brand is an identifiable entity that makes specific promises of value. Brand-image is defined as consumers’ perceptions as reflected by the associations they hold in their minds when they think of your brand.”⁶

Figure 1

Cost-effective branding strategies for ENERGY STAR® products, for example, have:

- Increased consumer awareness of the ENERGY STAR® brand in New York from 34% in 1999 to 43% in 2001. Aided awareness of the ENERGY STAR® brand has been measured at 54%.
- Increased the number of ENERGY STAR® home builders in the State from 34 in 2001 to 296 in 2002; and subsequently increased the market share of ENERGY STAR® homes built in the New York Energy SmartSM Program service area from less than 1% in 1998 to more than 3% in 2002.
- Increased the stocking practices in Retail Partner stores of ENERGY STAR®: refrigerators from 15.4% in 1999 to 23.2% in 2002; clothes washers from 14.7% in 1999 to 20.6% in 2002; dishwashers from 17.9% in 1999 to 46.8% in 2002; and room air conditioners from 25.0% in 1999 to 55.8% in 2002.
- Increased the market share of ENERGY STAR® products sold in New York between 1999 and 2001 including refrigerators by 6.4%; dishwashers by 15.2%; clothes washers by 15.2%; portable lighting fixtures by 8.8%; and room air conditioners (RACs) by over 40%.
- Increased the number of participating New York retail partners’ knowledge of, and training on, the product and energy efficiency attributes of ENERGY STAR® appliances and lighting, from 60% of appliance and 68% of lighting retail partners in 1999, to 95% of appliance and 91% of lighting retail partners in 2002.

This snapshot of results demonstrates, through implementation of the New York Energy SmartSM Program and promotion of the ENERGY STAR® brand, that NYSERDA has (1) increased the sale; (2) increased retailers knowledge and awareness; (3) increased general consumer brand awareness and

³ Hilary Bellamy, Rachel Salit, and Loren Bell. Health Systems Research, Inc. “Social Marketing Resource Manual: A Guide for State Nutrition Education Networks”. April 1997.

⁴ Kurani, Ken. “Social Marketing: Transportation Theory for the 21st Century”. Institute of Transportation Studies, University of California, Davis. August 24, 1999.

⁵ Dolak, Dave. “Building a Strong Brand: Brands and Branding Basics”. July 19, 2003. www.davedolak.com/whitepapers/dolak4.htm.

⁶ Hilary Bellamy, Rachel Salit, and Loren Bell. Health Systems Research, Inc. “Social Marketing Resource Manual: A Guide for State Nutrition Education Networks”. April 1997.

knowledge; (4) increased in-store stocking; (5) increased market share; and (6) increased the number of service providers of ENERGY STAR® products and services. What’s more is that NYSERDA has created a holistic approach to deploying its portfolio of New York Energy \$martSM and ENERGY STAR® Programs, integrating a whole-home-and-lifestyle approach to creating brand awareness and recognition, and subsequently increasing market share and the generation of sales for energy efficiency products and services.

The New York Energy \$martSM Program employs a “social” marketing strategy in the broad sense that as a public benefits program, it is helping to transform the residential new construction and retrofit, commercial new construction, and individual electric-product markets to become more energy-efficient by (1) promoting awareness of energy efficiency, (2) increasing the sale and adoption of energy-efficient technologies in the State, (3) improving system-wide reliability and peak reduction through end-user efficiency actions, (4) improving energy efficiency and access to energy choices for under-served customers, (5) reducing environmental impacts of energy production and use, and (6) facilitating competition to benefit end-users. The New York Energy \$martSM Program is serving to change the way energy efficiency is valued, priced, promoted, and adopted (*e.g.*, through the application of programs designed to influence end-users of energy, and up-stream manufacturers and mid-stream retailers, distributors, and service providers of energy products).

NYSERDA’s Two-Pronged Social Branding Strategy

NYSERDA is attempting to create an emotional attachment to the New York Energy \$martSM Program and to promote the idea that energy-efficient products are higher-quality and provide intangible, yet desired benefits such as improved health, safety, and comfort. This logic and ethic to use the New York Energy \$martSM service mark as a branding strategy is promoted from within NYSERDA. In fact, the New York Energy \$martSM Program service mark name was reviewed and assessed by a private marketing company for the potential to further develop itself as brand in New York. In February 2003, the marketing company, met with NYSERDA senior management, in a focus group setting, to brainstorm, identify, and reach consensus on a branding strategy for New York Energy \$martSM. The focus group, representing a cross section of NYSERDA’s energy efficiency service, renewable energy technology, and research and development programs, identified two target customers of New York’s public benefits program under the New York Energy \$martSM brand:

1. Primary Customer – Those New Yorkers who are interested in energy issues and clean, efficient energy products and services; and
2. Secondary Customer – Any New Yorker who would benefit from energy efficiency, especially as it relates to environmental issues or economic development activities.

