

Conservation Advertising Campaigns and Advertising Effectiveness Research: The Right Combination to Solidify the Conservation Ethic

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At the end of the 80s, Puget Sound Power & Light (Puget Power), a large Pacific Northwest investor-owned electric utility, unlike others in the region, found itself needing additional electricity. With a customer base growing at 17,000 annually and a diminishing power surplus, the utility, supported with qualitative research findings about its customers' attitudes and behaviors, ramped up its advertising to solidify the conservation ethic with residential customers. This paper will discuss the partnership between Puget Power and a research firm, O'Neill & Company, Inc., to utility's energy savings — how an advertising campaign captured the utility customers' attention and how a comprehensive research evaluation plan to assess the effectiveness of the campaign was implemented.

Introduction

In the 1970's, several events changed the way that Puget Power and other Northwest utilities produced and sold electricity. Low stream flows, a drought and unexpected customer growth exceeded Puget Power's available resources. In 1977, Puget Power decided to meet its energy growth needs by doing something different. It decided to make conservation an important resource and created its first conservation department.

Ramping Up a Conservation Program

By 1978, Puget Power had begun to invest in this new resource. Between 1978 and 1993, Puget Power would invest over \$335 million in conservation and develop close to 170 aMW of savings annualized over approximately 20 years. In 1990, conservation efforts resulted in 7.9 aMW of energy savings. In 1991, the savings more than doubled to 17.6 aMW. In 1992, the savings more than tripled to 27.9 aMW. And, in 1993, the 29.7 aMW savings was almost four times that of 1990.

Perhaps the most unusual feature of Puget Power's conservation savings of the eighties was that part of the savings was obtained at a time when some Northwest utilities had more electricity than they needed and had scaled back conservation programs when it became clear that a surplus was at hand. Puget Power's situation was

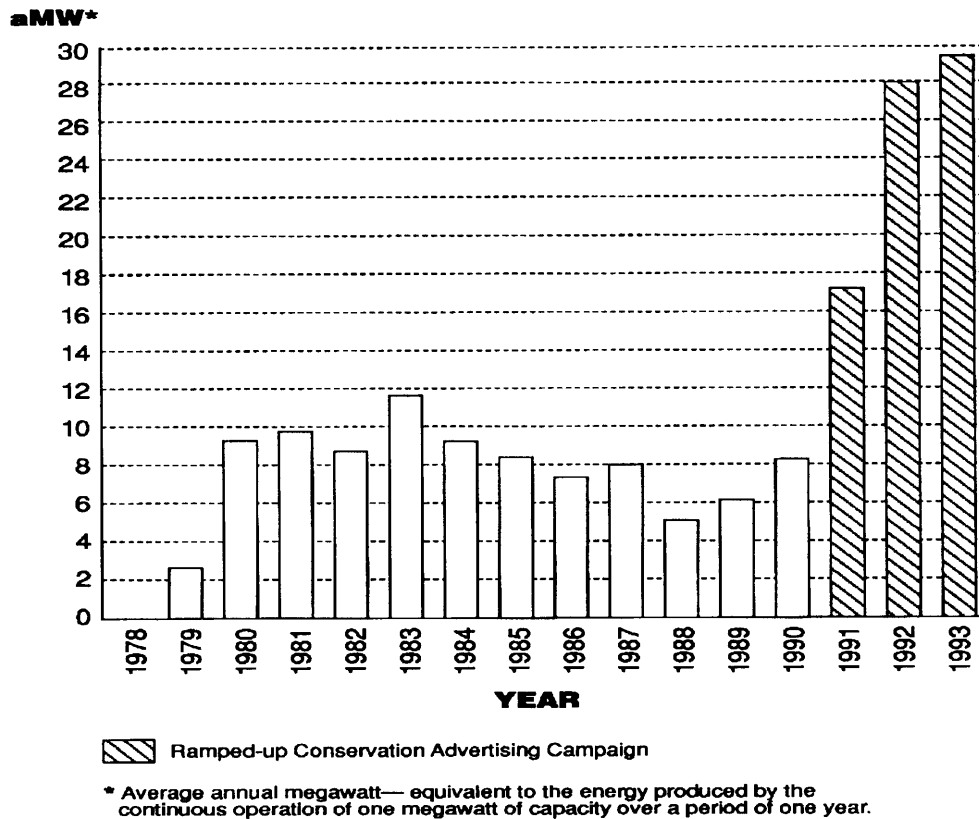
different. Its service territory was growing rapidly. The utility needed electricity and met the demand for resources by keeping its conservation programs alive, purchasing surplus power from sister utilities and developing new generation facilities.

