

# **Neighborhood Outreach: Effective Approach for Reaching Low-Income Populations?**

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## **ABSTRACT**

In 2009 PSE&G began offering the Residential Whole House Efficiency Program (Whole House Program) to its customers in municipalities containing Urban Enterprise Zones (UEZs). The Whole House Program is based on a free in-home energy audit with blower door guided air sealing; along with significant subsidies for the installation of cost-effective whole house efficiency measures. PSE&G offers the program to customers who live in UEZ municipalities and whose gross household income is above the income criteria for the existing New Jersey low income programs. UEZs contain the urban cores that have lower incomes and higher levels of unemployment than other areas in the state. PSE&G contracted with non-profits, community outreach agencies, and local redevelopment groups to hold community events, canvas door-to-door, and assist customers with completing program applications, scheduling initial audits, and obtaining landlord permission.

Most community agencies and non-profits tailor their services to the low income sector and do not recruit for other service providers. Therefore partnering with PSE&G has been a unique business opportunity. PSE&G offered a source of revenue and the means for greater outreach in their communities, but also required they deliver completed, qualified program leads with scheduled customer appointments. This approach required hiring and training new people, adopting new processes, and becoming agents of the local utility company. Are community agencies and non-profits motivated and effective partners? Are community agencies the best marketing channel for this customer base? If not, what is the best approach for targeting this underserved customer market?

## **Introduction**

In 2009 PSE&G began offering the Whole House Program to its customers in UEZ municipalities. The program was originally approved in PSE&G's 2008 Carbon Abatement Filing with the New Jersey Board of Public Utilities (NJBPU), and was introduced in early 2009. Initially it was targeted in the first year to customers residing in two UEZ municipalities. In July 2009 PSE&G received NJBPU approval for its Energy Efficiency Economic Stimulus (EEE Stimulus) Filing, additional funding was added to the program, and the Whole House Program began a controlled introduction into the remaining 23 UEZ municipalities located in PSE&G service territory.

The Whole House Program offers free in-home audit services, direct installation of audit-identified energy savings measures, and financial incentives. These services are offered in three steps and provide customers with education about their home energy use. Customers also receive incentives to help them finance the largest energy efficiency installation opportunities. Step One of the program provides eligible customers with a free in-home energy audit and the installation of up to 10 energy efficient light bulbs (compact florescent lights called CFLs). Customers also receive educational materials with energy savings tips and information about other energy efficiency programs. Step Two of the program includes a second in-home visit, during which free home health and safety testing will be

conducted, and up to eight hours of free air sealing/weatherization services will be performed at no cost to the homeowner, tenant, or landlord. Step Two services include air-sealing, caulking, weather-stripping, and a programmable thermostat.

Step Three of the program is optional for the customer and/or landlord, but intended to help customers make additional energy saving changes in their homes that will also improve their comfort and save money. To begin Step Three, PSE&G will provide customers with a detailed audit report explaining the results of their energy audit from Steps One and Two of the program. The report will include recommended energy savings upgrades that PSE&G can help them install in their home. PSE&G, or its agent, using the audit report, will make recommendations and determine which energy efficiency upgrades are most cost effective. If customers choose to pursue Step Three, PSE&G will arrange to have a program contractor visit the customer's home and provide cost estimates for the work. Once the customer and/or landlord, and PSE&G review the cost estimates, PSE&G or its agent, will work with the customer to determine if the customer wishes to pursue the installation and what the cost would be to the customer. All customers (or landlords) will repay their share of the Step Three cost, interest free, through their PSE&G bill over the period of 60 months or in one lump sum payment. Participation in Step Three of the program will provide customers with additional cost savings over and above basic air sealing procedures through the installation of energy savings upgrades.

