Combining Efforts: The Joint-Utility Regional Marketing Campaign

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Utilities have been delivering demand-side management (DSM) services to residential customers for a number of years. Despite offering similar incentives for similar energy-efficient technologies, utilities typically promote their DSM programs independent of the marketing activities of neighboring utilities. As a result, individual utility marketing may lead to an unnecessary duplication of efforts in areas of marketing, personnel and administration.

In contrast, a regional joint-utility marketing campaign may reduce per-utility marketing expenditures, increasing the effectiveness of dollars spent pursuing energy efficiency. DSM marketing based on regional rather than service territory boundaries also offers the potential benefits of reducing confusion about available DSM programs for customers and trade allies in areas of adjoining utility territories. Customers who live and work in adjacent service territories often receive conflicting messages as they are exposed to the marketing activities of several utilities.

A joint-utility marketing campaign was designed for a select region of Wisconsin. The proposed regional marketing campaign involved many innovative components, including a "DSM broker" as the central marketing entity, mass media messages promoting "core" DSM technologies, and program uniformity in customer literature and incentives. Market preparation was also included in the design to ensure adequate product availability for both distributors and customers. The campaign components were designed to make participation convenient for customers, trade allies and the DSM broker.

This paper presents a case study and will discuss the design and development of the joint-utility regional marketing campaign proposed in Wisconsin. It presents details about the identification of an appropriate marketing region, the program's components, and the coordination of multiple utilities' programs into a universal DSM campaign.

Introduction

Utility residential demand-side management (DSM) programs are traditionally delivered independently of the DSM programs of neighboring utilities. As a result, customers and trade allies (i.e., retailers, dealers and contractors) in adjacent service territories may receive conflicting DSM program information (e.g., on incentives, eligibility requirements, technology options, etc.) from multiple utilities. In addition, because utilities typically target similar technologies, often with comparable incentives, marketing efforts are duplicated, as are the associated personnel and administrative costs. In contrast, coordinating utility marketing efforts on a regional basis can reduce customer and trade ally confusion about DSM program offerings in their area, as well as increase the effectiveness of residential DSM marketing dollars by reducing each utility's individual marketing investment. Also, by coordinating and consolidating residential marketing activities, a joint-utility campaign may more effectively encourage trade allies to support DSM programs offered in the region.

Because different utility residential programs involve some programmatic distinctions, in terms of rebate levels or eligible products, for example, many utilities have in the past been reluctant to promote their residential programs in areas of adjoining utility service territories through mass media avenues, particularly television, in which a large geographical region receives the same message. A regional marketing campaign would break down media market barriers that are conventionally established based on service territory boundaries and promote DSM technologies regionally. Coordination among the utilities in

delivering residential demand-side programs and services would also offer many economy-of-scale benefits beyond those achievable by individual utilities.

Wisconsin Demand-Side Demonstrations, Inc. (WDSD), in cooperation with Wisconsin Energy Conservation Corporation (WECC), designed and developed the regional marketing campaign concept. WDSD is a not-for-profit corporation comprising representatives from the state's electric utilities, government organizations and public advocacy groups. Its role is to assess energy-efficiency opportunities and identify innovative DSM marketing strategies via demonstration projects throughout Wisconsin. The joint-utility regional marketing campaign was developed in the summer and fall of 1993 and was proposed to both electric and gas utilities within a selected region of Wisconsin for implementation as a WDSD demonstration pilot project.

The regional marketing campaign design includes several innovative program components. Specific campaign components include the following:

- A "DSM broker" that serves as the central marketing entity for the project
- The promotion of DSM technologies "core" to the offerings of participating utilities
- Program uniformity in customer literature, education, and incentives
- Market preparation to ensure availability of targeted products from trade allies

The goals and benefits of a joint-utility regional marketing campaign are discussed below, along with details on the process of selecting an appropriate host region for the campaign and on each of the program components listed above.

Goals and Benefits of the Campaign

The joint-utility regional marketing campaign has three primary goals: 1) to increase the effectiveness of utility dollars spent on residential DSM marketing; 2) to reduce confusion about DSM programs and services available to customers residing in areas of adjoining utility service territories; and 3) to break down the media limitations that result from establishing program boundaries based on individual utility service territories.

