

Targeted Marketing Strategies that Increase Energy Efficiency Program Participation of Commercial Companies

Fred Dreher, Franklin Energy Services, Port Washington, WI

Jan Peiffer, Franklin Energy Services, Port Washington, WI

Judy Mathewson, We Energies, Milwaukee, WI

ABSTRACT:

This paper demonstrates how a targeted and synergistic approach to marketing energy efficiency programs can increase program awareness, participation levels, and the quality of implemented projects.

The presenters of this paper have been implementing three commercial and industrial incentive programs for a Wisconsin-based utility since 2004. The Prescriptive, Custom and RFP programs were successful in gaining new participants while maintaining relationships with existing customers and allies. Using a two-pronged strategic approach, customers and Trade Allies received frequent, informative communications. Over the duration of the program, relationships have been nurtured, trust gained, and knowledge of the programs has flourished. As a result, we saw an average increase in the quantity of Prescriptive applications in the range of 30% to 40% from program year to program year. We also realized an improvement in the technical quality of the custom submittals received by the contractors.

Four key elements of successful program development and implementation are reviewed:

1. The Importance of Timing
2. Good Communication
3. Trusting What Works
4. Taking Reasonable Risks

By discussing several program efforts, both successes and disappointments, we hope that we can help other utilities take advantage of our experiences and avoid some of our mistakes.

Introduction: Setting the Context

We Energies is an electric and natural gas utility based in Milwaukee, Wisconsin, serving 1.1 million electric and 1 million natural gas customers in Wisconsin and Michigan. In late 2003, the utility was ordered, as a condition for approval of an application to construct a power plant, to prepare a plan to achieve 55 MW of peak demand reduction. This target corresponded to the amount of achievable potential estimated to be available by 2008, when the new plant was due to come online. The plan was approved by the Public Service Commission of Wisconsin in May 2004.

We Energies targeted the fourth quarter of 2004 for implementation of most major programs. Its strategy called for simultaneous development of detailed program plans, an evaluation methodology, and a tracking system to ensure that all programs were in place in time for launch.

The programs were launched under the umbrella marketing theme, “Energy Incentives from We Energies.” The portfolio of programs was designed to reach a broad mix of customer classes, including residential, agriculture, multi-family, and commercial and industrial.

FOUR KEY ELEMENTS OF SUCCESSFUL PROGRAM IMPLEMENTATION

The following broad categories encompass four key elements in the management of the overall program.

- The Importance of Timing
- Good Communication
- Trusting What Works
- Taking Reasonable Risks

In this section, each of these categories is considered in turn. Examples of successes and failures encountered are provided.

1. The Importance of Timing

A key to successful program implementation was proper timing of marketing strategies. In this regard, a critical aspect was the development of a tracking system which could measure program element performance and the level of Trade Ally support. Trade Allies are defined as independent market supporters including contractors, architects, and equipment suppliers. This tracking system allowed We Energies’ program managers to monitor performance of the entire portfolio of marketing strategies, allowing them to compare harvest rates, harvest times, costs per kW/kWh, and other key metrics to provide instant feedback. Managers were able to use these results to adjust tactics to reflect market realities and to update the marketing plan throughout the implementation of the program.