The focus group identified the ‘Brand Essence’ of New York Energy \$martSM to be an “innovative energy partner”. Additionally, the focus group identified the following ‘Brand Promise’ to customers:

“Only New York Energy \$martSM delivers objective and practical solutions and resources for a cleaner, more energy-independent future.”

To further promote New York Energy \$martSM as a public benefits program and brand, the marketing company proposed the following promotional tactics for NYSERDA to consider:

- The New York Energy \$martSM web-site, and all promotions, should be friendly in tone and always express a spirit of cooperation and collaboration. This strategy, it is believed, will reinforce the partner aspect of the New York Energy \$martSM brand.
- The New York Energy \$martSM brand must be communicated to be a knowledgeable and expert resource, committed to sharing public benefits energy programs and resources.
- The practical aspects of all of the New York Energy \$martSM programs and initiatives (across all sectors, technologies, and customers), must always be emphasized in the benefits.
- The innovative aspects of the New York Energy \$martSM programs and initiatives (across all sectors, technologies, and customers), must always be emphasized when communicating the features.
- The New York Energy \$martSM brand must sound like an accessible and responsive energy partner, not a government entity or public authority. The tone of the New York Energy \$martSM brand and message should be more conversational and never imperative, and objective language should reign over subjective or persuasive language in promotions.

While the New York Energy \$martSM branding strategy is recognized as an essential aspect of creating awareness, delivering programs, and being a source of objective information and analysis, NYSERDA also actively promotes the ENERGY STAR[®] label via New York Energy \$martSM. NYSERDA is seeking to create general awareness that New York Energy \$martSM is an innovative energy program that helps to deliver the ENERGY STAR[®] brand as the energy-efficient product for consumers. The primary audiences for these two brands are clearly delineated through New York Energy \$martSM program implementation. The audiences are identified as:

ENERGY STAR[®] Brand

- Primary audience: Residential electricity ratepayers and homeowners. NYSERDA is attempting to increase awareness of energy efficiency and ENERGY STAR[®] as a consumer-products brand that can deliver energy efficiency and reduced costs. Through promotional and marketing tactics, NYSERDA attempts to increase the demand for ENERGY STAR[®] and energy-efficient products. In some product categories, such as ENERGY STAR[®] Room Air Conditioners and Lighting Fixtures, NYSERDA provides an incentive for consumers to purchase and try energy-efficient products. The primary audience also includes mid-stream market participants, such as residential builders, energy raters, remodelers, wholesalers, distributors, and retailers (*e.g.*, Home Depot, Lowes, BestBuy, Sears, etc.). NYSERDA provides co-op advertising incentives and also funds training and educational opportunities to its Retail Partners', a network of more than 500 retailers that promote the New York Energy \$martSM Program and ENERGY STAR[®] products.
- Secondary audience: Manufacturers and wholesalers. NYSERDA attempts to leverage its marketing and promotional costs through cooperative advertising incentives.

New York Energy \$martSM Brand

- Primary audience: Mid-stream market actors and service providers (*e.g.*, commercial and industrial builders and remodelers, energy auditors, customizers, ESCOs, and distributors).

- Secondary audience: Commercial, industrial, municipal, and residential electricity ratepayers, building owners, and real-estate developers.

In all ENERGY STAR® promotions, the New York Energy \$martSM brand is used as a tag-line; therefore audiences are exposed to the benefits of ENERGY STAR® products, while associating New York Energy \$martSM as a partner in the delivery of this innovative energy product (or associated information). Promotional tactics of both the New York Energy \$martSM and ENERGY STAR® brands are shown in Figure 2.

The ENERGY STAR® brand is delivered through the New York Energy \$martSM Program via television, radio, and print advertisements, web-site information, special promotions at home shows, and retail partner stores. NYSERDA’s approach to advertising the ENERGY STAR® brand is comprehensive and supports consumer research on how and where consumers experience the ENERGY STAR® brand. Generally, NYSERDA’s approach to the ENERGY STAR® brand promotion via the New York Energy \$martSM Program has enabled the following: (1) creating awareness and value through the direct and concise communication of the brand; (2) the use of relational and behavioral branding through media advertisements coupled with award winning public service announcements; (3) the creation of a credible brand; and finally; (4) the ability for the ENERGY STAR® brand to become tangible and recognized in retail stores by making the product available through relationships with the more than 500 Retail Partners. This process, shown graphically in Figure 3, is built upon how consumers experience the ENERGY STAR® brand via how they learn, receive news and information, shop, and entertain. This process helps customers make relevant differentiation between the ENERGY STAR® labeled-and-competing products, and ultimately helps link an emotional connection between the customer and the ENERGY STAR® brand. By offering comprehensive programs that focus on both whole-house solutions and individual products, coupled with incentives to mid-stream service providers and end-use consumers, the New York Energy \$martSM Program is providing value.