The project strives to increase the effectiveness of utility dollars spent on residential DSM marketing by pooling utility funds to host one regional marketing campaign, rather than each utility budgeting their own individual efforts. The participating utilities are likely to enjoy economies of scale that would lower their marketing expenditures.

More importantly, however, the dollars each utility does spend on marketing through the campaign can be expected to be more effective than individual marketing expenditures for a few reasons. A mass media campaign has the potential for reaching larger numbers of each utility's customers. In addition, the campaign's design inherently makes DSM program participation for customers, as well as trade allies, more convenient, which would likely result in higher participation levels, Thus, by increasing the number of customers reached and the number of participants, while potentially lowering per-utility marketing expenditures, the effectiveness of dollars spent on residential DSM program marketing would be expected to increase.

A second important goal of a joint-utility regional marketing campaign is to reduce confusion about DSM programs and services available to customers residing in areas of adjoining utility service territories. Because these customers live within the media reach of multiple utilities' marketing activities, they are often targeted with information on DSM programs from both their own utility and other neighboring utilities. As a result, customers in these regions are often confused as to which programs they are truly eligible for, or why they cannot participate, for example, in the program they saw promoted in the newspaper. Likewise, trade allies in areas of adjoining service territories are also subjected to marketing efforts from a variety of utilities, Contractors, especially, often have difficulty sorting out the different incentives and eligibility requirements associated with various utility DSM programs in the region. Based on which service territory they live in, different customers of the contractors in these areas are eligible for different utility programs. A cohesive regional marketing campaign that involves standardized DSM offerings and uniform program marketing would overcome this confusion, both for customers and trade allies in regions of multiple utility service territories. Again, this increases the convenience of participation for both groups in DSM programs offered through the campaign.

Because the residential program offerings of different utilities involve some unique components or incentives, utilities have typically been reluctant to use all available media to promote programs in areas of adjacent service territories. As a result, the geographic scope of utility DSM marketing activities has tended to correspond only with the utility's own service territory. By coordinating marketing efforts throughout a broader market region, more mass media can be used to reach a larger number of eligible customers. Also, the definition of appropriate

boundaries for the market region would allow for a more effective match between the eligible customer base and the media markets serving the area. Thus, the third goal of the joint-utility regional marketing campaign is to break down the media limitations that result from establishing program boundaries based on individual utility service territories.

Research and Program Development Methodology

Initial research began by conducting focus groups of both utility representatives and customers to determine the potential for a joint-utility DSM marketing campaign. Ten utility representatives met to suggest ways that Wisconsin utilities could better coordinate their DSM marketing efforts and discuss customer attitudes toward DSM programs, current programs offered by their utility, and how Wisconsin utilities could cooperate towards a common goal.

The customer focus group identified customer awareness of utility DSM programs and addressed ways utilities could simplify customer participation in these programs. The group felt the best improvement utilities could make in their demand-side programs would be to establish an entity to provide information on conservation and efficiency products and technologies, especially one offering a toll-free hotline. They felt it was important that the utility not be the operator of such an entity so as to avoid bias. Participants also viewed favorably the availability of utility programs and point-of-purchase promotions.

Next, regions of adjoining utility service territories in Wisconsin were identified. Information was collected on areas where the territories of two or more Class A electric utilities meet, including information on the municipal utilities, electric cooperatives, and gas utilities within the regions. Based on this research, a list of potential regions to host a joint-utility marketing campaign was developed.

Following this, the media mix for each of the initially selected regions was determined, identifying major television, radio and newspaper outlets in each area. Based on this media information, a narrowed list of two regions was developed, designating the Wausau and Green Bay-Appleton "market" regions as high potential areas for further investigation.

Research of the two market regions continued with identification of the residential DSM technologies and programs targeted by the utilities in each area, along with information on efficiency standards, incentive levels and other specific information associated with each program. Major differences and similarities among the various utility programs were also noted. Using this information, an initial list of "core" DSM technologies was selected as candidates for promotion in the regional marketing campaign.