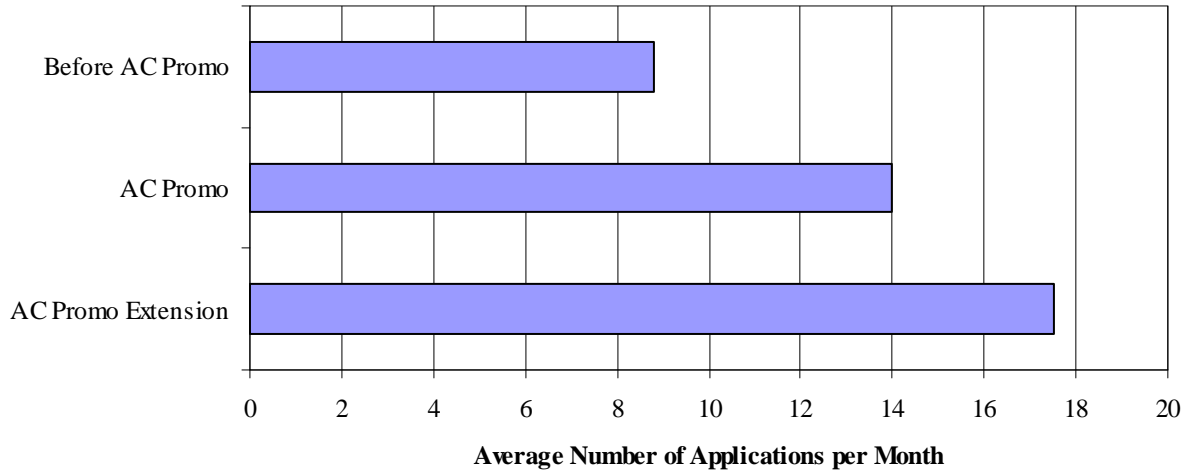
Beware of Seasonal Effects

One illustration of both bad and good timing was the “Cool Bonus Rewards” initiative for energy efficient packaged air conditioning units, which were primarily rooftop units. Initially, the incentive for conversions to high efficiency units was set at \$25 per ton. Response to this incentive was determined to be much slower than projected. Franklin Energy Services, serving as the implementation contractor, proposed to triple the incentive to \$75 per ton in order to stimulate greater levels of conversion and higher awareness of this program in the marketplace. It was felt that a March bonus would be appropriate for this effort, as it would be set up to anticipate the cooling season. The incentive increase resulted in disappointing results. Trade Allies, interviewed to find out the reasons for the poor response, revealed that most air conditioner distributors actually purchase their inventory in the fall of the previous year. The program was adjusted accordingly, with the same incentives offered in the fall. The number of applications submitted the next summer more than tripled over the previous year.

Two lessons were learned. Timing of seasonal promotions was crucial to success. Conducting research on purchasing and stocking practices among Trade Allies was critical in

ensuring program adoption and, ultimately, performance. Shown below in Figure 1, is a graphical representation of these results.

Figure 1: Increase of Applications with Extension of AC Promo



2. Good Communication

Creating broad awareness to We Energies’ customers was an important prerequisite to gaining customer acceptance and participation. We Energies and Franklin Energy Services tried several innovative approaches to enhance communications to customers. Local media and the We Energies website were used extensively to communicate program features and enhance awareness among We Energies customer base.

Eliciting Trade Ally Involvement

Trade Allies were a primary program target and played an important role in influencing end-user decision-making and demand. Educating these important influencers on the essential aspects of the various programs offered was a priority. Trade Allies were invited to programs presented in a “pod approach” to make the meetings as effective as possible. Three or four different topics (pods) were offered simultaneously, each consisting of a concise, personal presentation. Pod presentations were repeated on 15- to 20-minute intervals, allowing the Trade Allies to attend the pods they were interested in and skip the pods that were not applicable to their business.

Roundtable discussions were also used extensively to consult with Trade Allies as to which program aspects were or were not working well for them. Several Trade Allies were invited to attend these sessions, each having a similar technical interest. Wide-ranging discussions were encouraged, and valuable technology-specific program modifications were suggested. These meetings were an excellent way to learn what was and what was not working in the field for both Trade Allies and customers. Despite being competitors, the participants often found common ground in the discussions and generated a wealth of ideas that helped each sell energy efficiency products more effectively. Ideas gleaned from these meetings resulted in a

number of improved offerings. For instance, we developed both an energy recovery ventilator incentive and a chiller incentive as a result for these discussions.

Community Meetings

Community outreach meetings were held to more efficiently reach a larger customer audience. Four to six meetings were planned throughout the We Energies service territory and customers chose the location and date that fit their schedule. This tactic included selecting “champions,” such as a governmental officials or community leaders, to endorse the We Energies programs. The first of these meetings was held in the City of Wauwatosa, Wisconsin, where the Mayor kicked off the event. The event was held at a familiar, easy-to-access location, the Milwaukee County Zoo. Since then, biannual community meetings have been held across the We Energies service territory, at venues such as industrial parks, newly renovated buildings, and university campuses.

Newspaper Articles

A series of newspaper articles about “going green” were developed for a local business journal. These articles discussed a variety of topics from energy efficiency to renewable energy. They were advertorial, providing both an advertisement and an editorial. There were no specific measures tracked for this effort; however, we know the subscriber demographics matched our target audience well and believe the continual presence of energy efficiency messages was a benefit to program awareness. We feel the business community benefited from learning about our efforts with energy efficiency and renewable energy.