- Promotional Tactics of New York Energy \$martSM and ENERGY STAR® brands**
- Television and Radio
 - Print and Multi-Media (e.g., brochures, videos, telephone hotlines, kiosk announcements, newspapers, journals, magazines).
 - Promotional Events (e.g., Home and Garden Shows, NY State Fair, Retail-Store product turn-in events, sweepstakes etc.)
 - Press Releases
 - Web-Sites (e.g., www.nyserda.org, www.getenergysmart.org, www.powernaturally.org, www.schoolspowernaturally.org, etc.)
 - Customized Training Workshops and Conferences

Figure 2

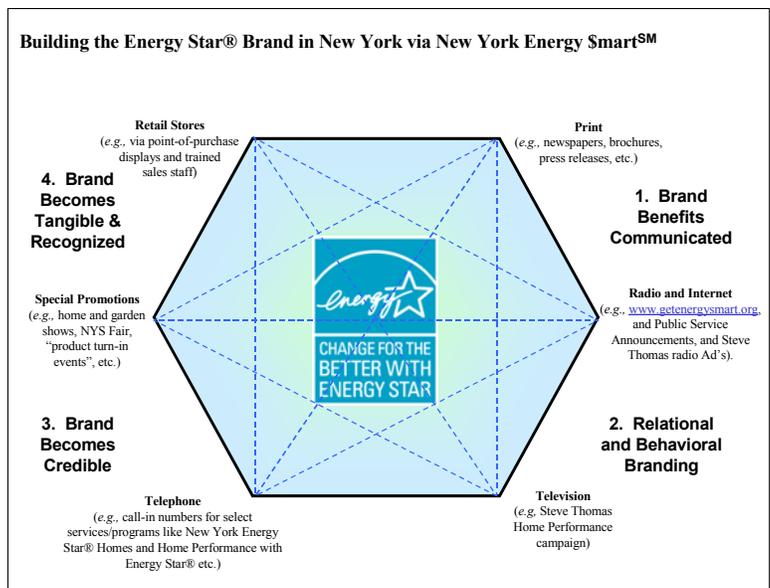


Figure 3

The awareness of the ENERGY STAR® logo has been measured to be approximately 90% in New York⁷, brought about by many of the promotional tactics shown in Figure 3. Nationally, awareness of the ENERGY STAR® logo is estimated to be approximately 86% (See Figure 4). The aided awareness of the New York Energy \$martSM brand is 26% among residential customers. These results are consistent with the fact that the residential audience is the primary focus for ENERGY STAR® branding

⁷ Shugoll Research. "Study Measuring Attitudes and Behavior Related to Energy Use and Conservation". Prepared for the Alliance to Save Energy. July 2003.

while New York Energy SmartSM branding is more targeted to mid-stream market actors. The majority of residential customers were aware of the New York Energy SmartSM brand via television and newspaper promotions (more than 48% of survey respondents).⁸

Marketing Context: The Four Ps of the New York Energy SmartSM and ENERGY STAR® Brands

The New York Energy SmartSM portfolio of programs, including the ENERGY STAR® programs, are offered to primary and secondary customers based on **product, place, price, and promotion**.

Product. The New York Energy SmartSM Program offers more than 225 different energy efficiency measures through its portfolio of 35 program initiatives. Some of these measures are ENERGY STAR® labeled appliances like refrigerators, room air conditioners, and clothes washers or building shell measures like windows. Other measures or products include compact fluorescent lights (CFLs), high-efficiency boilers, customized commercial HVAC equipment, premium efficiency motors, photovoltaic systems, and LED traffic

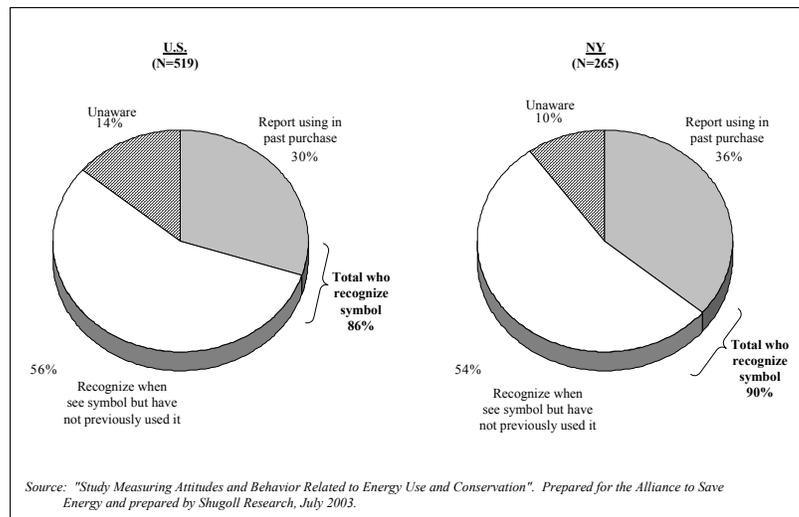


Figure 4

signs and signals. The New York Energy SmartSM Program promotes a diverse set of products and services to a myriad of end-use customers and mid-stream market actors. As such, it is necessary for NYSERDA to administer and market the New York Energy SmartSM Program to participants with consistency and clarity.

