




Market Research

- Understand your market
 - End-users
 - Market actors
 - Other relevant stakeholders
- Research toolbox
 - Primary data collection
 - Telephone surveys
 - Mail surveys
 - Internet surveys
 - In-depth Interviews
 - Focus groups




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Market Research

- Secondary research
 - Comparison to other states
 - Review of customer demographics
 - Review of program design theories




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Reasons to Understand your Customers

- Different jurisdictions have different customer issues
- Implementers need to take this into account when designing and implementing programs
 - Customer demographics
 - Relationship with utility
 - Red or blue state
 - Competing priorities or social messages
 - Climate
 - Cost of living

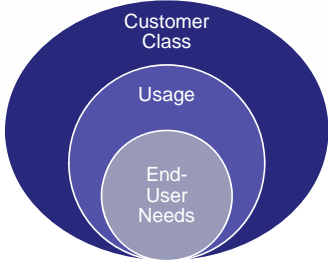


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Slide 7

a1 Brad, this seems small here, but it will be legible on a big screen.
adougherty, 4/29/2010

End-User Needs Should be the Center of Your Attention



- Most IOUs focus on their classification systems: customer class and usage
- There is tremendous diversity across customers
- Program efforts should target the specific needs of end users—research can help



Align Offerings with Customer Needs to Maximize Savings Potential

- Segmentation moves a heterogeneous group into homogeneous groups based on select characteristics
- Generates like-groups based on the behavioral needs of customers *and* their unique values
- Allows programs to deliver measure and services mix to segments most likely to take action





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California's Actionable Segmentation: Focusing on Behaviors

- Represent the state's diversity
- Provides detail about motivations and barriers to taking action
- Incorporates behaviors, not just attitudes
- Distinguishes EE and EC behaviors by cost and convenience levels
- Provides demographic distinction

Final Segmentation Scheme




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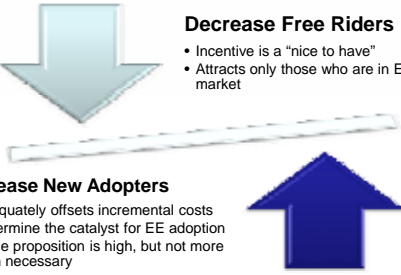
Setting Incentives

- Most programs are based on some sort of incentive
- Market research needs to be used to help set the incentive level
- Incentive does not always have to be monetary incentive
 - Behavioral programs allow for other forms of incentives to change customer behavior

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Determining the Right Catalyst to Maximize Participation & Minimize Cost




Increase New Adopters

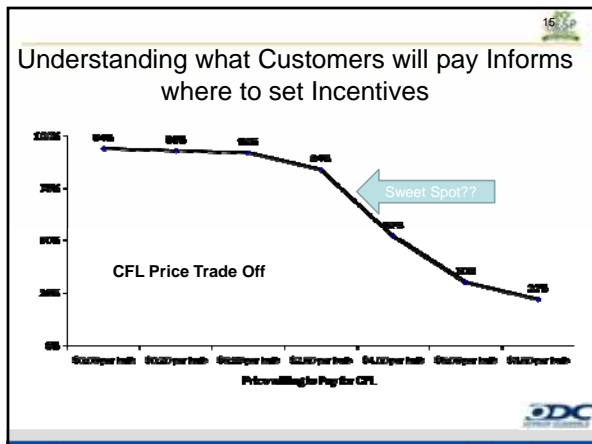
- Adequately offsets incremental costs
- Determine the catalyst for EE adoption
- Value proposition is high, but not more than necessary

Decrease Free Riders

- Incentive is a "nice to have"
- Attracts only those who are in EE market

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Incentive Testing can Inform Channel Strategy

- \$15 incentive provides a competitive edge for products with tight profit margins

Up-Stream Down-Stream

- \$15 incentive is not sufficient to offset costs for end-users

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Building in Research to Measure Program Potential and Success

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graph LR; A[Market Baseline] --> B[Market Potential]; B --> C[Success Tracking];
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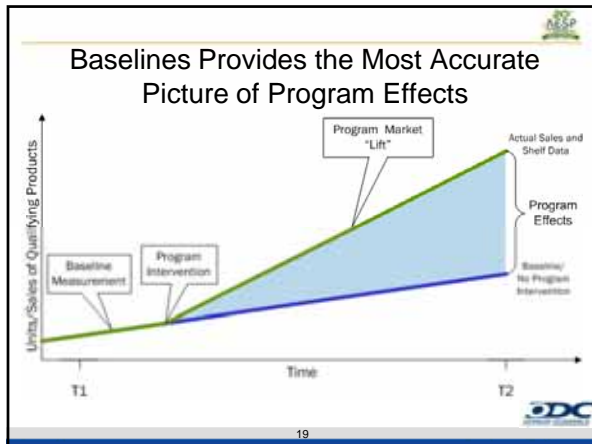
- Market Baseline**
 - Know where you started
 - Determine which customers have taken what actions
- Market Potential**
 - Assess market opportunities
 - Know where savings potential is the greatest
- Success Tracking**
 - Compare to baseline for impacts
 - Track program success overtime