Web Pages

One of the most effective tactics to educate customers on the program was through the We Energies website (www.we-energies.com/EE). The web page was the most frequently used marketing tool in the program, with roughly 100 new users every month. Its intuitive design allowed users to easily seek information, ask and receive answers to questions, download application forms, view case studies, and gather other program information.

3. Trusting What Works

Every marketing plan can benefit from a core set of essential and proven tactics to ensure effectiveness in meeting the program goals. It is important to insure that adequate time and effort be directed to these tactics, as they are key to enhancing program acceptance and securing broad participation. Below is a discussion of elements of our marketing program which we found to be particularly effective.

Providing Compelling Case Studies

Case studies were extremely useful in illustrating in plain terms the benefits of particular program measures for potential participants. Case studies providing endorsements from other

customers who had already benefited from specific program offerings gave other decision makers greater comfort and concrete expectations for program participation.

Case studies were designed to highlight program implementations and identify actual investments and resulting energy savings. They were written in concise, easy-to-read language, and featured photos and simple calculations. Case studies were printed and distributed through Trade Allies, used in advertising campaigns, and available on the website.

We did not develop a large quantity of case studies. Rather, we developed a matrix by target audience and technology and ensured we had a sampling to point to for every mix of customer and end-use technology. After all, a case study touting the benefits of an air compressor system retrofit would not be of much interest to a hotel owner. A matrix of We Energies case study plan by technology and building type is shown in Figure 2 below.

Figure 2: Matrix Showing We Energies Case Study Plan for Commercial and Industrial Energy Efficiency Projects

Technology ↓ Building Type	High Performance T8 Conversion	Occupancy Sensors	High Bay Fluorescent	Food Service	Rooftop Units	Chiller	Variable Speed Drive Air Compressor	Other
Office					Guhring			
Industrial			1) Waukesha Engine 2) Rockwell Automation				Pierce Mfg.	
Hospital	Appleton Medical Center							
Retail			Wheel & Sprocket					
Warehouse		West Bend Warehousing	Sysco					
School						Milwaukee Area Technical College		
Grocery			Outpost Foods					
Hotel/Motel				Embassy Partners				
Government						War Memorial		Kenosha LED Traffic Lights

Maintaining a Competent Call Center

The call center was essential in enhancing program marketing efforts. Trained call center personnel were able to answer questions and address customers' concerns. On a number of occasions, call center personnel were used to alert customers to an upcoming direct mailing with a specific program offering, providing a quick preview of the contents. Call center personnel were also used to follow up on mailings with phone calls to reinforce messages, to ensure that the mailings had been received, and to answer any questions customers had.

4. Taking Reasonable Risks

Not all efforts associated with any major marketing effort will be assured of success. In fact, successful programs often try new and innovative approaches to enhance customer participation. Without incurring some risk, there is no way of knowing if new features will work or not. Following are some examples of risks and rewards that were undertaken in the We Energies program.

Customer Blitzes

Midway through program rollout, participation by medium-sized businesses was lagging behind other customer segments. While this segment had not been identified as an important primary program target, it was decided that an intensive, six-week promotion, labeled “The Green Blitz,” would be targeted to these potential participants. Everyone on the Franklin Energy team was involved in the blitz and was given a quota of customers to reach and timeframe within which to meet with them. The risk of such an effort was high, since a great deal of preparatory work and associated costs were expended with no assurance of a consequent return in terms of increased program participation.

The first step undertaken was to examine the We Energies database to determine the appropriate customer size and to develop the mailing lists. Next, the service territory was divided into four regions. Four staggered mailings were sent to these customers. Shortly after each mailing, call center staff contacted the customer asking for a 20-minute appointment. The call center staff then scheduled follow-up appointments for customer service staff. Site visits were kept to 20 minutes unless the customer invited the service team member to stay longer.

This tactic proved to be very successful. After visiting over 320 customers, project implementations amounting to over 500 kW in demand reduction were achieved. A poorly performing segment was converted into a positively contributing one. Middle-sized customers had simply been unaware of the programs being offered. The blitz directly addressed that problem.

