



Marketing & Driving Demand Strategy Research

Last updated November 2, 2010



- **Marketing & Communications Plans**
 - LA County Communications Plan
 - Oregon Draft Marketing Plan & Product Definition
 - Cambridge Energy Alliance Communication & Marketing Strategy
- **Marketing Research & Segmentation**
 - LA County Home Energy Retrofits Research Report & Presentation
 - Oregon Draft Target Personas
 - Oregon Residential Energy Awareness and Perception Study
 - CA Market Segmentation Findings
- **Stakeholder Surveys & Interviews**
 - LA County “Energy Issues” Survey Results Presentation
 - CA Ethnographic Research Findings
 - Engaging Chicago’s Diverse Communities
 - Community-Based Social Marketing to Inform Homeowner Participation in CA Energy-Efficiency Home Improvement Programs
- **Evaluations**
 - Clean Energy Works Pilot Evaluation

Resource Library – by Location



- **California – statewide** (Ethnographic Findings, Market Segmentation Findings, Community-Based Social Marketing to Inform Homeowner Participation in CA Energy-Efficiency Home Improvement Programs)
- **Cambridge, MA** (Communication & Marketing Strategy)
- **Chicago, IL** (Engaging Chicago’s Diverse Communities)
- **Los Angeles County, CA** (Communications plan, Market research presentation, Home energy retrofits research report, and Energy issues survey results presentation)
- **Oregon** (Clean Energy Works Pilot Evaluation, Draft marketing plan, Draft target personas, Product Definition, Residential Energy Awareness and Perception Study)
- **Your Program [HERE](#)**

- **Four files posted online:**
 - Communications plan (must read)
 - Market research presentation (must read)
 - Home energy retrofits research report and presentation
 - Energy issues survey results presentation
- **Contact:**

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Extensive Market Research

- LA County: 1,200-person survey
 - LA County: 4 focus groups
 - Alameda County: 600-person survey
 - Alameda County: 3 focus groups
 - Bay Area: 900-person survey
 - Statewide: 6 focus groups
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- Demographics
 - Other surveys
 - Best practices

- **Observations from market research:**
 - Education does not move people to increased participation
 - Cost is both a major barrier and a major motivator
 - Rebates/tax credits are critical to success
 - The existing financing is not attractive, too complicated and interest rates are too high
 - Contractors are both a valuable asset and a perceived liability
 - Accountability is essential
 - Counties are both a valuable asset and perceived liability
 - There is an audience primed, ready and waiting
- **Key recommendation:**
 - Market the program as a simple, one-stop-shop that will allow the homeowner to make choices about what to do and how much to spend, take advantage of rebates/tax credits, find certified contractors and options for financing – packaged with quality

Key Target Markets

- Homeowners under age 50
- Women (college-educated)
- Homes built before 1940 (expand to built before 1970)
- With school-age children at home (large families)
- Of color (Asian-63%, Latinos-62%, African Americans-59%)
- Incomes of \$60,000-\$120,000
- Those who have made some energy upgrades
- Speak Spanish as a primary language (took survey in Spanish-68% positive response)
- Transitioning (buying a house or increasing family size)

- **Elements of the strategy:**
 1. County wide Marketing & Media Relations
 2. Pilot Marketing Areas
 3. Trigger-Event Marketing
 4. City Outreach
 5. Contractor Marketing
 6. Realtor Marketing
 7. Retail Partner Marketing
 8. Multi-Family Marketing
 9. Whole Neighborhood Marketing

- **Lots more detail in LA County's Communication Plan!**

- **Four Files Posted online**
 - Clean Energy Works Pilot Evaluation (must read!)
 - Product Definition graphic
 - Draft Marketing Plan
 - Draft Target personas
- **Contact:**

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- **Lessons from the pilot**

- **Word of Mouth (24%)** accounted for the highest share of referrals (11/09 – 05/10)
- **Direct mail (17%)** and **email (22%)** were also large sources of referrals, driven by a mailer from PGE and Pacific Power, and emails from the Energy Trust, City of Portland and DHX Marketing (purchased distribution list) (02/10 – 05/10)
- A strong advertising and media presence drove a significant increase in leads

Starting place....