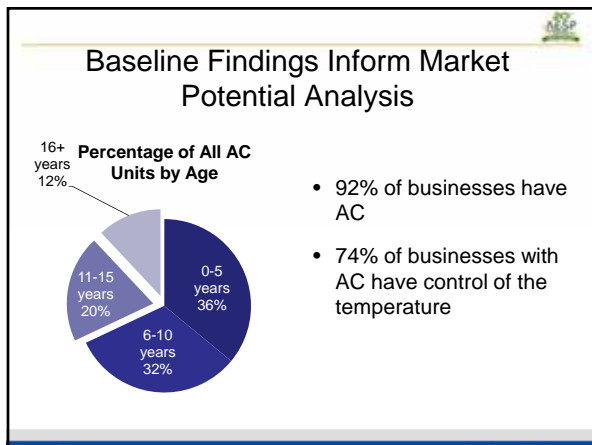
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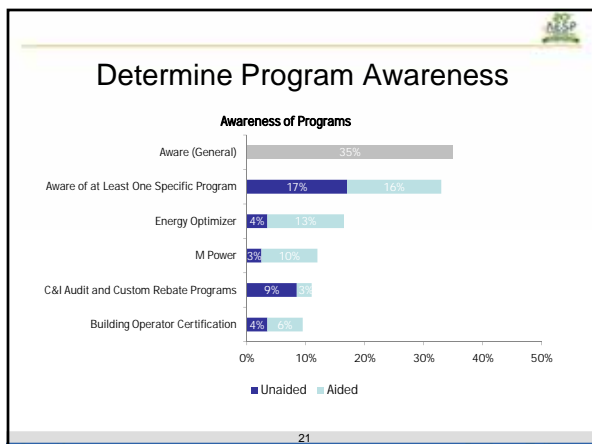
A Single Research Effort, three Valuable Applications

- Conduct market research during project formation enhances a program's ability to gain and measure savings
- Baseline studies, conducted prior to program intervention, yield multiple insights
 - Metrics for future evaluations
 - Where you stand with current efforts
 - Market potential for current efforts
 - Sites for new interventions

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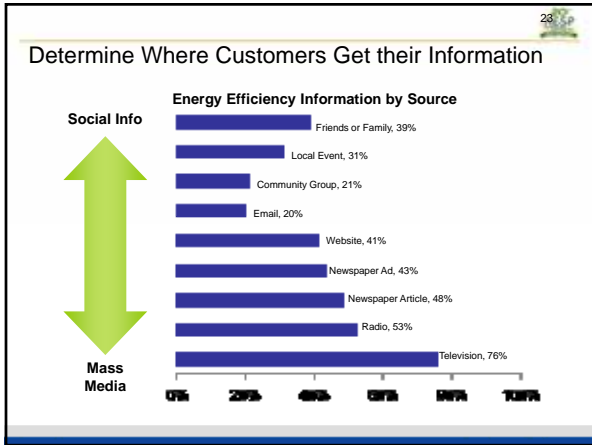






Knowledge of Measures Can Affect Program Potential – Are your Customers Making the Right Choice?

A cartoon character with a large head and a question mark on its forehead is shown in a state of confusion. A thought bubble above the character contains the text "T-12? T-8? T-5?".




Market Potential: Identifying Opportunity

A flowchart consisting of five blue rectangular boxes connected by a large, light blue arrow pointing from left to right. Each box contains a statistic related to HVAC market potential.


- 92% of Businesses have HVAC
- 32% of units are more than 10 years old
- 50,000 units may be exiting the market
- 59% have not purchased EE
- As many as 29,500 units could be converted


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Summary

- Market Research is a valuable weapon in an implementer's arsenal
- Sure, it helps for evaluation purposes, but it also can significantly improve the performance of a program
 - Segment the market
 - Determine appropriate messaging
 - Determine appropriate incentive levels
 - Identifying best opportunities
 - Helping to reduce free ridership
 - Enhancing effectiveness of behavioral efforts


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