Based on the research findings, an initial plan of action for further project development and implementation was developed. Recommendations addressed the selection of a host region with the greatest potential for the project, the "core" DSM technologies and programs most appropriate for promotion in the campaign, and the development of a rudimentary media strategy.

The Market Region

Essential to the success of a regional marketing campaign is establishing an appropriate "market region" to host the project. The ideal market region would include many adjoining utility service territories, because such an area contains many customers and trade allies who are often targeted by conflicting DSM messages from neighboring utilities. Also, by involving a large number of utilities in the campaign, the economies of scale for marketing expenditures would likely be increased and would provide small municipal utilities with the opportunity to initiate DSM programs within their service territory. Demand-side management is often cost-prohibitive for these small utilities due to their limited financial and personnel resources. Lastly, including a large number of utilities increases the opportunities for establishing "core" DSM technologies and programs-offering greater flexibility in selecting energy-efficient technologies and services that will be included in the marketing campaign.

Media markets play a very crucial role in the selection of a market region and its boundaries. Use of media such as television, radio, and newspapers should be included in the regional campaign, with emphasis placed on the mass media—television and radio—in order to reach the largest number of eligible customers. (Because each region of adjoining utility service territories has at least one major newspaper, newspaper outlets become the least important factor of consideration in determining the media potential of a region.)

Wisconsin contains five major television markets, each with closely corresponding radio markets. In developing the joint-utility marketing campaign for Wisconsin, each of these markets was assessed for its potential in achieving the goals of the regional project. One market is split between two broadcasting centers and also serves some counties of Minnesota, which are serviced by non-Wisconsin utilities. Two other television markets exhibit lower potential for a joint-utility campaign because they include metropolitan areas that have historically been heavily targeted by utility DSM efforts. Thus, based on

mass media markets and past DSM activity, the two remaining markets-the Wausau and the Green Bay/ Appleton television markets-were chosen as potential candidates for the Wisconsin regional marketing campaign.

Both the Wausau and Green Bay/Appleton market regions offer significant potential for joint DSM marketing by Wisconsin utilities. After further research and program development, however, the Wausau region was recommended for the Wisconsin campaign for several reasons. First, the Wausau market region contains a larger number of utilities than the Green Bay/Appleton region, especially within a very concentrated area. In particular, a subregion including the cities of Wausau, Stevens Point, Wisconsin Rapids and Marshfield includes service territories of six different Class A electric utilities. The total region is serviced by 10 utilities, composed of investor-owned electric and gas utilities, as well as a number of electric cooperatives and municipal utilities. Due to the larger number of servicing utilities, the Wausau region also has a broader variety of existing utility DSM programs and thus, a larger list of DSM technologies "core" to each utility's residential offerings. (These are discussed in a later section.) Because not every "core" DSM technology is necessarily appropriate for a mass marketing campaign, the greater number of common technologies offered in the Wausau region affords more options from which to choose for the regional campaign.

The Wausau region also offers greater promise in terms of potential DSM impact. Because the Wausau market is less populated than the Green Bay/Appleton area and is further from the corporate centers of the utilities that service the area, it is assumed that DSM advertising and program offerings have been less targeted to the Wausau region. Utilities traditionally focus a greater portion of their marketing budgets on larger population centers. Because the Green Bay/Appleton region also contains the relatively large cities of Oshkosh, Manitowoc and Fond du Lac, it is probable that the servicing utilities have concentrated significant marketing efforts in this area, especially in comparison to the Wausau market region.

Geographical scope and population also was a factor in recommending the Wausau region. Because the Wausau market region is less densely populated in comparison to the Green Bay/Appleton region, it would likely prove more manageable and conducive to a pilot project. A smaller population would lend itself to easier organization and coordination among the utilities involved, as well as to less cumbersome market preparation in the region. In addition, the Wausau region lies solely within the state of Wisconsin, while the Green Bay/Appleton market includes four Michigan counties. A map of the Wausau television market appears in Figure 1, along with some information on the number of households in the region.

Campaign Components

The regional marketing campaign incorporates several marketing strategies uncommon to traditional utility DSM marketing efforts. These include creating a "DSM broker," identifying and coordinating "core" DSM technologies, and establishing program uniformity across the region.