The Whole House Program is available to dwellings with four or fewer units. If a customer is a renter, PSE&G requires that the customer obtain landlord consent prior to participating in Step One of the program. Depending upon the customer's gross annual household income, the customer investment for the recommended Step Three energy saving measures is either 20% or 50% of the total cost of the measures, and is repaid at zero percent interest over a five year period directly on the customers PSE&G utility bill. Customers whose gross annual household income is between 225% and 400% of the Federal Poverty Income Guidelines are eligible for an 80% program incentive and will repay only 20% of the cost of the measures on their PSE&G bill. If the customer's gross annual household income is above 400%, a 50% incentive for the cost of the Step Three measures is provided. If the customer rents the home, the landlord must agree to the recommended improvements in Step Three and is responsible to repay their share of the cost of the measures based on the tenant's gross household income.

In addition to the Whole House Program, PSE&G also delivers a residential low income program called Comfort Partners, which is part of the New Jersey Clean Energy Program (NJCEP) portfolio, under the direction of the NJBPU. Comfort Partners is provided to all low income New Jersey residents, whose gross annual household income is below 225% of the Federal Poverty Guidelines, by each of the New Jersey gas and/or electric utilities within their individual service territories. To participate in either the Whole House or Comfort Partners programs, customers must provide verification of their gross household income.

Comfort Partners identifies potential program participants primarily from lists based on customer enrollment in other low income programs such as the Universal Service Fund (USF) or the Low Income Heating Energy Assistance Program (LIHEAP). Although this approach to marketing Comfort Partners has proven to be relatively low cost, it is less effective in identifying new eligible customers. When designing the Whole House Program marketing strategy, PSE&G committed to a neighborhood approach that enlisted non-profits, community agencies, and local redevelopment groups to hold community events, canvas door-to-door, and assist customers with completing applications, scheduling initial audits, and obtaining landlord permission. PSE&G's commitment to utilize community partners for the Whole House Program recruitment also provided a unique and beneficial opportunity to leverage the neighborhood outreach efforts to identify new participants for the Comfort Partners Program.

## **Assessing the Marketplace**

### **Other “Whole House” Efficiency Programs**

In addition to the PSE&G Whole House and Comfort Partners programs, New Jersey residential customers also have access to another energy efficiency program; Home Performance with ENERGY STAR. Home Performance with ENERGY STAR® is similar to the Whole House Program and is available to customers having a gross annual household income above 225% of the Federal Poverty Guidelines. Home Performance with ENERGY STAR is part of the NJCEP portfolio and follows the national platform standards of Home Performance with ENERGY STAR. Home Performance with ENERGY STAR in New Jersey is marketed to potential customers through participating contractors approved by the NJCEP.

All three residential programs, PSE&G’s Whole House, NJCEP Comfort Partners and NJCEP Home Performance with ENERGY STAR, provide comprehensive services; however, there are some fundamental differences in the design and approach to each program.

### **PSE&G’s Residential Whole House Efficiency Program**

- Available to PSE&G residential customers with gross annual household incomes above 225% of the Federal Poverty Guidelines who reside in UEZ municipalities
- All work performed by PSE&G labor force or sub-contractor
- Three step program; first two steps, energy audit and up to 8 hours of blower door guided air sealing, are completely free with no obligation to participate beyond Step Two
- Incentive level is based on gross household income and is structured as a buy-down that eliminates the customers’ up front dollar investment in the project
- On-bill repayment for customer contribution with no finance charges

### **New Jersey Comfort Partners Program**

- Available to all investor owned utility customers in New Jersey with gross annual household incomes less than 225% of the Federal Poverty Guidelines
- All work performed by jointly-hired utility sub-contractors
- All work performed at no cost to participant
- Includes energy audit, combustion safety testing, blower door guided air sealing, and direct installation of energy savings measures

### **New Jersey Home Performance with ENERGY STAR Program**

- Available to all investor owned utility customers in New Jersey with gross annual household incomes greater than 225% of the Federal Poverty Guidelines
- Customer must select contractors and pay them directly
- Customers pay a \$125 fee for initial energy audit
- Three step program delivery of services
- Up to 8 hours or \$1,000 worth of blower door guided air sealing provided at no additional charge
- Incentive level for additional measures is based on percentage of energy savings, is structured as a rebate, with customer responsible for any financing charges
- Customer responsible for rebate applications and loan acquisition

At first glance, PSE&G’s Whole House Program and NJCEP’s Home Performance with ENERGY STAR might appear to target the same set of customers, but the two programs are structured to appeal to different customer audiences. PSE&G’s Whole House Program utilizes a “direct install” approach to deliver services and focuses on the urban cores in UEZ municipalities which are often underserved by traditional energy efficiency programs. Home Performance with ENERGY STAR offers similar comprehensive services, but the contractor-based design is less effective in reaching urban areas in PSE&G’s service territory. Yet in 2008, only six of the 277 (2%) of the homes serviced through the Home Performance with ENERGY STAR Program were in a designated UEZ.