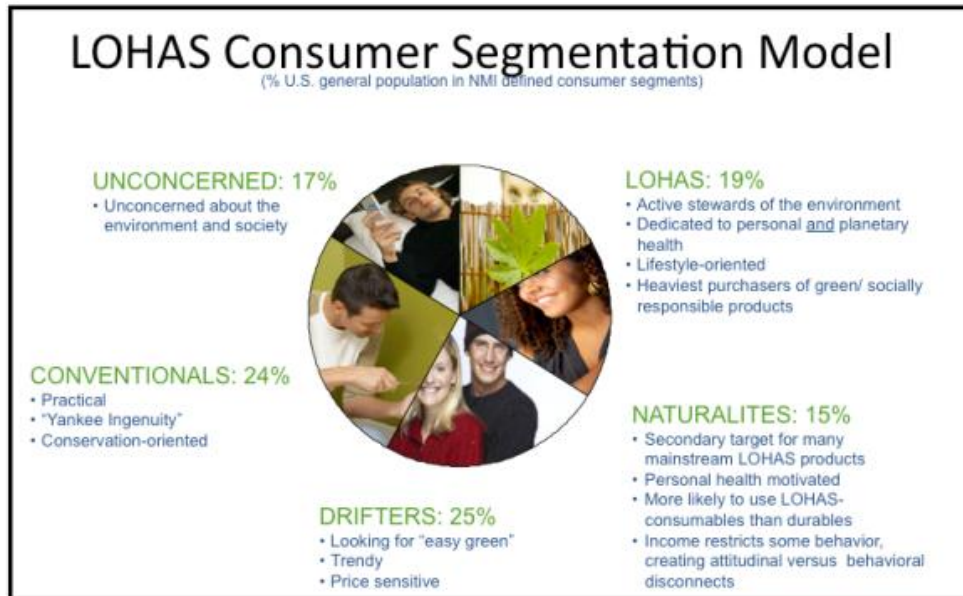
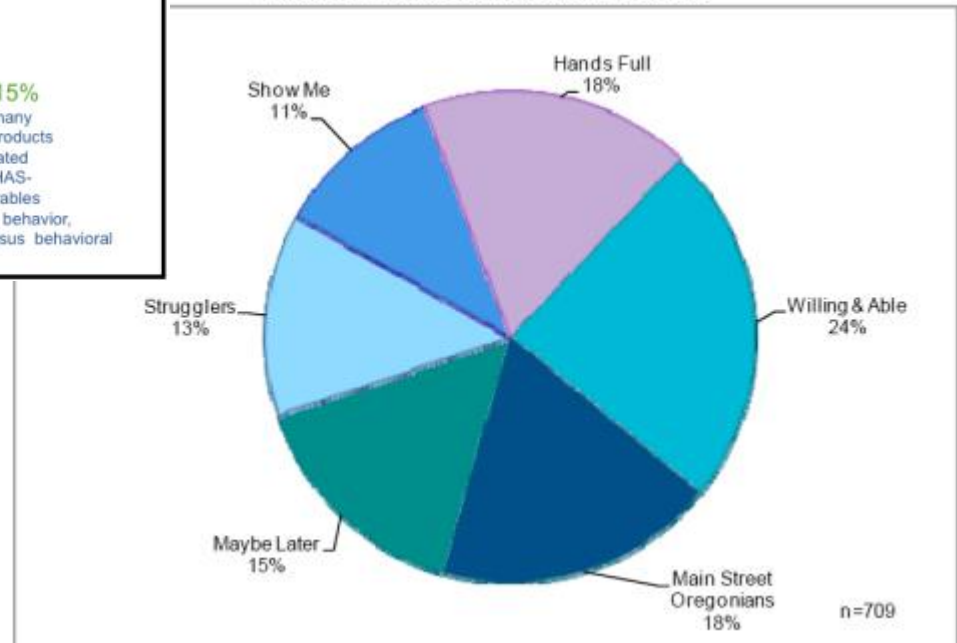