Wausau-Rhinelander, Wis. (131)

ADI TV Households: 160,400

WSAW-TV Wausau, Wis., ch. 7, CBS
WAOW-TV Wausau, Wis., ch. 9, ABC
WJFW-TV Rhinelander, Wis., ch. 12, NBC
*WHRM-TV Wausau, Wis., ch. 20, ETV
*WLEF-TV Park Falls, Wis., ch. 36, ETV

ADI Counties	State	TV Households
Adams	WI	5,900
Clark	WI	10,900
Forest	WI	3,200
Langlade	WI	7,500
Lincoln	WI	10,200
Marathon	WI	41,600
Oneida	WI	12,500
Portage	WI	21,400
Price	WI	5,900
Taylor	WI	6,600
Vilas	WI	7,300
Wood	WI	27,400

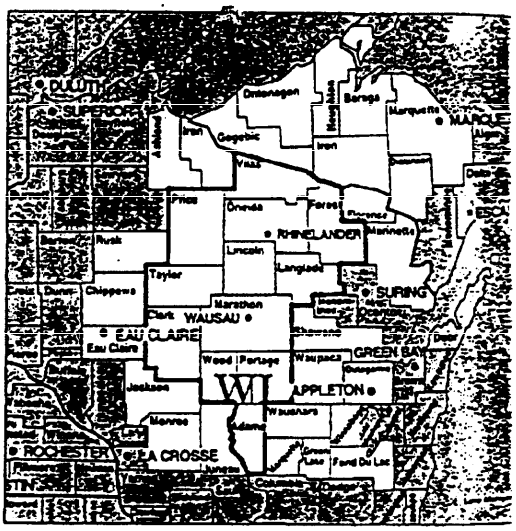

Figure 1. Wausau-Rhinelander, Wisconsin

The DSM Broker

To serve as a central marketing entity for the regional campaign, the project would establish a "DSM broker." The role of the broker is flexible and can include a variety of responsibilities, depending on the needs of the utilities involved in the project. For instance, the DSM broker can act as a clearinghouse for written customer information on the programs and technologies targeted by the campaign. Program literature, technology information, and incentive applications can be disseminated to eligible customers via the broker.

Another primary function of the broker is to operate a toll-free telephone number to verbally address customer inquiries and questions about program components, products and technologies. The "800" number can be used on all customer literature and in all media advertisements, providing a universal program hotline for customers throughout the entire market region. By dedicating a toll-free number to the marketing campaign, a link is established between all eligible customers and the DSM broker, For instance, customers calling the hotline can receive information from the broker on dealers or contractors in their area that offer technologies and services targeted by the marketing campaign, as well as which utility to contact for further information. Individual utility toll-free numbers cannot serve this universal function for a broad customer base.

The DSM broker can also process incentives and handle other administrative functions. The scope of this administrative role can be narrowed or broadened, depending on input and feedback from the host utilities. For example, the DSM broker's incentive processing responsibility can also include an accounting of the number of customer incentives processed, for cost allocation purposes, among the participating utilities. On the other hand, utilities may choose not to transfer rebate processing responsibilities to the DSM broker in favor of centralized, in-house processing for the campaign.

By providing a centralized marketing entity for the regional campaign, the DSM broker can fill a variety of roles for the utilities in the project and offer several universal services to customers living within the market region. Most importantly, the DSM broker provides a vehicle for coordinated customer relations and services. The broker's overall role should be determined after assessing the needs of each participating utility supporting the campaign.

"Core" DSM Technologies

To standardize the marketing campaign for all customers within the market region, utilities must develop a universal menu of DSM technologies and programs that will be targeted in the project. To do this, the residential program offerings of each participating utility must be identified and incorporated into a list of technologies common to the group of utilities. Those technologies targeted by a majority of the involved utilities would be designated as "core" DSM measures.