**Characteristics of Urban Enterprise Zones**

Since PSE&G’s Whole House Program was designed to deliver energy efficiency services to customers residing within UEZ municipalities, it is important to understand the characteristics of these areas and how UEZ demographics might impact reaching potential customer participants. UEZs were created by the State of New Jersey to revitalize designated urban communities and stimulate their growth by encouraging businesses to develop and create private sector jobs through public and private investment.

PSE&G delivers electric and gas utility services to twelve of the twenty-one counties in New Jersey. Fourteen of the twenty-one New Jersey counties contain areas that are designated as UEZs and eight of those counties are located within PSE&G service territory. There are twenty-five municipalities in PSE&G service territory which contain UEZs, including four of New Jersey’s largest cities.

**Income Data.** Understanding income thresholds is a key component to targeting the desired customer base for the Whole House Program. Since the Whole House and Comfort Partners programs intersect at the 225% income level of the Federal Poverty Guidelines, understanding income thresholds is necessary to ensure that customers who are eligible for the low income Comfort Partners Program are not inadvertently placed into the Whole House Program. Table 1 summarizes the income guidelines for participation in the two programs.

**Table 1.** 2009 Income Guidelines for PSE&G Programs

	% of 2009 Federal Poverty Guidelines		Whole House Step Three Measures Incentives	
	225%	400%	80% Incentive	50% incentive
Persons in Family	Annual Income	Annual Income	Annual Income Range	Annual Income Range
1	\$10,830	\$43,320	\$10,831 - \$43,320	>\$43,320
2	\$14,570	\$58,280	\$14,571 - \$58,280	>\$58,280
3	\$18,310	\$73,240	\$18,311 - \$73,240	>\$73,240
4	\$22,050	\$88,200	\$22,051 - \$88,200	>\$88,200
5	\$25,790	\$103,160	\$25,791 - \$103,160	>\$103,160

Although household income defines program eligibility for both the Whole House and Comfort Partners programs, customer income is not known prior to talking to the potential program participant. Therefore, to more effectively market the Whole House Program, U.S. census household income data is used to identify geographic areas that are most likely to have residents that qualify for the program. For targeting purposes, the data was characterized into three segments:

- 1) Customers with less than a \$50K median annual household income who would qualify for low income programs,
- 2) Customers with a \$50K-\$75K median annual household income who would most likely qualify for the Whole House Program at the 80% incentive level, and
- 3) Customers with a greater than \$75K median annual household income who would most likely fall into the 50% incentive level of the Whole House Program.

Based on this segmentation, it is clear that in some UEZs the majority of customers qualify for the low income Comfort Partners Program and qualified Whole House Program participants may be difficult to find. For all UEZs, 59% of customers have incomes below \$50K, 17% are between \$50K-\$75K and 24% are over \$75K. Nearly 60% of all UEZ municipality households are not eligible for the Whole House Program.

**Housing Stock.** According to U.S. census data, 53% of all dwelling units located within PSE&G UEZ municipalities are single family dwellings and 17% of all housing stock contains 3-4 dwelling units. Approximately 29% of all housing stock is multifamily housing with greater than 4 units per building and not eligible for the Whole House Program.

