

## MARKETING PLAN

Generating demand for home energy efficiency upgrades is vital to driving capital acquisition and achieving CEWO's mission. While many have tried marketing home energy improvements to American homeowners - retailers, utilities, contractors, manufacturers, governments and non-profits - there has been limited success in galvanizing homeowners. Some of these organizations have espoused the potential for lower energy bills, others have tried appealing to environmental concerns, greater comfort or even the patriotism of energy independence.

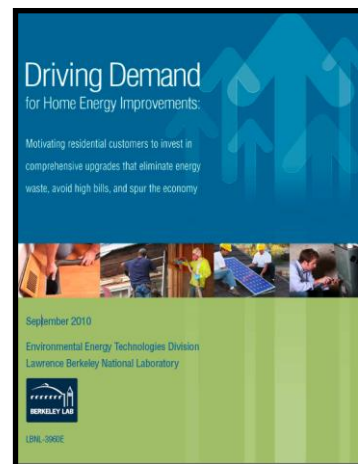
Yet, according to a recent report by the Lawrence-Berkeley Livermore (LBL) Labs, the only programs that have achieved significant adoption rates are those that deeply subsidized the cost of the upgrades – an approach that is neither financially sustainable, nor politically practical. In contrast, Clean Energy Works Oregon will ask homeowners to take on the majority of improvement costs. This lack of subsidies may be the greatest demand creation challenge facing Clean Energy Works, but it is far from the only demand creation challenge:

- The decision process on this \$12,000 purchase is complex and lengthy
- The purchase process involves technical jargon and concepts unfamiliar and intimidating to most homeowners
- Unlike solar panels or hybrid vehicles, insulation and new furnaces are inconspicuous and so are less effective social “badges”
- The impact (the absence of wasted energy) is largely intangible and may be undermined by changes in behavior

### The Ghost of Programs Past

Fortunately, the authors of the LBL report have also been able to draw lessons learned from 14 past residential programs, an extensive literature review, interviews with industry experts and surveys of residential contractors. In the report the authors recommend the following principles to marketers like Clean Energy Works:

- It is not enough to provide information; programs must sell a more appealing benefit such as health or comfort
- Find and target early adopters
- Partner with trusted messengers
- Language is powerful: use language consumers understand, frame statements in terms of loss rather than gain and induce public commitment from homeowners.
- Contractors are program ambassadors
- One touch is not enough



### Lesson from the Pilot

There are also many lessons to be learned from the marketing channels tested during the Clean Energy Works Portland pilot which included traditional media, earned media, community outreach, and targeted direct mail.

- 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

## The Marketing Vision

As you can see, there are many challenges, but there is also a strong base of knowledge on which to build. More importantly, Clean Energy Works has the opportunity to re-envision how and where to market home energy improvements; a chance to boldly infuse tried-and-true best practices with greater emotion.

Can we envision a day when homeowners might line up for home energy upgrades the way consumers line up for an iPad? Or a time when homeowners are as eager to show off their new tankless hot water heater as they might be to show off a Prius?

Aspiring to create this reality will require a careful balance of micro and macro marketing strategies. With limited marketing resources, Clean Energy Works must employ highly targeted strategies aimed only at the most qualified homeowners. Yet, to convey a sense of scale and importance, Clean Energy Works will also need to employ select mass media strategies. Only when layered together will these strategies send homeowners rushing to secure their spot in line.

## Marketing Objectives

To achieve this ambitious vision, the following three marketing objectives have been established for Clean Energy Works Oregon.

1. **Lead Generation: Generate 18,000 qualified leads during the 3 year grant period**  
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.
2. **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.
3. **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.

## Marketing Strategies:

### Objective 1: Lead Generation

#### 1.1 Target early adopters and influencers in each market

While early adopters may vary by market in their demographics and lifestyle, they are likely to share some the following:

- They feel a sense of urgency about an energy efficiency pain point in their home
- They have already tried something that has not sufficiently addressed this pain point
- They have already invested some time to explore other options
- They are active in their community and in a position to influence others

### **1.2 Differentiate Clean Energy Works Oregon in a way that wins the head, heart and wallets of early adopter homeowners**

Rational benefits alone have proven insufficient to generate widespread adoption of home energy improvements. CEWO must identify underlying emotional levers such as comfort, control, confidence and pride. In this way, CEWO will win both the head and heart of a homeowner.

### **1.3 Build targeted awareness through partners and local campaigns that create a sense that CEWO is “everywhere.”**

Through a combination of micro-targeting and grassroots neighborhood marketing, the CEWO brand will appear “everywhere” from a homeowner’s mailbox, to their local coffee shop and will drive them to learn more at CEWO’s website.

### **1.4 Engage community organizations and contractors as a virtual sales force**

CEWO will provide a suite of sales materials to this virtual sales force and create a sales incentive program that ensures these materials are distributed to targeted homeowners.

### **1.5 – Develop a Community Based Social Marketing program for local governments and their community outreach partners**

Community organizations and leaders (faith based, education, cultural etc.) will be enlisted to conduct neighborhood outreach campaigns, while homeowners that have completed a CEWO retrofit will be inspired to share their positive experience with neighbors, family members, friends and co-workers.

## **Objective 2: Conversion**

### **2.1 Engage applicants with vivid presentations of CEWO’s features and benefits**

CEWO will foster greater confidence among homeowners that have had an energy audit using a suite of visual tools for online and personal sales interactions, including educational videos, infographics and online animations.

### **2.2 Employ a lifecycle customer contact strategy that nudges applicants through the conversion funnel.**

A rules based lifecycle campaign that “nudges” homeowners along with reminders and incentives will be delivered to homeowners through multiple channels such as email, direct mail and text message.

## **Objective 3: Behavior Change**

### **3.1 Increase energy use transparency once a homeowner’s upgrade is complete.**

Explore partnerships with utilities and hardware/software solutions providers that allow homeowner’s to better monitor their own energy use.

### **3.2 Create energy-use social norms to which homeowners can compare themselves**

Allowing homeowners to see how their energy use compares with that of relevant peer groups (ie. other families, neighbors, city-wide averages for their demographic) will create a social norm for them to follow.

