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Trends in Marketing Strategies for Conservation

Speaker: Patricia Thompson, JD
Regulatory Affairs,
Sageview Associates

About Sageview Associates

Research focus on driving greater ROI from DSM, marketing and renewables by targeting high yield management strategies, locations and households as well as utility business processes and regulatory strategy.

Current Research:

- *Elements of Marketing Your Efficiency Program, for AESP with Cadmus Team 2009-2010*
- *Evaluation of Consumer Behavioral Research, Northwest Energy Efficiency Alliance Taskforce on Marketing: with Navigant 2010;*
- *Prediction of PHEV Adoption by Household; Charge Time Behavior, Value at Risk: with EPRI 2009*
- *Evaluating Feedback Program Impacts: Considerations for Measuring Behavior Change. with EPRI and Cadmus 2010*
- Forthcoming ebook resource chapter, with ACEEE
- Advisory Roles: California Statewide Marketing Effort - DraftFCB; University of California Cleantech Institute; UN Environment Partner - OneChange, Duke Energy and others.
- Invited Keynote – Metering Europe 2009

Marketing, Evaluation & Strategy

#1 Current state of the practice in marketing?

#2 Trends in evaluating marketing ?

#3 What strategies follow?

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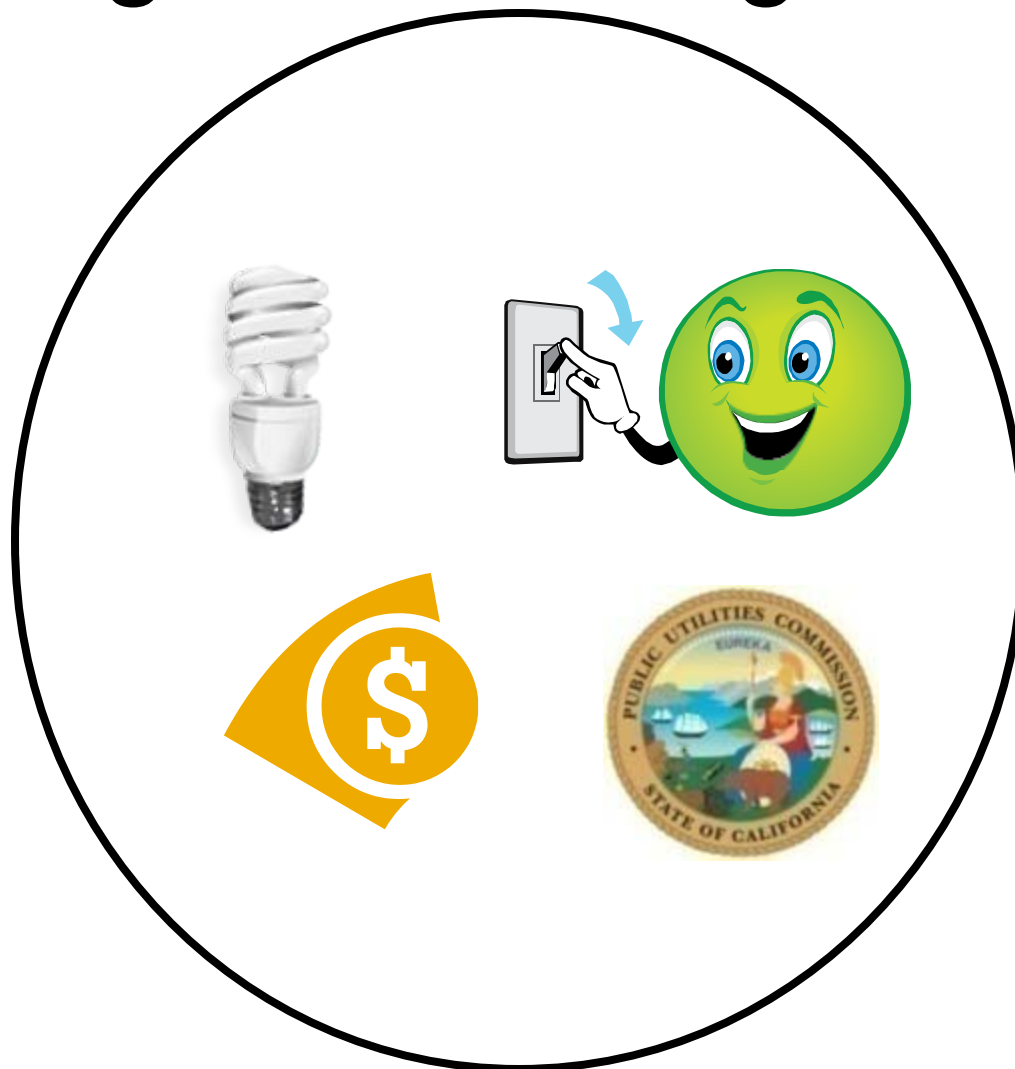
Marketing Trends