**Table 2.** Total Market Potential Based on Housing Stock and Household Income

Municipality	Total >5	Income Percentage		Potential Market		
		\$50K-\$75K	>\$75K	\$50K-\$75K	>\$75K	Total
Bayonne	11,761	18%	30%	2,065	3,553	5,618
Camden	20,160	13%	10%	2,671	1,956	4,627
Carteret	6,218	19%	33%	1,181	2,054	3,235
East Orange	6,705	16%	16%	1,105	1,056	2,161
Elizabeth	18,395	17%	24%	3,155	4,488	7,643
Gloucester City	3,807	20%	17%	745	658	1,403
Guttenberg	818	19%	27%	156	222	379
Hillside	5,629	22%	40%	1,227	2,277	3,505
Irvington	6,831	20%	25%	1,372	1,676	3,049
Jersey City	27,900	15%	32%	4,223	8,789	13,012
Kearny	7,330	20%	37%	1,448	2,715	4,163
Mt. Holly	3,067	20%	22%	625	675	1,300
New Brunswick	7,794	23%	25%	1,766	1,934	3,701
Newark	25,144	16%	18%	3,982	4,439	8,421
North Bergen	7,427	20%	32%	1,493	2,381	3,874
Orange	3,788	21%	21%	793	811	1,604
Passaic	6,784	13%	18%	875	1,193	2,068
Paterson	18,471	17%	16%	3,201	3,029	6,230
Pemberton	428	26%	38%	112	161	273
PerthAmboy	9,403	20%	27%	1,881	2,533	4,415
Plainfield	9,353	17%	29%	1,616	2,720	4,336
Roselle	5,595	21%	36%	1,162	2,010	3,172
Trenton	19,655	18%	18%	3,615	3,455	7,070
Union City	3,224	19%	20%	602	659	1,261
West New York	2,924	18%	23%	522	683	1,205
<b>Total</b>	<b>231,780</b>			<b>41,594</b>	<b>56,128</b>	<b>97,723</b>

**Rental Populations.** The Whole House Program requires landlord consent to participate if the customer rents their home. Within the UEZ municipalities in PSE&G service territory, the percentage of renter occupied housing ranges from a low of 24.9% to a high of 77.6%; with the average at 59.1%. The fact that UEZ municipalities have large renter populations with absentee landlords is a barrier to Whole House Program participation that requires a creative solution. Utilizing the community outreach approach to target and identify customers has proven to be a viable solution. The partnership with the agencies allows for the time and the resources to obtain landlord consent and overcome the barrier associated with renter recruitment.

**Overall Market Potential.** In UEZs, the combination of a disproportionately low income population, high percentage of renter occupied housing, and the significant presence of multifamily housing stock makes the target population for the Whole House Program harder to find. Table 2 above illustrates the narrowing of the target market for each of the twenty-five UEZ municipalities in PSE&G service territory attributed to household income, multifamily housing stock, and rental populations.

**Summary of Market Assessment.** The Whole House Program is focused on UEZ municipalities which have a higher percentage of rental properties, lower incomes and higher levels of unemployment. In spite of generally lower household incomes, some customers in UEZs are ineligible for low income programs, as their household incomes are above the low income program limits. These same customers have been historically underserved by existing energy efficiency programs which are often targeted to suburban homeowners. The difficulty of identifying and reaching customers within the targeted geographic areas is the primary driving force behind PSE&G's community outreach strategy. In order to reach this underserved, hard to reach market, PSE&G solicited and committed to partnerships with community agencies to provide program outreach in the areas served by those agencies. The Whole House Program hypothesis was that a community agency might be able to reach the targeted customer demographic through the agencies' existing programs where customers already seek information, services, and assistance. The outreach agency representatives are effective at gaining the customer's trust and are able to obtain income information, complete program applications, and schedule the customer for an appointment.

### **Sourcing the Customer. Weighing Marketing Options & Barriers**

Understanding Whole House Program market potential and identifying some prospective challenges to reaching the target customer population in urban neighborhoods is key to determining how to market to the customer and what information is required for customers to participate.

**Information Gathering.** Prior to participation in Step One of the Whole House Program, the customer must collect and prepare documentation that includes:

- Audit consent form
- Landlord consent in writing, (if applicable)
- Proof of household income<sup>1</sup>.