At the end of the 80s, another shift occurred to reinforce Puget Power's commitment to conservation. Between 1986 and 1989, the economy exploded. One-third of all industrial jobs created in the U.S. were created in the state of Washington. The regional surplus was drying up overnight and many utilities were staring at near-term deficits. In 1989, Puget Power added 28,000 customers. This made Puget Power the fastest growing utility in the Northwest. Although growth is expected to moderate over the 90s, an increase of 17,000 customers each year is forecast.

Ramping Up Communications

In 1990, Puget Power's new advertising manager identified that a greater level of residential customer participation in conservation was needed. With thousands of messages from other companies bombarding the 1.7 million people living in the 4,500 square mile service territory of this investor-owned utility, Puget Power needed to be creative about capturing its customers' attention.

Table 1. Puget Power's Conservation Output— 1978-1993



Advertising in the Past

Communications efforts prior to 1990 had been intermittent even though the company had been committed to conservation. Advertising had mainly featured specific program-related information. No discussion of conservation-related issues, such as the reasons for conservation or Puget Power's short or long term conservation goals had been offered. None of the advertising before 1990 had been based on any market research efforts with customer to learn their understanding of conservation, what would motivate them to conserve, what barriers to conservation existed, and what expectations they would have of Puget Power in order to embrace an conservation ethic for the long term.

Initially, Puget Power had speculated that a long-term, multi-media campaign would be needed to affect both the attitudes and behaviors around conservation. The campaign would need to be a long-term one to capture more than the most willing customers. A combination of radio, television, newspaper and bill inserts would be needed to handle different types of messages, some complicated and others more simple, and to achieve sufficient market penetration and message frequency. The

campaign was designed to center on the distribution of a booklet entitled, *30 Simple Energy Conservation Things You Can Do to Save the Earth*, filled with classic tips for saving energy. The concept and format of this book were modeled on another successful book that offered a variety of tips for saving the planet. Other types of communications that were tips-oriented were planned as well.

In November and December, 1990, Puget Power decided for the first time to find out what their customers were thinking before investing in an estimated \$6 million campaign over a 3-year period. Puget's advertising manager hired a new advertising agency and decided to invest both the energy and money in research to check with Puget Power's customer base about the potential effectiveness of its campaign approach. To do this, an energy research consultant, O'Neill & Company, Inc., was hired.

Research as a Tool for a New Kind of Conservation Advertising

Focus group research was selected as a starting point to unearth customer opinions about energy conservation, but the findings of this research suggested a different type of

campaign from the one that had been planned. What was learned in focus groups held throughout the Puget Power's service territory was that residential customers wanted specific issues to be addressed before they would buy into Puget Power's request for conservation. After all, they were being asked to believe: 1.) there was a shortage of electricity that would require a long-term adjustment on their part; and 2.) they would need to invest both their time and their money in energy-efficiency measures to save electricity. Both of these were not small requests in an area of the country accustomed to cheap, plentiful electricity. In these focus groups, customers also revealed they were doubtful about Puget Power's motives. They also identified several conservation-related questions they wanted answered before they would consider Puget Power a credible mentor and advisor for electricity conservation. Important to residential customers were answers to the following types of questions:

- Why would Puget Power ask me to use less electricity? Aren't they in the business of selling all the electricity they can?
- Why should customers save electricity when Puget Power would turn around and sell this savings to California?
- Where does Puget Power get its energy from? How does conservation fit into this energy resource mix?
- Why does Puget Power have to advertise its need for conservation? Aren't Puget Power's customers a captive audience?