Figure 4.4: 2009 Segmentation Clusters



Name	Gender	Age	Geography	HH Income	Job
Leslie	Female	34	Inner Metro	\$100,000	Freelance Designer



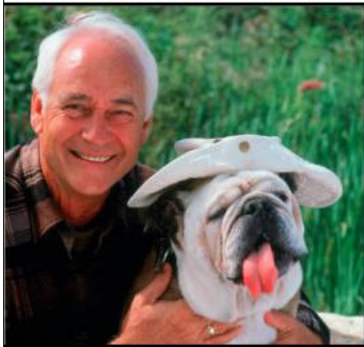
- New mother, married to urban planner
- 1926 bungalow with “character” that needs a lot of work
- Values sustainability, community and personal health
- Concerned about how cold and drafty her baby’s room is
- Considering replacement windows but confused about complex tax credits
- Learned about Energy Trust Home Energy Review from utility bill insert
- “LOHAS Leader” and ETO “Willing and Able”

Name	Gender	Age	Geography	HH Income	Job
Vanessa	Female	47	Inner Metro	\$100,000	Middle School Teacher

- 47 years old, middle school teacher
- HH income is \$120,000
- Married with 4 kids aged: 12, 14, 17 and 20
- Neighborhood association board member
- 1922 home was partially updated before they moved in 16 years ago but have not done any work since
- Husband weatherizes home each winter to reduce energy bills and keep home more comfortable
- Has never replaced furnace so expects they will need a new one soon.
- LOHAS “Drifter” (follower) and ETO “Hands Full”



Name	Gender	Age	Geography	HH Income	Job
Robert	Male	67	Rural Far from Metro	\$35,000	Retired



- Retired lumber mill supervisor, wife is a retired librarian
- Living comfortably on a fixed retirement income (includes pension, social security and savings)
- Avid fisherman/outdoorsman that is also a member of his Church’s finance committee
- House built in 1970; has long been frustrated by high heating bills– dreads wasting money on heat that literally leaks out of the walls.
- Conservation means protecting outdoors areas for recreation and saving money
- Has doubts about climate science
- 3 children and 10 grand children
- LOHAS “Conventional” and ETO “Main Street Oregonian”

Name	Gender	Age	Geography	HH Income	Job
Ricardo	Male	41	Rural Near Metro	\$45,000	House Painter

- 41 years old, wife works part time at a day care center
- Moved to U.S. from Mexico in 1990 and has green card
- 3 children aged: 6, 8 and 10
- Moved into 1954 home when 3rd child was born
- House does not get warm enough with regular heat so they use space heaters in a couple of rooms
- LOHAS “Drifter” (follower) segment and ETO “Hands Full” segment



