Easier said than done
A deep dive into Americans’ attitudes and beliefs about energy efficiency — and how that drives willingness to participate in utility EE programs.

Michigan EO Collaborative
November 18, 2014
Our Vision: Every home & building in America is energy responsible and sustainability is ordinary.
We create a market advantage for companies who create a sustainable, energy-responsible future.
Our proprietary research

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Our clients

- Ameren
- BASF The Chemical Company
- Consumers Energy
- Duke Energy
- FirstEnergy
- Georgia-Pacific Consumer Products
- HP
- Ingersoll Rand
- Johnson & Johnson
- Kohler
- SunPower
- Toshiba
- UL
- Yale

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The challenge with marketing energy efficiency
They say energy conservation is important.

How important would you say energy conservation is in the way it affects your daily purchase choices and activities? (Percent rating important or very important)
81%

Say higher energy efficiency would cause them to choose one new home over another.

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Perceptions

80% of Americans think they use less energy than they did 5 years ago.

49% think their homes are already energy efficient.

50% claim to have made 1-3 efficiency improvements to their homes.

Source: Energy Pulse 2013

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The Wheel of Blame

Utilities are now at the top of the “blame” list for high energy costs – ahead of oil companies, the government, unrest in the Middle East and consumer demand.
85%

How much they expect to save if they spend $4,000 on EE home improvements
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$71
$92
$107
$142

2007
2009
2011
2013

Shelton Grp
Likelihood of doing every single EE home improvement we track is down across the board
They don’t know what the heck we’re talking about most of the time.
Terms or phrases you know you could confidently and correctly explain to a friend

- Efficient home: 38%
- Energy responsibility: 32%
- Green home: 28%
- Indoor air quality: 28%
- Low carbon footprint: 24%
- HVAC: 24%
- None of them: 23%

Source: Energy Pulse 2014

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Source: Energy Pulse 2014

- Dual flush toilet: 22%
- Energy productivity: 16%
- High-performance home: 14%
- High-performance comfort system: 11%
- Whole-house health protection system: 6%
- Net Zero home: 5%

N=2,009
When we say “energy efficiency” 30% think we mean “install solar panels.”

Source: Energy Pulse 2014
Popular analogies don’t work.

Thinking in terms of energy efficiency, which of the following comparison items would motivate you to make an energy-efficient improvement to your home? If you make an energy-efficient home improvement, it’s like ...

- Putting x number of dollars back in your pocket: 50%
- Stopping x number of pounds of carbon from entering the atmosphere: 12%
- None of these: 12%
- Saving x number of barrels of oil: 8%
- Planting x number of trees: 7%
- Eliminating the need for a new power plant: 6%
- Taking x number of cars off the road: 5%
67%

Are unaware of/unfamiliar with utility rebate programs

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Energy conservation activities have declined

- Replaced most incandescent bulbs with CFLs or LEDs: 43% in 2014, 48% in 2013, 45% in 2012
- Adjust thermostat settings to save energy: 42% in 2014, 51% in 2013, 54% in 2012
- Bought ENERGY STAR® certified appliances: 40% in 2014, 45% in 2013, 45% in 2012
- Bought ENERGY STAR® certified electronics: 33% in 2014, 39% in 2013, 38% in 2012
- Always unplug things/turn off power strips: 24% in 2014, 33% in 2013, 34% in 2012
- Completed energy-efficient home renovations (added insulation, replaced windows, caulked, etc.): 17% in 2014, 21% in 2013, 21% in 2012
- Bought a high-efficiency air conditioner, heat pump or furnace: 17% in 2014, 20% in 2013, 17% in 2012

N=2,015
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spend less money every month FOR LIFE

Attic Insulation Saves You MONEY

LET'S LAY DOWN SOME SAVINGS.

15 GREEN HOME PRODUCTS that can save you money and energy

15 GREEN HOME PRODUCTS that can save you money and energy

How Window Treatments Save Money on Utility Bills

Windows can be responsible for over 25% of heating and cooling bills.