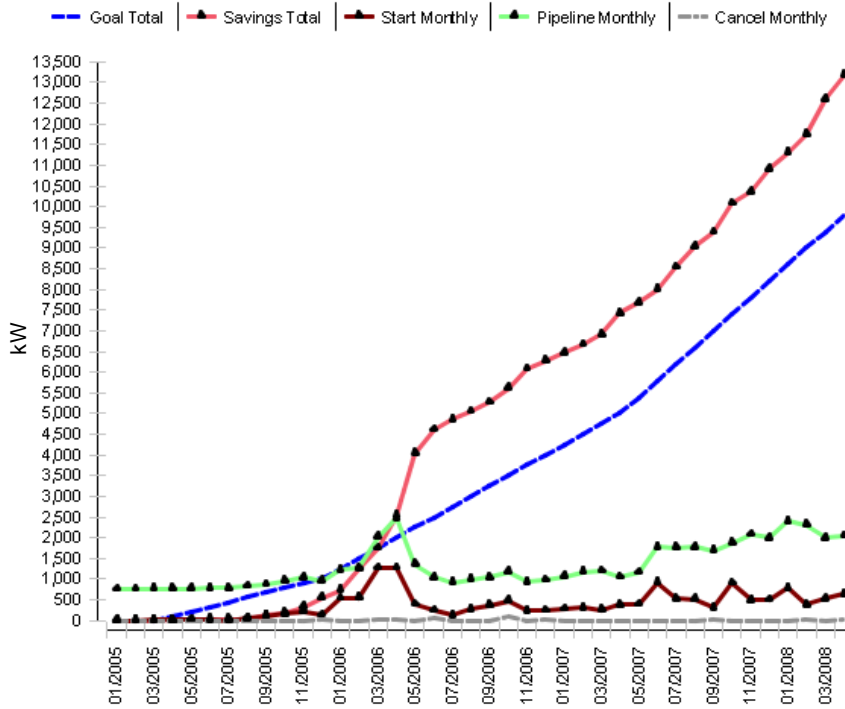
A further benefit of this intensive marketing effort was to create a high level of teamwork among the staff. Everyone cooperated in this blitz and wanted it to be successful.

Short-Term Promotions

In mid-2005, results for the Prescriptive Program’s portion of the 55 MW effort were lagging behind the 2008 program goal of 9.0 MW. In order to generate quick results while limiting the possibility of free riders, a 120-day promotion was offered to this customer segment. Customers converting to high bay fluorescent lighting would receive a \$75 incentive per fixture. This specific promotion was selected based on an inclination among program management that a fair number of customers were considering high bay fluorescent proposals but had not yet been motivated to act.

The payoff for this promotion was substantial. Within the 120-day period of the promotion, 381 applications were received, generating 6,600 kW in savings. This represented approximately two-thirds of the energy savings goal set for this customer segment for that period. Figure 3 below shows the dramatic increase in the Prescriptive Program base on the High Bay Fluorescent short term promotion.

Figure 3: Impact of Savings Curve, Due to High Bay Fluorescent Promotion



Trade Ally After-Work Gatherings

A Trade Ally liaison who was fairly new to energy industry suggested holding Trade Ally meetings in the afternoon instead of mornings. Meeting schedules were altered to include afternoon sessions. Of the four meetings held in the afternoon, two were among the biggest events for Trade Allies ever scheduled. Not only were the afternoon sessions well attended, but there were also some new faces that had not been present at the earlier breakfast meetings. The lesson learned was to provide a mix of meetings at a variety of venues in order to promote greater awareness of and participation in program offerings.

Approach to Engaging Hard to Reach Commercial Market

We formed a strategic partnership with an independent consultant specializing in working with non-profit organizations. The Energy Stewards program pilot targeted religious congregations to help them identify energy savings opportunities, understand financial incentives available to them, and provide support through their project implementation process. To date, this process has helped over 270 organizations lower their monthly energy bills. Interested representatives attend a two-hour session to learn about the Energy Stewards process and program offering. Interested parties can then benefit from a free facility audit and understand

improvement opportunities unique their facility. Feedback from participants tells us that a key factor to the success of this program is the online ability for the congregations to log and track their progress while also viewing the success of their peers. This peer forum provides support, spurs ideas, and helps one another “sell” the benefits of implementation to their members and financial committees for project approval.