At the time of this first piece of research, Puget Power recognized that they needed not only to address these issues in advertising, but also to perform an ongoing spot check of issues that were on customers' minds throughout the life of the campaign via focus group research.

The Challenge of a Sophisticated Campaign

The conservation advertising campaign focused on the issues customers had identified in research and began to address their concerns. The initial research had demonstrated that long term buy-in to conservation hinged on listening to and answering customers' questions. The challenge of the campaign was also to operate at different levels of sophistication to embrace all customer types from those new to conservation who had little if any exposure and understanding of what it meant to conserve and what the potential benefits were, to others who were more seasoned and already felt they had done all they could without the benefit of additional expertise from Puget Power.

One residential customer who participated in a focus group expressed the challenge of convincing customers accustomed to plentiful supplies of electricity at a low cost this way: *"It's like a supermarket trying to convince us to go on a diet."* This challenge remains to this day.

Puget Power's Recommitment to Research

Based on revelations in the initial focus group research, the utility decided to invest in ongoing advertising effectiveness research via focus groups and advertising tracking surveys (about 5% of the planned budget). Puget Power wanted to stay on top of what customers were thinking—which conservation-related and non-conservation questions they wanted answered—to effectively offer an issues and answers component to the campaign along with conservation tips information. They also wanted to know the potential effectiveness of various elements of the campaign prior to use as well as the penetration and effectiveness of the campaign on an ongoing basis.

What Benchmarks Should the Campaign Achieve

To set goals for the campaign, O'Neill & Company, Inc., explored benchmark data from utilities who might have engaged in a similar advertising campaign. But data from long-term conservation campaigns that had been researched from baseline throughout the life of a multi-year advertising were non-existent, primarily because no utility contacted by Puget Power or O'Neill & Company had engaged in a conservation campaign for more than six months. A secondary search of potential benchmarks in print and one-on-one interviews with other utility advertising managers yielded nothing upon which to formulate goals for the advertising.

After some deliberation about the long-term advertising commitment that Puget Power might need to make to ensure that a conservation ethic had taken root, O'Neill & Company, Inc., predicted that statistically significant shifts in customers' attitudes toward conservation would be seen after one year of the campaign. Behavioral shifts, it was felt, could take longer, perhaps as long as 18 months after campaign commencement.

The Campaign

Year 1


In June, 1991, Puget Power commenced its new conservation campaign in an effort to achieve energy savings as quickly as possible and to create a conservation ethic among its customers. With a new plan for convincing customers to conserve, the utility produced and ran ads on

radio and television, in newspapers and in newsletter and insert formats in billing packages. The ads provided customers with energy-efficiency tips, such as insulation and energy-efficient windows, and that increased customer awareness of Puget Power’s conservation programs such as home audits, compact fluorescent rebates and low-flow shower heads. Many of these used a customer testimonial approach. There were also ads designed to address customer-identified issues and questions about Puget Power, the electricity industry, and conservation that were delivered by identifiable spokespersons such as politicians, energy leaders and environmentalists.

An typical example of a newspaper and billing package communication used during the first year is shown in Figure 1. The message of this ad was inspired by customers in pre-campaign focus groups.

Conservation Issues and Answers, #2

When any company asks you to use less of its product, what do you think?



You think they're long, right?
But it's not. Conservation is the single best investment Puget Power - and you - can make right now to produce the lowest rates needed to provide reliable power to our service area.

Another fact: Our service area is growing at the rate of more than 300,000 new customers every year. We everybody just about has to use less electricity if we are to avoid ever-increasing power rates. It's not a matter of if, but when we start to run out of money to buy the electricity we need to generate and transmit it.