Heat is transferred by

Radiation
Conduction through solids
Convection
Infiltration

15 GREEN HOME PRODUCTS that can save you money and energy

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Ultra Touch Multi-Purpose Roll

Ultra Touch Multi-Purpose Roll
We keep trying to “educate” the market, presuming they’ll do the right things if we just tell them what to do
And we keep trying to sell the drill bit, when what people want to buy is the ¾” hole
Other challenges

- Siloed marketing efforts; very little cross-marketing or follow-up
- Too many recommendations
What can we do?
Connect them to the real, underlying benefits of energy efficiency that they actually care about.

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When you communicate, use a one-two punch
The one-two punch:
1. Wake Americans up to the fact that they have an efficiency problem

2. Drive them to prescriptive solutions

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http://www.avoidenergydrama.com
WHAT'S YOUR ENERGY DRAMA?

"MY HOME IS ALWAYS TOO HOT OR TOO COLD!"
Let's get comfortable, shall we?

"ENERGY UPGRADES COST TOO MUCH!"
Have we got some affordable ideas for you.

"WHERE DO I EVEN BEGIN?"
Good question. Here are some good answers.

ENERGY SAVINGS TIP
Power to the strip
You can save up to $100 a year just by plugging your electronic devices into a power strip and turning off the strip when you're not using them.

WITH SUPPORT FROM

Consumers Energy
Metro Detroit

DTE Energy
Results ten months in

- Reached 29,717,234 TV & radio media impressions beyond an annual goal of 15 million
  - $830,294 in free media towards goal of $3,600,000
- Reached 2,389,398 additional media impressions (Pandora & Yahoo)
- Exceeded unique visitor goals at 11,416 (goal – 2,500)
  - 21.5% conversion rate
- 1,098 people have completed a form to sign up for a $99 energy audit
- 19% unaided recall, 28% total recall (unaided and aided)
  - 1.44 million MI residents 18+ unaided
  - 2.13 million MI residents 18+ aided
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Making energy efficiency marketing more efficient via segmentation, personalization, and marketing automation
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Consumers Energy Advisor

To: Casey Skinner
Reply-To: Consumers Energy Advisor
Pay us less. Seriously. And get a $10 gift card to do it!

That’s right. We want you to pay us less by using less energy.

We’re excited to tell you about Energy Advisor – Consumers Energy’s new service that shows you the best ways to shrink your energy bills. That means you pay us less and we reduce our operating costs, so everybody’s happy.

We know what works, and we can help you get results. With Energy Advisor, you’ll get a customized plan that’s packed with cash incentives, helpful tips and expert advice, all of which will lead to measurable savings on your bill.

Enroll now and here’s what you’ll get:
• A plan that’s personalized for you and your home – and designed to get results
• Cash rewards and rebates to keep you moving
• The satisfaction of making energy changes that actually reduce your monthly bill!

ANSWER A FEW EASY QUESTIONS AND GET A FREE $10 VISA® GIFT CARD!

Take the first step on the path to savings and claim your $10 GIFT CARD! It’s only the beginning of what you’ll earn and save.

GET STARTED NOW

[ Hurry, time and space are limited! ]

LEARN MORE

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Pay us less. Seriously.

Consumers Energy Advisor is here to help you shrink your bill. Answer a few simple questions, and we'll give you an easy-to-follow plan to reduce your energy use. Would a $10 gift card get you going? It's yours. And you'll get more cash along the way.

CLICK TO START PAYING LESS!

We're not kidding.

When you use less energy, it actually saves us money. (Here's why.) So we've designed a service that's totally different from others you've seen. It isn't a laundry list of pie-in-the-sky stuff—it's a manageable plan that's personalized for you and lets you know what kind of savings to expect.

We'll even give you a $10 Visa® gift card just to get started!

$75 $350 Pick one? No, have both!

- Do two things from your plan by 12/31/2013, and you'll qualify for $75 cash.
- Do all five things from your plan by 3/30/2014, and you'll qualify for $350 cash.
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Dashboard | Your Plan | Up Next | Your Savings
--- | --- | --- | ---

Your personalized savings plan: five steps to a smaller footprint.