Due to the success of this Energy Stewards for non-profits efforts, we began to replicate the process for multi-family property owners. A Roundtable session with six key management firms helped us to design a program that matches this audience and prepare for a program kick off in June 2008.

Engineer/Supplier Bonus

One effort that appeared to have a reasonable chance for success ended up not providing much incremental benefit. An engineer bonus of \$100/kW for any non-lighting project proposed and implemented was put in place. For example, if an engineer proposed a chiller replacement in a study and the savings turned out to be 100 kW, the engineer would be eligible for a \$10,000 incentive should the project be implemented.

Engineers did not respond to this program. The incentive was in place for a year, but generated very low participation levels. A formal survey to determine why this incentive offer failed to attract more attention and participation was not conducted. It was suspected, however, that many engineers were too busy on subsequent projects to effectively follow up with the customers and help motivate them to move ahead with non-lighting measures. There may have been an issue as to who would actually benefit from the incentives offered – the engineer or the customer for whom the engineer was working. In any case, results were disappointing, although the financial risks entailed were quite small.

Conclusions

Marketing energy efficiency programs is a complex venture. Program implementation teams work with a myriad of allies and customers, representing a variety of sizes and interests. It is important to consider the following points when putting together a solid marketing plan.

- *Consider the timing.* Make sure the timing of each tactic is appropriate for the customers and the Trade Allies involved.
- *Be cognizant of your market.* Investigate the marketplace to ensure the proposed tactics have a reasonable chance of achieving the desired impact.
- *Try multiple tactics.* Do not rely on only one or two proven approaches. It is important to try multiple tactics. However, in doing so, make sure the timing is right for the multiple tactics you intend to deploy.
- *Do not be discouraged by what does not work.* Not every tactic utilized will provide the desired result. It is important not to get discouraged, but rather to learn from such experiences.
- *Monitor program implementation.* A high quality monitoring system will allow for instant feedback and adjustments to tactics to improve program delivery.

The results of the marketing tactics used in the implementation of the Energy Incentives from We Energies programs have been dramatic. The savings goal established by the Public Service Commission of Wisconsin was for We Energies to save 55 MW of demand off of their electric system. As of April 30, 2008, We Energies has achieved savings slightly greater than 50 MW with eight months of the program remaining. This progress of the program is shown below in Figure 4. Also, a breakdown of the individual programs under the Energy Incentives from We Energies portfolio effort and how their contribution is allocated is shown in Figure 5.