Convenient

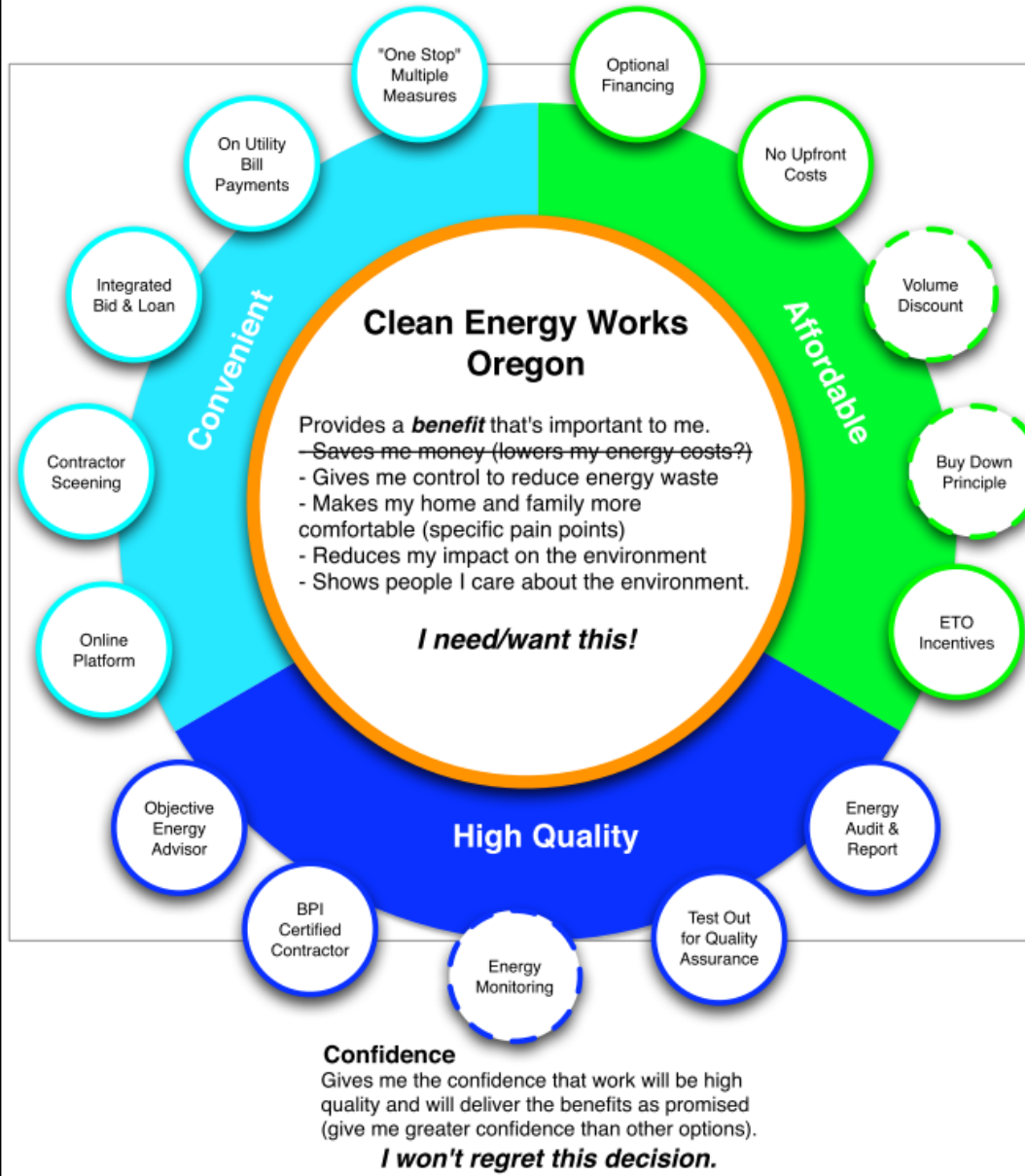
Save me time and is a hassle free product to purchase/program to participate in.

It's easier than my other options.

Affordable

Makes the benefits of the program affordable for me (more affordable than other options).

I can afford this!



Marketing Objectives

- **Lead Generation:** Generate 18,000 qualified leads during 3 years
 - Based on the 2.5:1 lead-to-loan ratio from the pilot, it seems reasonable to expect a 3:1 ratio of leads-to-loans as the program scales
- **Conversion:** Maximize the lead-to-loan conversion rate
 - While it will be difficult to maintain the current 66% lead-to-loan conversion rate as the program scales, an opportunity exists to better *educate* and *inspire* homeowners as they consider whether to implement recommended upgrades
- **Behavior Change:** Inspire homeowners to adopt more energy efficient behaviors
 - CEWO must inspire responsible energy use among program participants to avoid post-upgrade increases in energy use and energy costs that threaten to undermine CEWO's carbon goals and even lead to homeowner dissatisfaction

Cambridge Energy Alliance

Communications & Marketing Strategy



LINK

- **Direct outreach** by CEA to sign up owners of large buildings and commercial properties in the Cambridge Housing Authority network
- **Community Leaders campaign**
 - Leaders commit to energy makeover, to showcasing the improvements in their community, and to spreading the word about experience
- **Neighbor-to-Neighbor campaign** involving house parties
 - Volunteer canvassing and community events focused on 1-2 neighborhoods at a time for maximum efficiency and response rates.
- **Small-business campaign** with the Cambridge Chamber of Commerce, Cambridge Local First and local business associations
 - Will offer seminars on energy savings to local businesses and provide a channel for marketing CEA's program