- **Purchase and install CFL light bulbs**: $15 | $40
- **Sign up for free energy savings products and installation**: $40 | $150
- **Recycle an old refrigerator**: $80 | $135
- **Install a new natural gas furnace**: $850 | $270
- **Insulate and seal your attic**: $300 | $270

**Total rewards and savings**: $1,605 | $865

More ways to save: make saving energy a habit!

- **Set your water heater temperature to 120°F**
- **Use Window Treatments to Save Energy**
- **Use Energy-Saving Computer Settings**

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Nice work!

You're over halfway down the path to energy savings... and a more energy-responsible home. Take the next two steps, and you'll truly be able to say you've done your part.

ON TO STEP 4!
Get back on the path! Energy Advisor awaits.

Take the path to energy responsibility.

1  2  3  4  5

It’s been a while since you visited your Energy Advisor, and we miss you! Come on back, pick up where you left off, and let’s lighten your energy bills – and your impact on the environment.

LET’S CONTINUE
Results

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Highly targeted email marketing drives engagement

- **35%** OPENS
- **7%** CLICK-THROUGHS

Industry Averages:
- **15%**
- **3.5%**

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Overall program opt-in rates through the roof

7% Pilots 1-2
15% Pilot 3

Industry Averages
2%

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## Self-reported Measure Completion

### Pilots 1-2

<table>
<thead>
<tr>
<th>Measure</th>
<th>Completion (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heating System Tune-up</td>
<td>33%</td>
</tr>
<tr>
<td>Attic Insulation</td>
<td>26%</td>
</tr>
<tr>
<td>In-home Analysis</td>
<td>24%</td>
</tr>
<tr>
<td>CFLs and LEDs</td>
<td>16%</td>
</tr>
<tr>
<td>Crawl Space Insulation</td>
<td>9%</td>
</tr>
<tr>
<td>Refrigerator Recycling</td>
<td>9%</td>
</tr>
</tbody>
</table>

12% of all participants self-report

### Pilot 3

<table>
<thead>
<tr>
<th>Measure</th>
<th>Completion (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Free Products &amp; Install</td>
<td>64%</td>
</tr>
<tr>
<td>Refrigerator Recycling</td>
<td>47%</td>
</tr>
<tr>
<td>Attic Insulation</td>
<td>39%</td>
</tr>
<tr>
<td>CFLs</td>
<td>18%</td>
</tr>
<tr>
<td>In-home Assessment</td>
<td>18%</td>
</tr>
<tr>
<td>Energy Monitoring</td>
<td>13%</td>
</tr>
</tbody>
</table>

14% of all participants self-report

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A Behavioral Framing Experiment

Test four different behavioral framing principles in email campaign effectiveness

- ENDOWMENT
- SOCIAL PROOF
- LOSS AVERSION
- POWER OF FREE

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## Behavioral Experiment Results

<table>
<thead>
<tr>
<th>Behavior Principle</th>
<th>Opens</th>
<th>Clicks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss Aversion</td>
<td>64%</td>
<td>27%</td>
</tr>
<tr>
<td>Social Proof</td>
<td>60%</td>
<td>21%</td>
</tr>
<tr>
<td>Endowment</td>
<td>54%</td>
<td>17%</td>
</tr>
<tr>
<td>Power of Free</td>
<td>55%</td>
<td>7%</td>
</tr>
</tbody>
</table>
Let’s not forget after-the-fact behavior modification
Over half of potential buyers admit they would likely use energy-efficient products more.

53%

Source: Energy Pulse 2013
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Source: Energy Pulse 2013
Gain a sustainable advantage

Source: Energy Pulse 2013
Gain a sustainable advantage

Source: Energy Pulse 2013
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Takeaways
Takeaways

- Understand that people are now skeptical of energy efficiency/save money claims
- Don’t try to educate, scare or spin them into buying
- Talk in normal, human terms; avoid industry jargon
- Wake them up to the fact that they have a problem
- Push increased comfort for the family, healthier for everyone in the home, controlling energy bills, less waste and better resale value
- Deliver the right message to the right segment
- Push behaviors, not just products
- Create specific, logical action steps forward for folks

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Discussion
Thank you!

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