Some DSM technologies and programs will lend themselves better than others to a regional media campaign. Thus, the initial list of energy efficiency measures targeted by all or most of the participating utilities would require narrowing to a shorter list of "core" technologies and products that are appropriate for a regional marketing campaign. In addition, technologies that are not necessarily "core" to current utility offerings should not automatically be precluded from consideration for the campaign. For instance, while programs targeting some measures may not be cost-effective for individual utilities to pursue, their inclusion in a regional marketing effort can result in volume purchases of products by the group of utilities and potentially lead to economies of scale that make the program cost effective in a joint-utility project. It is important to constrain the list of "core" DSM technologies to a manageable list, however. Focusing on only a limited list of commonly targeted technologies allows for simplified coordination of utility programs and development of a uniform marketing campaign.

Targeting a list of "core" residential DSM technologies through a joint-utility project can also improve the cost effectiveness of pursuing individual measures, as costs to administer and deliver the program can potentially be decreased. Even if program costs remained the same, achieving increased customer participation would boost the savings achieved and have the same effect of increasing the cost effectiveness of measures. Thus, the regional marketing campaign offers the benefits of improving utility benefit-cost ratios and enabling the promotion of measures that cannot be cost effectively pursued through individual utility programs.

For the proposed Wisconsin campaign, recommendations were made as to which "core" DSM technologies would likely be the most effective targets in a regional marketing campaign. Based on the DSM program offerings of the utility mix servicing the Wausau market region, a list of 13 "core" technologies was identified. From this list of "core" measures and one additional program, the following nine DSM technologies and services were recommended as potential targets of the regional campaign:

- Insulation
- Setback thermostats
- High-efficiency water heaters
- Solar and heat-pump water heaters
- Hotwater-saving devices (i.e., showerheads, aerators, pipe wrap, etc.)
- Compact fluorescent bulbs
- High-efficiency light fixtures
- Direct load control of central air conditioners
- Appliance turn-in programs

With the exception of solar and heat-pump water heaters, high-efficiency light fixtures, and appliance turn-in programs, each of the above technologies currently is targeted by a majority of the utilities in the Wausau region. In many cases, the incentives and program mechanisms offered by the different utilities for a specific technology are very similar. Solar and heat pump water heaters and high-efficiency light fixtures are targeted by three utilities within the region. However, as relatively low-profile DSM technologies, these measures offer much potential within the scope of a regional marketing campaign. Appliance turn-in programs are only offered by two of the Wausau-region utilities. However, a joint-utility turn-in program for refrigerators, freezers and room air conditioners was recommended because picking up and recycling or disposing of appliances would likely be more economical on a regional scale.

Five technologies identified as "core" DSM offerings were determined to be inappropriate or infeasible for promotion through a regional marketing project. High-efficiency central air conditioners were not recommended for the campaign because many utilities are beginning to question the cost effectiveness of offering incentives for this technology. In addition, some utility and non-utility entities view these programs as load-building rather than peak-shedding initiatives. Direct load control of water heaters was also deemed inappropriate for the campaign; since water heating is not a primary contributor to summer peak loads in Wisconsin, it offers only limited peak-clipping impacts.

Programs such as time-of-use rates and utility financing of energy-efficiency measures also were not recommended for the regional campaign. Because the terms offered for such programs vary so greatly among utilities, inclusion of these programs in the campaign would likely prove prohibitively cumbersome. Financing programs, however, can be targeted generically to customers of all utilities. The program can be promoted merely to make customers aware that their local utility offers such a program but that details and terms must be obtained directly from the utility or DSM broker. Another option for targeting financing programs is piggybacking on other programs. In the promotion of major measures such as insulation, for example, financing can be mentioned as an alternative option to rebates.

Lastly, low-income weatherization programs were not recommended for inclusion in the joint-utility marketing campaign for the primary reason that customers eligible for these measures do not need to be targeted through large-scale marketing. The sensitivity required to identify and provide demand-side services to low-income families does not lend itself to a mass marketing campaign. Utilities have outreach programs for low-income households that include state, regional, and local social service agencies. These are the most appropriate mechanisms for providing energy services to income-disadvantaged customers.