Products compete in the marketplace on price, quality, and performance. Energy efficiency is not often valued as a top purchasing attribute for products, although it is becoming more of a differentiating factor; when all else is equal (e.g., price, quality, performance, etc.) a consumer will choose the product that has energy and environmental benefits. In Figure 5, some of the most important considerations in the purchase of consumer products such as automobiles, home improvement items, kitchen appliances, and computers are presented. As shown, price reigns as the highest-ranking attribute consumers seek out when making a purchase; however, energy efficiency ranks second behind price for home improvement items and

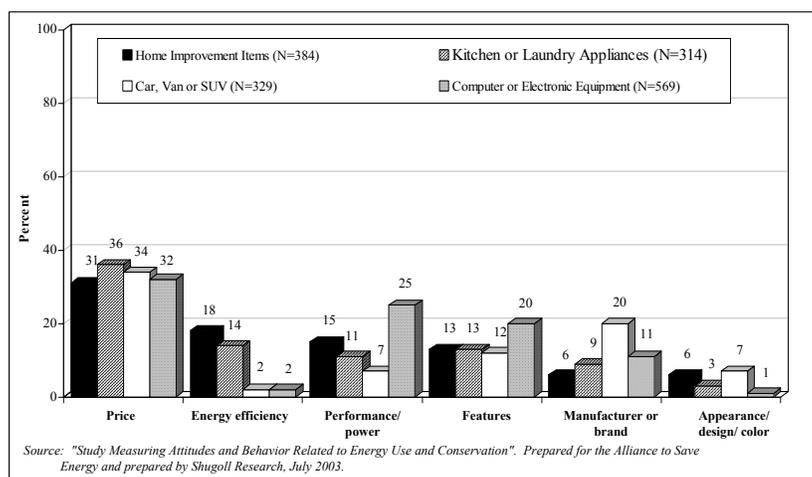


Figure 5

⁸ Schulman, Ronca, & Bucuvalas, Inc. and Research Into Action. *Energy Conservation and Efficiency 2002: New York State Research and Development Authority Over-Sample*. June 2002.

kitchen or laundry appliances. For home improvement items and appliances, energy efficiency is a sought-after attribute.

Place. The New York Energy SmartSM Program initiatives and their associated products and services are delivered through many communication channels to reach their intended target audiences. Implementation contractors use “field representatives⁹” to (1) promote program products and services; (2) educate target audiences; (3) provide face-to-face relations with customers; and (4) “shepherd” or step customers through the New York Energy SmartSM Program. In addition, NYSERDA markets New York Energy SmartSM programs directly through print materials, electronic media (including television, radio, Internet, and telephone hotlines), community activities and events, press announcements, and partnerships. The product and service offerings of the New York Energy SmartSM Program are also communicated through point-of-purchase locations such as retail appliance and home-goods stores (*e.g.*, Lowe’s, Home Depot, BestBuy, etc.). In these locations, customers are made aware of products through sales staff who are trained on the benefits of ENERGY STAR® products, and through on-site messaging and materials.

Price. In marketing terminology, price refers to the economic value that purchasers assign to products or services. While there are benefits to energy efficiency and renewable energy technologies that are not entirely based in economics (although they could be possibly quantified, *e.g.*, health, safety, comfort, environmental stewardship, social responsibility), many individuals and businesses continue to value energy-efficient improvements based solely on price, performance, and payback. The products and services of the New York Energy SmartSM Program are, in most circumstances, marketed with a price-incentive to either cover the incremental cost of the energy efficiency premium or to lure first-time purchases and installations of energy efficiency products that otherwise, would be slow to adopt into the market.

Promotion. The promotion, or how products and services are exchanged daily, of the New York Energy SmartSM Program is an integrated discipline, built around the idea that there should be both clarity and consistency in the New York Energy SmartSM Program marketing message to the State’s electricity customers. Customers of the New York Energy SmartSM Program include end-users of energy-efficient appliances; mid-stream retailers, installers, and wholesalers; and, upstream manufacturers of energy efficiency products and systems. Individual program initiatives tailor their marketing techniques to the unique target audience they intend to influence. While specialized from a program-and-product perspective, the benefits and goals for the New York Energy SmartSM Program are communicated consistently across the portfolio of programs and product offerings.