- Rebranding and (re-)launching statewide efforts CA, New York, NJ ...
- More information on how customer segments think/ variable messaging (Dethman)
- Pulling back from advertising to include community strategies – CA, NJ, MA, NY.
- Beginning to credit behavior



Source: *Community Based Social Marketing (CBSM.com) and Interbrand analysis*

Strategic marketing & behavior



Behaviors not equal

- Different kinds of behaviors
 - Purchasing (high/low involvement)
 - Habit
 - Maintenance
- Behavioral Selection “behavioral plasticity”
 - Impact
 - Penetration
 - Probability

Behavior Selection (after Dietz 2009)

	APPLIANCE PURCHASE	LINE DRYING	AC TUNE UP
TYPE	PURCHASE	HABIT	MAINTENANCE
IMPACT	14.7 MtC	6 MtC	3.7 MtC
PLASTICITY	80	35	30
LIKELY NET	HIGHER	MID	LOWER
BARRIER	Perceived value Early retirement	Weather, time, wrinkled stiff clothes	Out of sight, time, scheduling
SUPPORT	Point of Sale, Incentives, MFG buy down etc	Convenience, in home foldable drying wrack	Identify “decision moments”
PERSISTENCE	MEASURE LIFE	VARIABLE	ANNUAL

Regulatory Treatment of Behavior and Marketing

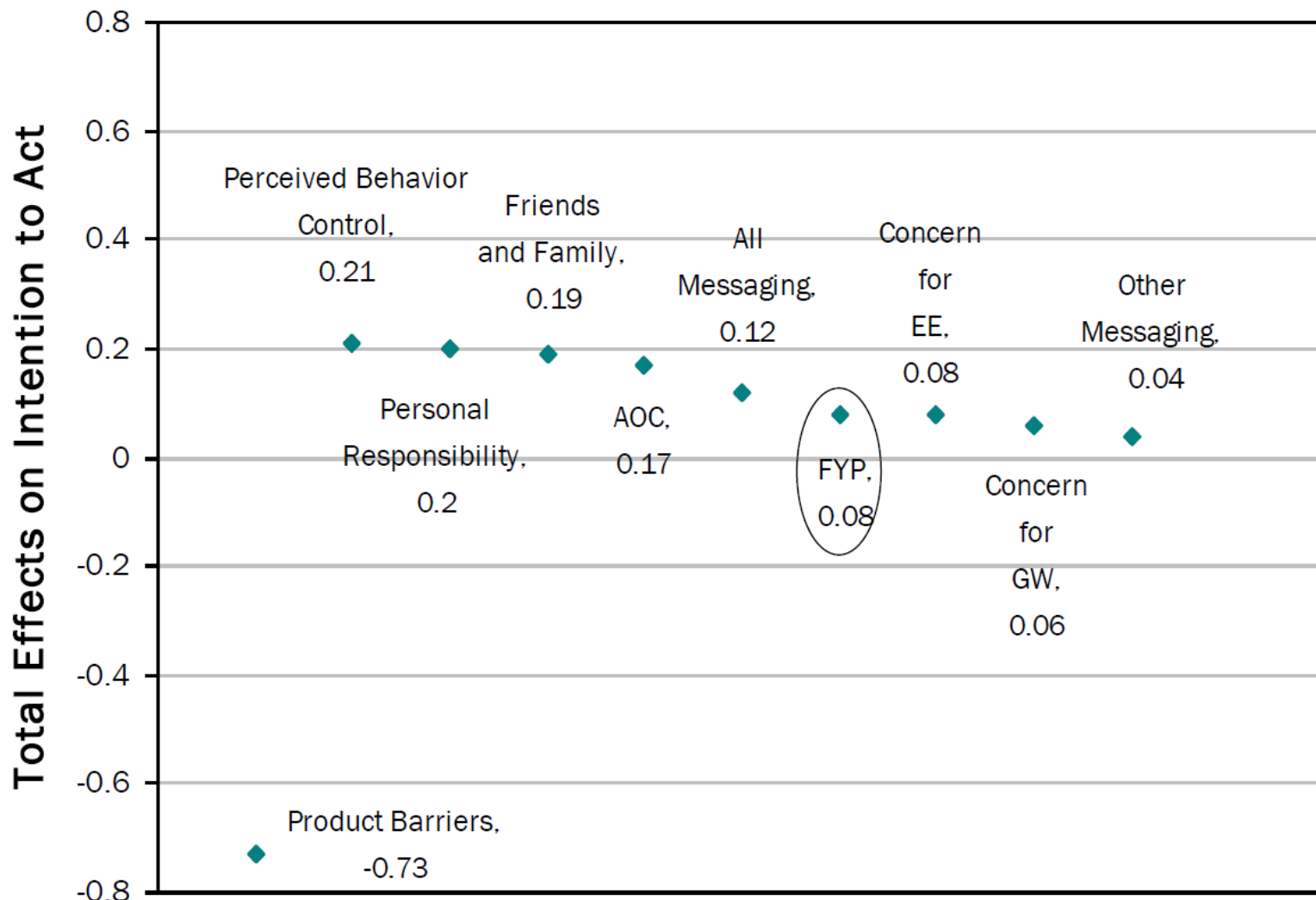
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Much more math