So, what's the answer? You and me. By using less your bill could be lower. But every time you throw your switch on, you're using more electricity. Conservation can't be done. There are costs involved in providing you a quality electrical service for you to conserve electricity. Conservation is just one step in a long-term program to meet the needs of you, too - then any other ratepayers we have.

right now
One answer: If you've got an electric water heater, you can call Puget Power's right now and get a free energy-saving showerhead. It costs us \$6, but over its lifespan that showerhead should save about \$400 in hot water or a total of \$394 worth of electricity.

Since 1982, Puget Power installed and financed conservation programs have saved more than 900,000 kilowatt-hours, or enough to serve an additional 60,000 homes. Our plan for the next ten years calls for saving even more.

It's our job to keep the lights on. For everyone in our service area. And if you consented to downsize your consumption as much as possible and at the lowest reasonable cost.

Put a free book on how you can save lots of your product, call Puget Power at 1-800-983-1462. We need your help, your opinion and your protection. Because we depend on you to help us do our job.

And that's the truth.

It's our job to keep the lights on.
PUGET POWER

Figure 1. A Typical Newspaper and Billing Package Communication

At the end of year one, this multi-media campaign achieved a higher advertising awareness record than was expected and surpassed shifts in attitudinal and behavioral benchmarks. In one year, awareness of Puget Power advertising had skyrocketed from a baseline level of 25% to 72%. Sixty-five percent of customers included in O’Neill’s tracking survey conducted in June, 1992, one

year after campaign commencement, reported some element of conservation in advertising recall questioning. Significant shifts in customer attitudes surfaced after only six months of advertising when they were predicted at 12 months; behavior shifts, such as increased installation of energy efficient windows and compact fluorescent installations, began earlier than predicted as well (at 12 months instead of 18 months). In tracking surveys, fewer and fewer customers were describing their “homes were as energy efficient as they could be.” Customers gave higher ratings to Puget Power for their seriousness about promoting energy conservation; their protection of the environment; delivering good ideas on how to conserve energy; and having good reasons for advertising. Early changes in the level of customer involvement in heat, lighting, appliance and hot water efficiencies were recorded. Increases in a range of activities from simple activities requiring minimal investment, such as lowering thermostats and turning off lights, to tackling more time-consuming and costly activities, such as installing energy-efficient windows and insulation were recorded.

At the start of the campaign, 16% of Puget Power customers had ordered a free energy savings tip-oriented booklet, 30 *Simple Energy Conservation Things You Can Do to Save the Earth*, which had been previously offered only at energy fairs and through a one-time billing package offer. After one year of conservation advertising, 36% of customers had ordered the book and 63% said they had read it.

Year 2

In focus group research after one year of advertising, Puget Power customers encouraged the utility to keep up the good work and implied that they expected conservation communications to continue indefinitely. One residential customer put it this way when she attended a focus group: *“I think that stopping conservation advertising is scary. I think education is the only way to get through the problems. I believe there is a need to advertise conservation because everybody has to learn how and why to do it.”*

Research also defined the successes of the first year—that customers were hearing and responding to a general call for conservation and they were beginning to understand why conservation was needed; that customers acknowledged and appreciated that their concerns about conservation and other utility issues were being addressed in Puget Power communications; and that practical energy-savings tips were being offered in advertising and through the billing package. This successful format was carried over into the second year of communications.

Reinforcement came through another door as well. In June, 1992, Puget Power, competing with utilities from all over the U.S. and Canada, received an advertising achievement award from Utility Communicators International

(UCI) for “the best conservation advertising campaign of the year.” With this award and the successes indicated in research, Puget Power was feeling confident at this point.

But the issues and answers component of the campaign needed re-examination. New focus group research revealed that customer questions were different from those of one year ago. New issues were:

- How was Puget Power’s conservation program doing? Was the investment paying off?
- In addition to conservation, what was Puget Power doing to plan for future resource needs? What alternative resources were being considered? Were they renewable ones?
- Why does conservation cost money? Is the investment worth it?