The Power of Value-Added Partnerships: The Evolution of ENERGY STAR® in New York

In 1998, NYSERDA was designated as the administrator of New York’s public benefits program, New York Energy SmartSM, by the Public Service Commission (PSC). At that time, NYSERDA was provided with \$176 million to administer through the New York Energy SmartSM Programs, over a duration of three years. Because the ENERGY STAR® label was becoming established as a brand in the national market, due to the federal EPA’s efforts (See Figure 6), and was already being recognized and differentiated by consumers as a credible product attribute, NYSERDA decided to actively promote the ENERGY STAR® brand in New York via paid advertising and a comprehensive enlistment of market development programs.

⁹ ENERGY STAR® field representatives serve as the liaison between the program and the mid-stream participants. Primary responsibilities of field representatives include, recruiting new retail and manufacturing partners into the program; training all partners on the benefits of ENERGY STAR®; providing marketing materials such as brochures and other point-of-purchase materials to partners; and conducting assessments at partner stores.

NYSERDA, as the administrator of the State’s newly initiated public benefits program, also believed that adopting ENERGY STAR® in New York would be cost-effective, and would lessen the time to market. NYSERDA signed onto the EPA’s existing contract with ICF Consulting and DDB Needham. This critical design decision proved to be effective, as NYSERDA was able to fully leverage its successful “Socket Boy” media campaign from DDB, which had previously developed the promotion for EPA. EPA had decided not to use the “Socket Boy” promotion, and NYSERDA, as the first state partner of the federal EPA’s ENERGY STAR® Program, was able to leverage the “Socket Boy” promotion for New York purposes, at no further development costs (besides paid advertising and promotional costs). The federal EPA ENERGY STAR® Program serves as the broader umbrella that has allowed ENERGY STAR® to become valued and viewed as a credible brand by consumers, largely due to EPA’s ability to set the ENERGY STAR® standards across product categories and work with manufacturer partners to adhere to those standards.

Overview of the Federal EPA’s ENERGY STAR® Program

In 1992 the US Environmental Protection Agency (EPA) introduced ENERGY STAR® as a voluntary labeling program designed to identify and promote energy-efficient products to reduce greenhouse gas emissions. Computers and monitors were the first labeled products. Through 1995, EPA expanded the label to additional office equipment products and residential heating and cooling equipment. In 1996, EPA partnered with the US Department of Energy for particular product categories. The ENERGY STAR® label is now on major appliances, office equipment, lighting, home electronics, and more. EPA has also extended the label to cover new homes and commercial and industrial buildings.

Through its partnerships with more than 7,000 private and public sector organizations, ENERGY STAR® delivers the technical information and tools that organizations and consumers need to choose energy-efficient solutions and best management practices. Over the past decade, ENERGY STAR® has been a driving force behind the more widespread use of such technological innovations as LED traffic lights, efficient fluorescent lighting, power management systems for office equipment, and low standby energy use. The Environmental Protection Agency (EPA) estimates that the ENERGY STAR® Program has enabled customers to save enough energy to power 15 million homes and avoid greenhouse gas emissions equivalent to those from 14 million cars, while saving \$7 billion. Source: www.energystar.gov.

Figure 6

Cross-Cutting Integration and Synergy of New York Energy SmartSM and ENERGY STAR®

The New York Energy SmartSM Program includes a portfolio of six individual initiatives that promote ENERGY STAR® as a brand and lifestyle (there has been evidence to show that consumers are beginning to purchase products and services that are more consistent with their lifestyle and values, and that have environmental and social aspects as product attributes).¹⁰ The six ENERGY STAR® programs and their attributes of product, price, place, and promotion are summarized in Table 1. These programs are primarily market development programs, designed to change the manner in which energy efficiency is valued in the residential sector, from manufacturers to wholesalers, distributors, and retailers, to end-use consumers.

The process of market development (or transformation), can be accelerated and enhanced when similar programs (and technological solutions) can work together to produce synergies and effects that are greater than what any one individual program would have achieved singularly (See Figure 7). NYSERDA uses the synergies that exist between its portfolio of ENERGY STAR®