Regardless of the marketing approach used to recruit the customer, the required program documentation is necessary and often presents a challenge to enrolling the customer. Depending on the patience and persistence of both the customer and the Program representative enrolling the customer, there can be significant differences in the completeness of the necessary paperwork. The Program

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<sup>1</sup> In step three of the program, if customers do not show income to determine eligibility for the 80% incentive level, they will have to accept the lesser 50% incentive.

representative has to be experienced and confident in communicating the Program value to overcome potential barriers with obtaining documentation.

**Marketing Barriers.** The Whole House Program was built on the concept that energy efficiency could be effectively delivered into urban core neighborhoods with a “combination approach” that recruited participants through a “neighborhood marketing strategy” and provided the delivery of energy efficiency services. Market barriers addressed through the program include:

- **Split Incentives:** Tenants do not own the home and are not willing to make long-term investments in the housing structure, or the landlord does not pay the utility bills and has no incentive to invest in the home to lower the tenant’s utility bills.
- **Access to Information:** Consumers do not have access to straightforward and reliable information on home energy retrofits that they need to make informed decisions.
- **Access to Financing:** Homeowners face high upfront costs. The upfront costs of home retrofit projects are often beyond the average homeowner’s budget.
- **Access to Skilled Workers:** There are currently not enough skilled workers to expand weatherization and efficiency retrofit programs on a large scale.

The program addresses these barriers through the use of a “neighborhood approach”, customer incentives, and the option for customers/landlords to pay their portion of the investment through the PSE&G utility bill. Using a turnkey approach to program services, along with the PSE&G bill repayment option, provides customers with access to energy efficiency in a systematic manner that does not require the customer to identify an energy auditor, an installation contractor, or to make any upfront out-of-pocket payment. Additionally, the customer might be more comfortable participating in the program as a result of the community agency explaining program benefits, answering questions, and assisting with the application process.

**General Marketing Strategies.** When launching the Whole House Program it was understood that a variety of marketing channels might be deployed to attract customers to the program. However, to successfully launch the program using any of the common outbound methods of customer acquisition would have required that PSE&G have additional resources trained and available to speak with the customer and to obtain the necessary documentation to pre-qualify them for the program. The need to have “feet on the street” narrowed the marketing approach to neighborhood outreach, which was selected because of its potential to overcome the known market barriers. Door-to-door recruitment through community outreach agencies was the first method utilized and has been successful in finding, qualifying, and converting potential customers into program participants with a scheduled appointment for Step One of the program. As the program gained momentum, additional internal marketing channels were deployed and direct mail was introduced in targeted areas.

**Direct Mail.** After the Whole House Program had been in the market for six months, direct mail was tested to augment and support neighborhood outreach. The direct mail strategy utilized customer information available through PSE&G’s customer database to identify customers best suited for the Whole House Program. The direct mail package included a program brochure, an introductory letter with tear off business reply card (BRC), and a pre-addressed, postage-paid envelope. The direct mail piece provided the customer with three options to respond: telephone, website, and mail-back business reply card. The mail campaign was directed to PSE&G UEZ municipalities by zip code and was targeted to customers that were identified as having an acceptable PSE&G payment history and those who occupied housing stock with 1-4 dwelling units.

PSE&G’s customer call center managed the direct mail response and screened customers to determine income eligibility. Customers identified as low income were referred to the Comfort Partners

Program. Call center representatives also screened customers to determine if the customer owned or rented their residence and renters were then mailed a landlord consent form. Upon successful screening, customers were scheduled for a Step One program appointment.

**Direct Mail Results.** PSE&G launched its direct mail campaign in phases. The first mail drop targeted approximately 35,000 customers in two UEZ municipalities, Newark and Trenton, New Jersey. The second mail drop occurred a month later and reached 15,000 customers in multiple UEZ municipalities. The overall response rate to the direct mail campaign is higher than projected at 5-9%. Results to date indicate a healthy response to the program as indicted in Table 3 below.