- **Paid door-to-door canvassing** each summer coordinated with the Neighbor-to-Neighbor campaign, focusing on targeted residential neighborhoods and retail business districts
- **Online organizing** anchored by a consumer-centric, action-oriented website that would generate signups and mobilize volunteers through an energy savings calculator, success stories, neighbor-to-neighbor organizing tools and video tours of home energy improvements
- **City of Cambridge initiatives** that enroll consumers through the recycling program, licensing commission, home improvement loan program, city-sponsored events and public schools
- **Paid advertising** to raise awareness and increase response rates through newspaper ads, geo-targeted and subject-targeted online ads, public radio and direct mail targeted at homeowners
- **Media coverage** on the launch of each marketing campaign, the involvement of high-profile leaders and announcements of major program achievements

Oregon Residential Energy Awareness and Perception Study



Research Into Action (2009) [LINK](#)

- Survey of residential energy users to help Energy Trust of Oregon improve marketing activities.
- Market Segmentation for Oregon:
 - **Maybe Later** – young renters with green attitudes
 - **Strugglers** – renters in survival mode
 - **Show Me** – Eastern Oregonians who are less receptive to energy efficiency
 - **Hands Full** – large families with lower incomes and lower perception of the efficacy of energy efficiency
 - **Willing and Able** – financially capable, higher energy consumers with greener attitudes
 - **Main Street Oregonians** – non-urban residents who are receptive to green living
- **Willing and Able** and **Main Street Oregonians** are the most attractive market segments to Energy Trust, since they include the highest energy consumers and are more likely to participate in Energy Trust programs, given their high financial and attitudinal readiness to be engaged in efficiency actions

Opinion Dynamics Corporation (2009) [LINK](#)

- Key messaging, motivations, and messengers regarding energy conservation & energy efficiency

Things that they aren't saying...

Terms Californians Do Not Use	Terms Californians Use
CFLs	Energy-saving bulbs, twisty light bulbs, fluorescent
Carbon Footprint	No term
Efficiency	Use energy better. Waste less
Conservation	Save. Waste Less. Do your part
ENERGY STAR	New. Energy-saving
Kilowatt	Energy
Demand response (or anything associated with time of day)	No terms

Overview of 5 key take-aways

- **The majority of households that we talked to felt that they were “doing everything that they can” within the realm of their control**
 - *Marketing strategy needs to find ways to overcome the feeling that “I am doing everything I can”*
- **Semantics matter**
 - *When designing a marketing strategy and campaign, need to really think through the language that we use to communicate to individuals*
- **Saving money and saving the environment are weak motivators to action, despite how frequently they are cited by households**
 - *Marketing strategy should carefully consider the use of these motivators when communicating on energy efficiency or energy conservation*
- **Barriers matter more than motivations when moving households to action**
 - *Marketing must take on barriers directly to increase the relevance of energy efficiency and energy conservation in the household*
- **Household dynamics have the greatest influence on behavior, above community and information sources**
 - *Marketing needs to identify ways to capitalize on household relationships to generate norms*

Semantics matter!

- Language must be carefully considered when communicating with the public
- Frequently, communicators are saying one thing, but Californians are “hearing” something different
 - Language often communicates a different meaning to Communicator than to Californian
- Communicators need to be careful not to use terms that contradict one another
 - Efficiency requires consuming, not saving

CA Market Segmentation Findings

Opinion Dynamics Corporation (2009)

[LINK](#)

Market segmentation for CA to inform the 2010 Statewide Marketing and Outreach Program for IOU program development, marketing and outreach efforts