Figure 4: Energy Incentives from We Energies Program Progress

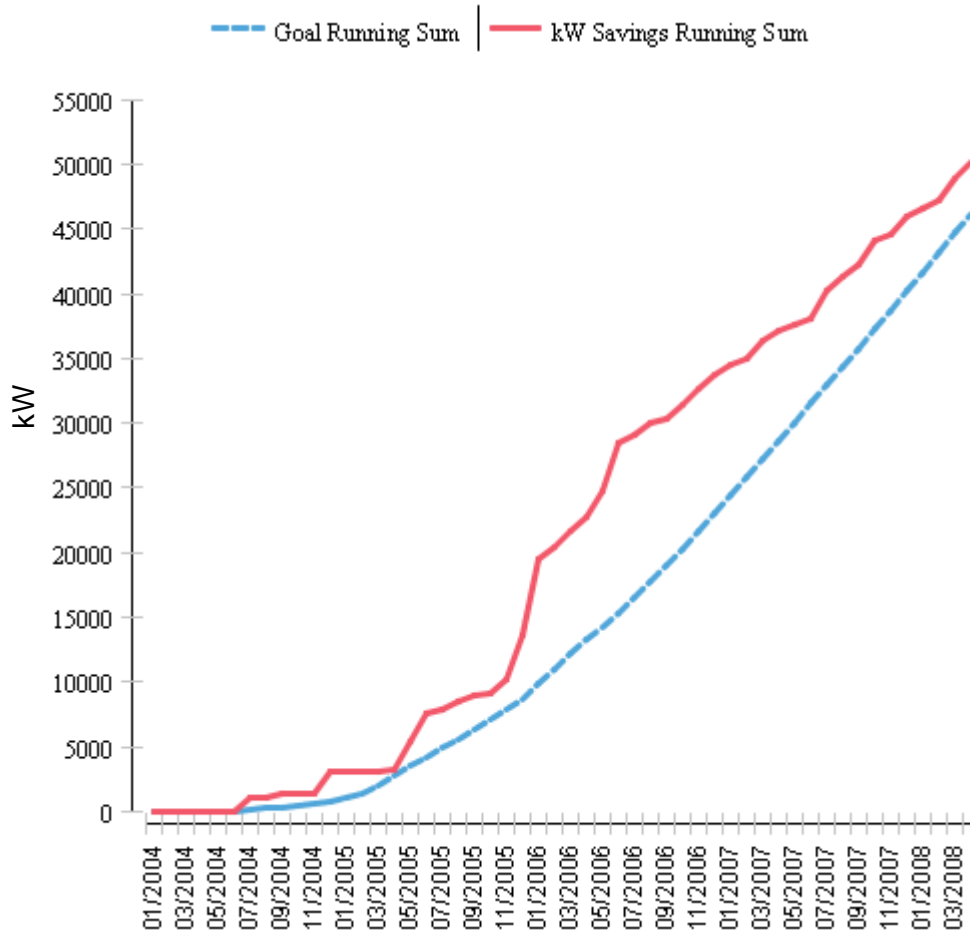
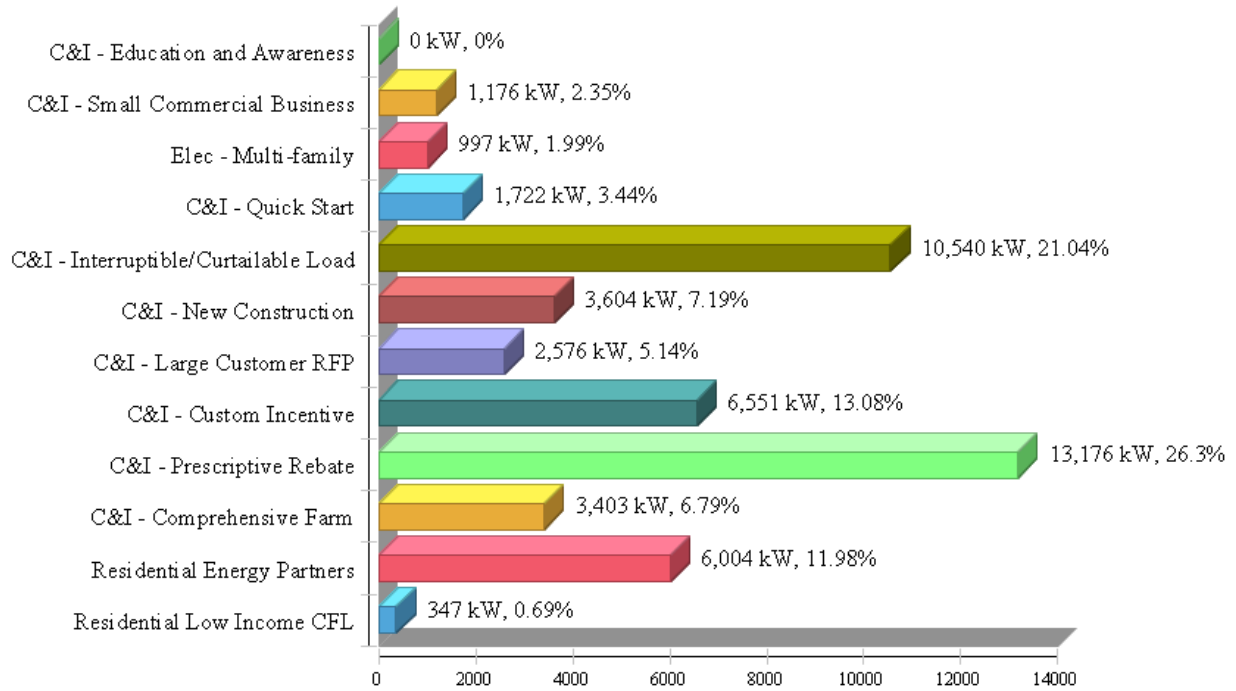


Figure 5: Savings Split for the Energy Incentives for We Energies 55 MW Portfolio of Programs



References:

We Energies 2008. Energy Incentives from We Energies program personnel and the utility’s proprietary iAvenue tracking system