**Table 3.** Direct Mail response rate based on 50,000 direct mail solicitations

	Telephone	Reply Card	Website	Total
Responses	3,373	1,350	150	4873
Response Rate	6.7%	2.7%	.3%	9.7%

**Costs.** The estimated cost to acquire a customer for Step One of the Whole House Program through direct mail is approximately \$400 to \$450 inclusive of the mailer, postage, BRC, staff hours, printing of materials, etc. The cost per customer is also a function of the number of targeted customers who actually complete the process and schedule a Step One appointment.

**Recommendations.** Initial response to the program through the direct mail campaign is very positive and direct mail efforts may continue into the next program year. A key factor to the success of the direct mail campaign is to stage the mail drops in manageable increments; small enough to allow for PSE&G’s call center to manage program response, but large enough to drive program participation and support ongoing field activities.

## Neighborhood Approach

Communities all over the nation increasingly are interested in energy efficiency as a means to maintain the health and vitality of its people and economy. As this understanding has grown, some community leaders have formed energy committees or partnered with existing community based agencies at state and municipal levels to deliver access to energy efficiency programs and offer information about available services. Because many people already utilize their church groups, neighborhood coalitions, and other community driven associations as ways to share information, PSE&G recognized these groups as a trusted source that could help bring residents to action.

**Basic Scope.** The Whole House Program scope of work for outreach services requires the community agencies to act as PSE&G liaison in the neighborhoods they serve. Specifically, the agencies pre-qualify customers based on household income, acquire landlord consent for rental properties, assist the customer through the application process, and assign the customer to an available appointment slot for Step One of the program. Subsequently, the agency calls customers to remind them of the appointment date and time to avoid a customer “no show”. The agencies also carry information and applications for the Comfort Partners Program to utilize when a customer is identified as low income.

**Choosing the Agency.** PSE&G is a regulated public utility company engaged in the transmission and distribution of gas and electricity to nearly three quarters of New Jersey's population. PSE&G is the oldest and largest investor owner utility in New Jersey, views itself as an integral part of the communities it serves, and is committed to good corporate citizenship as a core value and an integral part of the Company's way of doing business. The Company also demonstrates its community engagement through its relationship with non-profit organizations that operate within its service territory.

Because the recruitment of Whole House Program participants can be difficult, the community partner should demonstrate a long term and deep understanding of community dynamics. Within the urban neighborhoods, most community agencies traditionally tailor their services to lower income residents. The Whole House Program needed partners whose service ethic could embrace the entire community, low income and beyond.

Before approaching a community partner to discuss a business relationship to provide program outreach including door-to-door canvassing, PSE&G weighed a number of factors about that community agency:

- Reputation within the community;
- Existing programs fit with energy efficiency;
- Location in targeted neighborhoods;
- Prior relationships/contracts with PSE&G ;
- PSEG Foundation funding;
- Staff available or need to recruit and train;
- Overall ability to understand the Whole House Program, enthusiasm for the program, and desire to recruit customers.

**PSE&G Community Partners.** PSE&G initially identified two community outreach partners, one each in the municipalities of Newark and Trenton New Jersey, where the Whole House Program was launched. Both of these agencies demonstrated over 20 years of experience in energy awareness and community revitalization, while having reputations in their communities as “go to” organizations with expertise in community growth and change, health, safety and home comfort issues. Both had a history of partnership with PSEG and their organizational goals were a good fit for the Whole House Program. However, since both organizations had less experience with community residents with incomes above the low income threshold, it took more time than expected to deploy teams into the neighborhoods and begin customer acquisition.

**Results and lessons learned.** The first six weeks of door-to-door canvassing strongly indicated that Comfort Partners eligible customers were easier to identify in most neighborhoods within the UEZs; results were consistent with the census tracts that showed a greater potential for the identification of low income customers. Initial outreach results showed a three-to-one ratio of customers eligible for the low income Comfort Partners Program versus the PSE&G Whole House Program. As program outreach continued and the outreach agencies focused on targeted areas within the municipalities likely to have more middle income customers, outreach efforts for Whole House Program improved. The initial outreach efforts provided PSE&G with valuable insight into the best way to set-up and manage community partnerships for the program. The experience gained allowed PSE&G to develop the following guidelines to use when working with community based organization in the Whole House Program.