ODC – use of SEM



Increasing focus on value

- Interveners - what are we getting for our money?
- Brand equity study in California (Interbrand)
- Cost per touch is wrong metric
- Instead Cost per yield
 - Program Participation
 - And even kW/kWh
 - Coming effort Skumatz – Broadlands Project

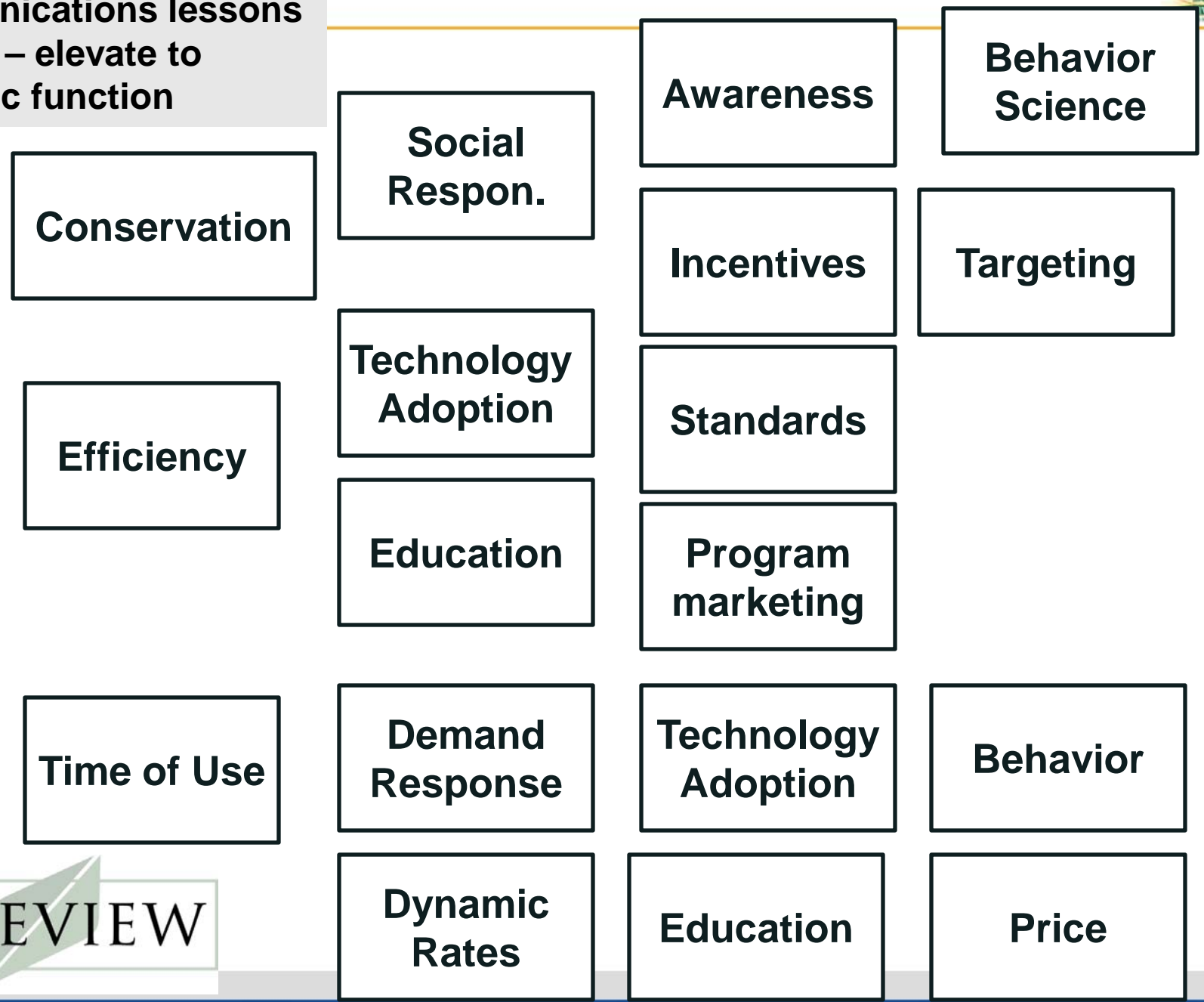
Message & Channel Testing

- Great progress on belief in experimental design, testing and targeting messages.
- Less progress on incorporating these elements more consistently and strategically (looking for interaction points)

Offer Productivity – PG&E

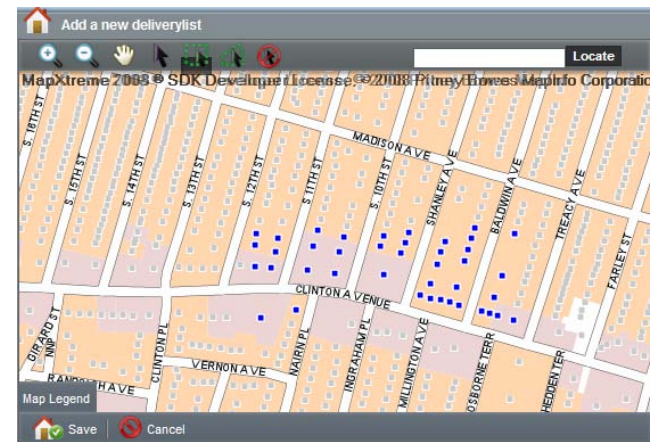
TIMING	INCENTIVE	TARGET	YIELD
May	\$50 + protection	Kern	8.5%
February	\$25	Prior AC cycling customers	24%
July	\$0	Prior AC cycling customers	15%
September	\$50	Psychometric	3.6%
		Psychometric	7.4%
Average 1 contact			2.5%
Average 2 contact			3.3%

Marketing is not about communications lessons in silos – elevate to strategic function



Share marketing costs across programs?

NJ – 1 in 4 refrigerators recycled were from a personal touch in one county roughly 250% lift.



One Change is proud to be a United Nations Environment Programme (UNEP) Partner



Price and Social Contract

- Why are rates still first line of defense to deter on peak charge of electric vehicles?
- Yet those most likely to charge on peak – are the least motivated by price
- And those most motivated by price – are less likely to contribute to peak.

<http://www.aceee.org/conf/09becc/FinalThompsonBECCs.pdf>

Regulatory Treatment of Behavior and Marketing

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What's at stake?