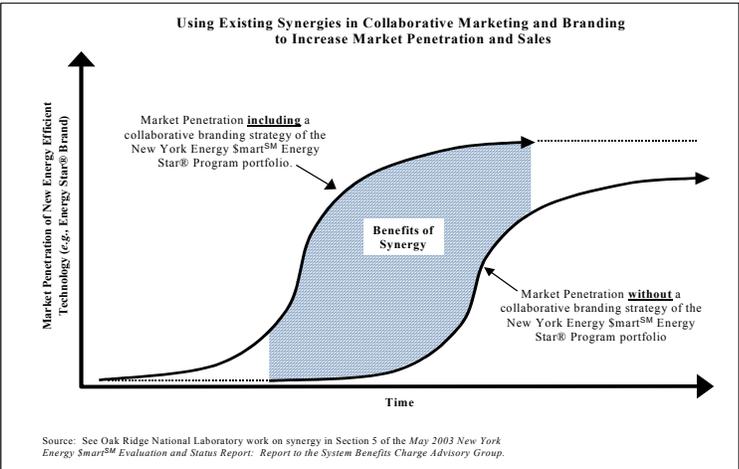


Figure 7

¹⁰ In fact, it has been estimated that more than 68 million Americans (a third of the adult population) represent a \$230 billion dollar market called Lohas (lifestyles of health and sustainability), a marketing term used to identify markets for energy-efficiency, organic foods, eco-tourism, and alternative energy. “Ninety percent of Lohas consumers prefer to make purchased from companies that share their values, and many are willing to pay a premium for products and services they consider sustainable.” Source: Cortese, Amy. The New York Times. “They Care About the World (and They Shop, Too)”. July 20, 2003.

programs to create market effects that are greater than what would have been achieved by the sum of individual program efforts. By understanding and managing this relationship, NYSERDA actively markets the ENERGY STAR® brand across program offerings to (1) help achieve synergy in messaging; (2) cost-effectively create awareness on the ENERGY STAR® logo; and (3) enhance the market effects that result from deploying numerous programs in a concise and logical manner to consumers. Figure 8 provides a generalized flow of how the ENERGY STAR® programs identified in Table 1 operate with mid-stream market actors and how marketing is coordinated between and across this portfolio of programs.

Table 1. ENERGY STAR® Portfolio of New York Energy SmartSM Programs

NEW YORK ENERGY SMART SM PROGRAM AND TARGET MARKET	ENERGY STAR® BRAND STRATEGY AND INTEGRATION			
	<i>Product</i>	<i>Price</i>	<i>Place</i>	<i>Promotion</i>
<p>ENERGY STAR® Products and Marketing</p> <p><i>Residential households and appliance and lighting purchasers.</i></p>	Appliances and lighting products including refrigerators; clothes washers; dishwashers; room air-conditioners; CFLs; suspended, ceiling, wall-mounted, recessed, portable, exterior, and cabinet-integrated light fixtures; televisions; VCRs; and combination TV/VCRs.	Financial incentives are provided to participating retailers for co-op advertising and other special promotions.	Participating Retail Partner stores (more than 500 statewide) contain sales staff that have been educated and trained about ENERGY STAR® products. Point-of-Purchase (POP) displays, materials, and brochures help promote ENERGY STAR® and achieve customer awareness.	<p>Manufacturer, distributor, and retailer partnerships.</p> <p>Marketing media includes public relations, home shows and other community events, cooperative advertising with retailers and manufacturers, including television, radio and print, and cross-marketing through other residential programs.</p> <p>Program media attempts to influence product awareness, adoption, and sales.</p>
<p>ENERGY STAR® Labeled Homes</p> <p><i>Residential homebuilders and new home purchasers.</i></p>	Participating ENERGY STAR® Home Builders construct homes that are 30% more energy-efficient than homes built to the current New York State Model Energy Code. In order to receive the ENERGY STAR® Home certification, newly constructed homes must include a ventilation system; electrical measures (e.g., ENERGY STAR® Appliances and Lighting) that produce annual electricity savings of 300 kWh (compared to standard efficiency measures); and have performance verified by HERS raters.	<p>Provides financial incentives targeted to mid-stream market participants such as ENERGY STAR® labeled homebuilders.</p> <p>Also provides coop-advertising incentives to help cover advertising costs to builders.</p>	<p>New home construction market.</p> <p>One-to-four family new construction.</p>	The program employs an aggressive multi-media campaign to create consumer demand, while stimulating infrastructure development via incentives to mid-market actors.
<p>Home Performance with ENERGY STAR®</p> <p><i>Existing residential one-to-four family residences.</i></p>	Provides energy efficiency retrofits to one-to-four family homes.	<p>Contractors must be certified by the Building Performance Institute to participate.</p> <p>Provides financial incentives targeted to mid-stream market participants such as contractors and homeowners (e.g., home financing options). Contractors are offered an incentive of on a percentage of the total job cost to complete work.</p>	One-to-four family existing residences in the State.	The program employs an aggressive multi-media campaign to create consumer demand, while stimulating infrastructure development via incentives to mid-market actors.
<p>Assisted Home Performance with ENERGY STAR®</p>	Provides energy efficiency retrofits to one-to-four family homes with a household income of 80% or less of the State Median Income (SMI).	<p>Residential households with annual incomes 60% to 80% of state median income are eligible for a grant based upon their income level.</p> <p>Households with an annual household income less than 60% SMI are eligible for a full subsidy for energy efficiency improvements.</p>	One-to-four family existing residences in the State with household incomes less than 80% SMI.	Marketing campaign includes print media (e.g., press releases, newspaper, brochure, special advertisement promotions), tailored across ten regional implementation teams.
<p>Keep Cool (ENERGY STAR® Room Air Condition Bounty Program)</p>	ENERGY STAR® room air conditioners and qualifying through-the-wall air conditioners with EER > 9.0.	Financial incentive of \$35 to program participants (e.g., consumers who turn-in an old RAC and purchase a new ENERGY STAR® RAC. Financial incentives are provided to participating retailers that collect turned-in RACs.	Participating retail partners and residential customer homes.	Marketing campaign includes print, television, radio, Internet, special events and promotions.