- Develop a standard scope of work for the community partner and a “pay-per-lead” compensation structure that agencies can “bid on”

- Continue to set specific recruitment targets based on estimated opportunities
- Train and retrain – go out on-site with agency and staff
- Allow 4-6 weeks for ramp-up for any new community partner
- If recruiting for multiple programs, create incentives for the targeted program
- Two outreach staff should work together in the field
- Canvass customers during late afternoons/evenings
- Call customers to remind them of their Step One scheduled appointment

## **Benefits of Community Partners - Observations and Conclusions**

Key to the continued use of community partners to perform program outreach was to determine if the community outreach “recruitment method” was as successful as more traditional marketing channels such as direct mail. In addition, the cost of community outreach versus traditional marketing tactics needed to be tested. Lastly, and perhaps most important to program success, was to determine the quality of the leads derived from neighborhood canvassing.

**Costs.** During the initial program roll-out, PSE&G did not have a pre-set cost structure for outreach services and was flexible in developing the individual contract terms. Compensation for the scope of work took form in two different models. One of the outreach agencies (Agency One) was compensated for expenses and overhead only. Negotiations with Agency One focused on the expenses and resources that would be applicable to the program. Agency Two was paid using a pay-per-lead model, which also included reimbursement for a specified number of community events to promote the Whole House Program. Pay-per-lead compensation allowed Agency Two to also perform qualified Comfort Partners recruitment; resulting in every household contacted a chance to participate in a PSE&G program.

The testing of two compensation models for outreach contracts allowed PSE&G to gauge the validity of each compensation model, as well as to determine if an outreach approach to marketing the program was economical and beneficial compared to other more traditional marketing methods. After gaining sufficient experience with program recruitment by the outreach agencies, and examining the recruitment results and associated costs, PSE&G determined that the pay-per-lead approach to compensation proved to be more beneficial for the Whole House Program. Accordingly, all community outreach agencies are now paid on a per lead basis.

The average cost per outreach lead generated during the initial program rollout was \$200.<sup>2</sup> The outreach agencies provided tremendous value. For about half of the estimated per customer cost of a direct mail campaign generated customer appointment, the outreach agency delivers a fully qualified customer application and scheduled appointment.

**Expansion and Additional Partners.** The urban areas which PSE&G has targeted for the Whole House Program provide PSE&G a variety of experienced community agencies to work with. After the initial six weeks of working with the pilot outreach agencies, it became clear that in order to continue to be effective in recruiting customers and meeting program goals, PSE&G would need to expand the network of agency partners. Utilizing knowledge gained from the initial outreach agency roll-out, PSE&G looked to partner with agencies having a larger geographic reach and the ability to quickly deploy staff and information into the community.

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<sup>2</sup> New agency contracts and existing contract renewals have been negotiated at a significant cost savings versus direct mail, but at a higher price than the initial contracts.

**Strategies and Results.** Outreach agencies have a unique ability to identify and reach customers by utilizing their intimate knowledge of the neighborhoods they serve. By understanding the needs of the neighborhoods and their residents, the agencies can craft and direct their message to best reach the targeted customers. Because utilities such as PSE&G do not have the same direct “sales” access to residential communities in the same way that outreach agencies do, partnering with these agencies is an important step to successful program deployment. Outreach agencies promoting the Whole House Program have reported that neighborhood “word-of-mouth” has helped to drive program interest. It is clear that the agencies’ ability to be “out on the street” and accessible to customers with PSE&G brochures, door hangers, pamphlets, and program applications provides PSE&G the exposure needed to maximize Whole House Program participation.

The outreach agencies have deployed a number of methodologies to ensure success with recruitment for the Whole House Program. Each agency reported that in order to be effective with the Whole House Program’s recruitment campaign they must begin with a heavy distribution of materials within the targeted neighborhoods followed by solicitation door-to-door in outreach pairs. Each agency also reported some customer apprehension with canvassing between the hours of 4 p.m. and 8 p.m., but working in pairs and keeping PSE&G program materials visible helped to overcome customer skepticism. The heavy distribution of program literature in targeted neighborhoods resulted in an almost instant influx of phone calls and “inbound” visits from customers to outreach offices and centers to inquire about the Whole House Program. The “inbound” response allowed outreach workers time in the office to fill out applications, schedule customers and call landlords, which was particularly useful on days when inclement weather would not allow for effective door-to-door solicitation. Table 4 below illustrates the weekly average performance across three outreach agencies in Trenton and Newark.