Figure 1. Final Five Statewide Segments

SEGMENT	E.E. IMPORTANCE	MOTIVATION RANK	BEHAVIORAL MOVEMENT POTENTIAL	OUTREACH RECOMMENDATIONS
LEADING ACHIEVERS		1 Money 2 Environment 3 Foreign oil 4 Future gen. 5 Health	1 Climate chg. 2 Healthy env. 3 Future gen.	APPEAL ➤ Engage as peers and leaders in movement OUTREACH APPROACH ➤ Sophisticated, info-driven, available online
PRACTICAL SPENDERS		1 Money 2 Foreign oil 3 Future gen. 4 Health 5 Environment	1 Energy independence 2 Nat'l security 3 Help economy	APPEAL ➤ Straightforward, no-nonsense messaging OUTREACH APPROACH ➤ IOU programs, traditional media
STRIVING BELIEVERS		1 Money 2 Environment 3 Future gen. 4 Foreign oil 5 Health	1 Climate chg. 2 Resources 3 Animal and plant life	APPEAL ➤ Social capital-driven media with "us" appeal OUTREACH APPROACH ➤ Web-based formats with clear information
THRIFTY CONSERVERS		1 Money 2 Environment 3 Foreign oil 4 Health 5 Future gen.	1 Climate chg 2 Healthy env. 3 Resources	APPEAL ➤ Efficiency barrier-reduction messaging OUTREACH APPROACH ➤ IOU programs, point-of-purchase messaging
DISCONNECT-ED		1 Money 2 Environment 3 Help state lead 4 Health 5 Foreign oil	1 Animal and plant life 2 Healthy env. 3 Climate chg.	APPEAL ➤ Community health and well-being messaging OUTREACH APPROACH ➤ Community or faith-based local outreach

* The circles in these diagrams indicate where each segment is now. Arrows show the direction for movement. Disconnected has low adoption overall, and needs to be moved in both directions.

Engaging Chicago's Diverse Communities in the Chicago Climate Action Plan



City of Chicago Dept of Environment (2010) [LINK](#)

- Ethnographic study of “climate change” in a predominantly African-American neighborhood in Chicago
- Recommendations “at-a-glance” start on page 49
- **Key Recommendations:**
 - Work through *trusted organizations* and *existing partnerships* to help engage residents to take action for the climate
 - Help communities *tailor climate action campaigns* and programs to address issues that they care about
 - *Validate and support* expansion of innovative practices, values and programs that can be connected to climate action and environmental sustainability
 - Make climate change feel like a *local and personal issue* and *address barriers and fears*
 - *Communicate and disseminate information* through existing networks and popular mediums

Action Research (2010) REPORT and PRESENTATION

- 6 focus groups, 200 phone surveys, industry expert interviews
- Homeowners typically use a 'band-aid approach' in addressing concerns in their home. Taking care of everything at once is typically not seen as an option – primarily because of cost. Instead, issues are addressed only when they become chronic or when homeowner experiences acute pain.
- Homeowners were very concerned with what they were getting from an investment in energy-efficiency upgrades. Financial gains were not well understood, and there was considerable skepticism about the ability to reduce monthly costs.
- Homeowners who are involved in determining their energy-efficiency measures are more likely to stick with the program.
- Audiences:
 - People already engaged in EE improvements
 - People who are buying a house
 - People who participate tend to be older, have higher incomes, older houses and no children living at home.
- Unique Recommendations:
 - Leverage life-cycle opportunities (at home purchase/retirement)

Research into Action (2010) [LINK](#)

Recommendations:

- Inform all applicants of their program options with Energy Trust and capture the contact information and demographic details for applicants screened out or dropped out of the program so that they can be engaged in other energy efficiency efforts or offered another path through which to pursue energy efficiency upgrades.
- Track each interaction event in the program database to be able to assess the costs of Energy Advocate services.
- Drop the term advocate from the Energy Advocate title. Energy Advocates act more as advisors or program representatives; align the title with the activity.
- Assess the effect of using a lower energy intensity score threshold on the ability to identify viable projects.
- The following options for restructuring fees should be considered:
 - The \$300 of the Home Performance Assessment fee could be waived for participants that choose to go forward with their projects.
 - The services of an Energy Advocate could be an additional, optional for fee service. Alternatively, the program could decide that the services of the Energy Advocate are simply too important to the logic and expectations of the program and cover those costs directly.
 - The loan origination fee could be adjusted for smaller projects so that the fee is never more than 3% to 5% of the total loan. Identifying best practices or fees allocated by similar programs could provide context for establishing a threshold.