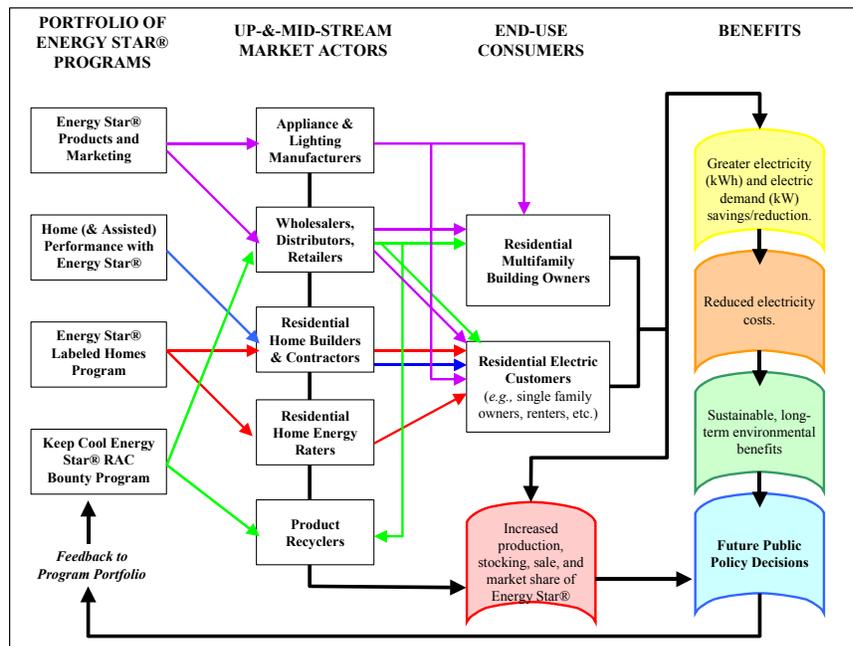


Figure 8

Case Examples from the New York Energy SmartSM Residential ENERGY STAR[®] Programs

ENERGY STAR[®] Products and Marketing

The ENERGY STAR[®] Products and Marketing Program works in tandem to increase awareness and understanding of the ENERGY STAR[®] logo (and brand), and sales of ENERGY STAR[®] products. The ENERGY STAR[®] Marketing program formerly involved a multi-media advertising campaign to increase consumer awareness, understanding, and purchase of ENERGY STAR[®] products. Now, promotional activities are geared towards retailers and manufacturers.

Marketing and Branding Impact

- As of December 31, 2002, 509 retailer shops and 9 manufacturers had signed a participation agreement with the program. These Partners placed more than 13,000 cooperative advertisements and received more than \$9.8 million to place those ads. Partner co-funding for ENERGY STAR[®] promotions is estimated to be more than \$30 million, yielding a NYSEERDA external investment ratio of 3-to-1 (for every \$1 spent by NYSEERDA on ENERGY STAR[®] promotions, another \$3 is spent by Retail Partners). Table 2 presents the leveraged funding for the portfolio of ENERGY STAR[®] Programs implemented by NYSEERDA.
- In Retail Partner stores, the Program had increased stocking-and-percent-of showroom display space for, ENERGY STAR[®] appliances and lighting. In-store measurements with participating ENERGY STAR[®] retailers indicate significant improvements, between 1999 and 2002, in the percentage of store display space given to qualifying products including refrigerators (15.4% to 23.2%), dishwashers (17.9% to 46.8%), room air conditioners (25% to 55.8%), and portable fixtures (1.2% to 17.5%).
- Market share increases occurred between 1999 and 2001 for several ENERGY STAR[®] products including refrigerators (9.8% to 16.2%), dishwashers (6.5% to 22.7%), clothes washers (5.7% to 20.9%), and portable lighting fixtures (6.9% to 15.7%).