- behavior-related energy savings in the residential sector alone represent roughly 25 percent of current residential sector energy consumption
- Karen Ehardt Martinez Testimony before the House Committee on Science and Technology

Implication for marketing ?

- Marketing spend rates 3-11% of portfolios.
- advertising + program marketing nearly equal incentive \$s in some areas.
 - Participation increases of 300 and 400% have been observed and documented
 - Utility Data – unique and persuasive; must analyze for value
 - Take care - pricing strategies may preclude us from non-price strategies.

Regulatory strategies

- Must track and monitor, regardless of who “owns” evaluation efforts.
- Must abandon view that lack of precision means it’s not worth tracking closely
 - *On the way to perfection, beautiful things start to happen*
- Must do a better job marketing the impact of marketing to DEFEND funding.

Example

- Portfolio Marketing (radio/tv/direct mail/web)
- Supports a variety of programs – home online audits, appliance recycling and HVAC maintenance
- Experimentally vary treatment (control, treatment (message A, message B etc) to identify lift.

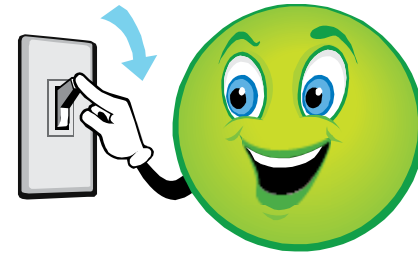
If 3 cents/ kWh is the goal...

	Scenario	Scenario	Scenario
Residential program goals GWh	3,400	3,400	3,400
Increase in Program Participation from Marketing	2.5%	5%	10%
Marketing contribution in GWh	85	170	340
Discount for “provable increase” 60%	50	100	200
Potentially Recoverable Marketing Spend	\$1.5 MM	\$3 MM	\$6 MM

What was the question?

Strategic marketing objective?

Technology + Price + Behavior



WHAT COMBO FOR BEST VALUE

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