Program Uniformity

The joint-utility regional marketing campaign must include a great deal of program uniformity, both in content and delivery. Customer literature, marketing materials, rebate information and application forms must be uniform for all customers living within the market region. In addition, the toll-free number operated by the DSM broker must provide a universal avenue for all customers eligible through the campaign to receive program and technology information, thus facilitating their participation. Uniform program materials allow the DSM broker to disseminate information to inquiring customers easily and without the burden of determining which utility services the customer. Also, the development of universal program literature serves to reduce confusion about DSM programs available to customers in areas of neighboring utility service territories. Participating utilities also are likely to reap cost efficiencies with uniform marketing materials-since only one set of literature, applications, etc., needs to be created and produced for use by all of the utilities, it eliminates the need for each utility to produce materials individually and with their own budgets.

To further establish program uniformity, the campaign and all of its components would carry an "umbrella" name so that it can be used in any area of the region without implying any specific utility association. However, the names of sponsoring utilities can easily be incorporated into the campaign marketing pieces. The universal name and logo would appear on all customer literature and marketing materials, would identify the DSM

broker, and would be included in all media advertising and promotions.

Ideally, eligibility requirements and incentives associated with the "core" technologies would also be standardized among all of the involved utilities. While the offering of utility-specific rebates and incentives is possible within the framework of a regional marketing campaign, standardized incentives offer many benefits over individualized utility incentives. By further contributing to program uniformity, standardized eligibility criteria and incentives simplify participation in the DSM programs, particularly for trade allies working in regions targeted by multiple utility efforts. Contractors and dealers can more easily familiarize themselves with eligibility requirements and incentive levels when all of their customers qualify for one universal DSM program.

Standardizing rebates does not, however, exclude the possibility of offering customized rebates for some measures. It is possible to standardize a formula for customization. Standardized custom rebates can be offered for a measure such as insulation, for example, by establishing a set rebate formula for all participating utilities based on the R-value and number of square feet of insulation the customer installs.

Market Preparation

Substantial market preparation is crucial to the success of a regional marketing campaign. The promotion of several DSM technologies on a regional basis would be to no avail if contractors, distributors and retailers do not embrace the project or are not sufficiently prepared to meet the increased demand for energy-efficient products. Trade allies must be well informed about all of the campaign's components. In order to gain trade ally support for the project, they should be provided with all the necessary details on technologies targeted by the campaign, product eligibility requirements and incentive levels. Participation for the trade allies in the campaign programs should be made as convenient as possible.

In addition to information about the campaign (including its various components and the details of participation), trade allies must receive ample training on unfamiliar technologies targeted by the campaign to ensure their successful role in promoting the technologies to customers. Trade ally training can include strategies as simple as the dissemination of written materials on program components and energy-efficient technologies, and as involved as workshops demonstrating DSM technologies and their applications. While technological training is not as necessary for some technologies as for others, the promotion of newer and lower-profile DSM measures would likely benefit from more extensive trade ally training.

Lastly, energy-efficient products and equipment must be easily available for distributors, retailers and, ultimately, customers. Not only must retailers agree to stock the products, they must be able to readily obtain the targeted technologies from their distributors. Each link in the manufacturer-to-customer chain is vital. For the program to succeed, technologies targeted by the regional marketing campaign must be easily available to customers demanding the equipment and products. Without successful market preparation, the joint-utility regional campaign cannot achieve its goals.

Conclusion

Through coordination of the marketing activities of individual utilities servicing adjacent areas, the authors believe that a joint-utility regional marketing campaign can achieve several benefits over single-utility marketing efforts. Such a campaign can increase the effectiveness of utility marketing expenditures in the residential DSM market by creating a DSM broker as a centralized marketing entity; coordinating DSM program offerings among the participating utilities; establishing uniformity in all of the campaign components; and preparing the marketplace for the demand-side activity spurred by the project. In addition, a regional joint-utility project can help reduce confusion about available DSM programs for customers and trade allies living in areas where several utility service territories meet. Lastly, by taking a regional approach to utility DSM marketing, the media limitations that arise from program boundaries based on service territories can be broken down, affording greater potential in reaching eligible customers and, as a result, increasing program participation.

The regional marketing campaign did not find a place in the Wisconsin utility DSM market at the time it was proposed in 1993. However, the authors believe the potential achievable benefits of the campaign's design render it a worthwhile, innovative project for the future. The campaign's built-in flexibility allows for adaptation and modification to fit a host of DSM environments.

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