Table 2. Leveraged Funding for ENERGY STAR® Branding in New York, as of 12/31/02

ENERGY STAR® Program	Program Expenditure on Marketing	Co-funding/Leveraged Marketing Dollars	External Investment Ratio
New York ENERGY STAR® Labeled Homes <i>(Leveraged Co-Op Advertising to/from Builders)</i>	\$99,290	\$297,873	3.0 to 1
Home Performance with ENERGY STAR® <i>(Leveraged Co-Op Advertising to/from Contractors)</i>	\$39,660	\$119,979	3.0 to 1
Home Performance with ENERGY STAR® <i>(Total Co-Funding from Residential Contribution)</i>	\$3,615,680	\$9,835,845	2.7 to 1
ENERGY STAR® Products and Marketing <i>(Leveraged Co-Op Ads and Special Promotions)</i>	\$8,400,000	\$30,500,000	3.6 to 1
Keep Cool Program <i>(Leveraged Co-Op, Paid Advertising)</i>	\$1,292,026	\$1,340,877	1.0 to 1
Total ENERGY STAR® Portfolio	\$13,446,656	\$42,094,574	3.1 to 1

ENERGY STAR® Room Air Conditioners (Keep Cool Program)

The Keep Cool Program was designed as a peak electric demand savings program. The Program provides consumers with a bounty payment to turn-in older and inefficient room air conditioners (RACs) when purchasing a new ENERGY STAR® RAC. The older units are permanently removed from the market and are demanufactured and recycled. The bounty is coupled with a multi-media marketing campaign designed to encourage consumers to follow three summertime energy saving tips: (1) purchase ENERGY STAR® products, (2) shift residential appliance use to non-peak time periods, and (3) use timers or programmable thermostats when air conditioning.

Marketing and Branding Impact (between May 2002 and August 2002)

- Awareness of energy saving tips grew from 65% in May to 74% in August. (Unaided awareness of turning off the lights when leaving the room, load shifting, and installing programmable thermostats and timers increased). As a result, a gain in the penetration of timers for room air conditioners and load shifting behavior was measured. Shifting laundry load to non-peak hours increased significantly, with non-peak laundry usage rising from 45% to 71%. Shifting dishwasher use to non-peak hours increased significantly, with non-peak use rising from 59% to 77%.
- Awareness of the Keep Cool Program itself increased from 26% to 46%.
- ENERGY STAR® awareness grew from 55% to 72%.

New York ENERGY STAR® Labeled Homes

The ENERGY STAR® Homes Program provides technical assistance and financial incentives to one-to-four family home builders and Home Energy Rating System (HERS) raters to encourage the adoption of energy-efficient design features and the selection and installation of more energy-efficient equipment in new construction and renovation projects.

There are approximately 1.6 million new homes built each year in the United States. Of these, less than 2% have “green” attributes (e.g., energy-efficient design/construction; use of recycled materials in construction; shade trees; etc.). ENERGY STAR® homes represented 0.03% of all homes built in New York Energy SmartSM Program territory in 1998. However, by December 31, 2002, ENERGY STAR® homes represented approximately 3.3% of all housing starts in New York Energy SmartSM territory.

Marketing and Branding Impact

- More than 37.6 million media impressions were made as of 12/31/02, through paid television, radio, and print advertising. [Printed articles, via paid advertising, were circulated to more than 3.8 million people as of 12/31/02.]
- The number of *home energy raters* increased from five in 2001 to 12 in 2002. The number of *ENERGY STAR® homebuilders* increased from 34 in 2001 to 296 in 2002. The number of *Building Performance Institute-certified contractors* increased from 14 in 2001 to 84 in 2002.

Conclusion: NYSERDA is Co-Branding its Public Benefits Program For Leveraged Market Effects

NYSERDA is co-branding ENERGY STAR® with New York Energy \$martSM in New York. While the awareness, adoption, and market share and sales of ENERGY STAR® products is enhanced by the consistent marketing of the portfolio of New York Energy \$martSM ENERGY STAR® programs, the public benefits program itself is being co-branded, and evolving to be a unique brand the promises, “*to deliver objective and practical solutions and resources for a cleaner, more energy-independent future.*”

How to Identify and Implement Value-Added Marketing Strategies In Your Organization, While Building a Brand

While many of the topics discussed within this paper are not new to marketing professionals, how they have been adopted and used by NYSERDA presents a different perspective from which energy efficiency can be promoted as a value-added service across numerous target customers and product/service categories. The core approach to building value from a consistent and integrated marketing campaign includes:

- 1. Know your stakeholders, and engaging them in the decision making process for product, price, place, and promotion.** Who are the users of your products and services? What is it about your products/services lures them to buy or use? Where and how do stakeholder interact with each other and with your products and services? Do your promotions articulate the perceived value stakeholders have?
- 2. Developing marketing logic models to assess product placement and customer interaction and implementing this model as an internal method for continually assessing your marketing impact and reach.** Map out how you promote your products and services and identify areas in which consistent communication might be vulnerable and enhanced.
- 3. Using your corporate-or-organization’s mission as a starting point for integrating marketing messages, building brand and corporate image, and engaging in partnerships that are consistent with your corporate-or-organizational mission, and that are transparent enough to roll into your marketing strategy.** Work with what you’ve got, and know that you can communicate consistently.