**Table 4.** Agency Outreach Average Weekly Results

Agency	Average hours per day	Average # of dedicated staff	Average weekly customers contacted	Average weekly customer refusals	Average referred to Whole House	Average referred to Comfort Partners
"A"	4	3	188	50	26	7
"B"	4	6	81	29	8	11
"C"	5	6	255	3	25	16

The outreach agency scope of work included a primary focus on customer acquisition for Step One of the Whole House Program. In addition, the outreach agencies also take calls from customers who wish to reschedule or have missed their Step One appointments. The ongoing contact with the outreach agency is valuable as customers who have been pre-qualified for the program are managed all the way through the process.

Unlike traditional marketing methods such as direct mail, the neighborhood outreach model allows for all enrollment information to be collected upfront and the customer to be fully qualified for the program at the same time they are recruited for program participation. In addition, the outreach model allows for the scheduling of the Step One appointment at that same time. The more traditional marketing methods require an “in bound” customer inquiry such as a phone call to PSE&G, followed by customer screening, income verification, and landlord permission resulting in a multiple step and often time consuming process. Customer lead time is likely to impact customer receptivity for the any

program and customers may lose interest if they have to wait too long before being scheduled due to the customer qualification process. The response rate to PSE&G's direct mail campaign is impressive; however, the number of scheduled Whole House Program participants provides argument for the effectiveness of the outreach model.

**Program Participation to Date.** The Whole House program has been successful in reaching customers and driving program participation for all of the reasons discussed above. From the period March, 2009 to October, 2009, 1210 customers have participated in the Step One audit process.

## Conclusions

PSE&G has posed several questions in this paper regarding the use of outreach agencies in the promotion of a utility based energy efficiency program. This unique approach to program marketing and recruitment has provided PSE&G with the opportunity to answer the question "Can a community agency driven neighborhood approach effectively deliver an energy efficiency program to lower-income urban populations?" The answer is yes. Community partners have proven to be an invaluable resource for program recruitment, customer qualification, and the delivery of solid, qualified, cost-effective leads in a timely manner. "Are community agencies and non-profits motivated and effective partners?" Again the answer is yes. Community partners and outreach agencies bring an unprecedented level of knowledge and understanding of the communities they serve. As they are already engaged in providing customer services to their communities, leveraging those relationships, along with the core values of community service imbedded in those agencies has proven to be a win-win for the customers, agencies and PSE&G alike.

"Are community agencies the best marketing channel for this customer base? If not, what is the best approach for targeting this underserved customer market?" The PSE&G Whole House Program is still relatively new to the marketplace and extensive marketing strategies have not been tested to date. PSE&G has utilized direct mail, a program website, program signage and information in PSE&G customer service centers and the distribution of program information to customers participating in other PSE&G programs. While the direct mail campaigns and the customer outreach utilizing community agencies have been the most aggressive marketing efforts to date, it is the community outreach that has proven to be most effective. Based on initial Whole House Program experience, it appears that community agencies may be the best marketing channel for this customer base as they provide a full service approach to customer recruitment and program participation, from program solicitation to appointment scheduling. The community agencies have proven to be enthusiastic and effective partners and have the ability to reach customer in the urban cores, otherwise inaccessible for reasons previously discussed.

PSE&G's experience in working with outreach agencies to date has provided a platform to better shape this community outreach model by keeping it cost effective and easy to manage. PSE&G plans to continue to utilize the model and expand its partnerships with agencies and community groups in other urban UEZ municipalities. While a successful marketing campaign relies on a variety of methods to contact and engage the customer, the community agency outreach process has proven to be an innovative, effective approach to reaching this customer segment.