Again, Puget Power used TV, radio, newspapers and their billing package to reach customers, and issues and answers figured prominently into the overall conservation campaign. Some old questions, such as how conservation

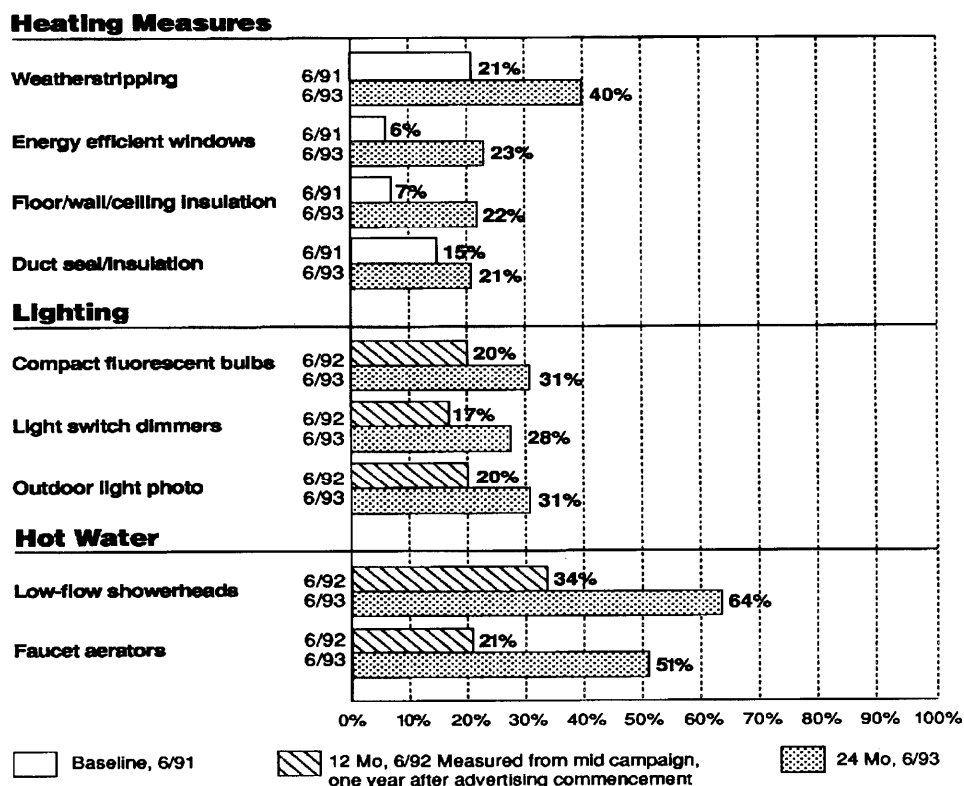
contributes to Puget Power’s resource mix and the message that conservation is the least costly resource, were repeated, but new customer concerns were featured.

Tracking surveys conducted every six months continued to show that Puget was on the right track, that it was reaching more and more customers, and that shifts in attitudinal and behavioral measurements were continuing. At the end of year two, three-fourths of Puget Power residential customers continued to be aware of Puget Power advertising. The number aware of the conservation campaign remained high. But the real change at the end of two years was the number of significant shifts in the frequency of energy-efficiency activities being performed by customers. Scores of activities that were tracked in heating, hot water, lighting and appliance related measures showed meaningful increases. Table 2 details statistically significant shifts in activities from the beginning or mid-campaign to June, 1993.

Unintended Benefits

Throughout the conservation campaign, research indicated that Puget Power was receiving many unintended benefits

Table 2. Selected Shifts in Activities Requiring Investments: Percentage of Customers Performing Energy Efficiency Measure



vis-à-vis customer attitudes toward the utility. At the time of the baseline study (6/91), Puget Power decided to compare the pre and post campaign customer believability levels about the utility’s communications about other areas in addition to conservation as part of a credibility thermometer. These measurements were incorporated into the six month tracking surveys and included areas such as:

- Puget Power’s power restoration performance after an outage.
- The need for additional sources of electricity because of population growth.
- The need for more power lines in the future to serve additional population.
- Electricity rates.

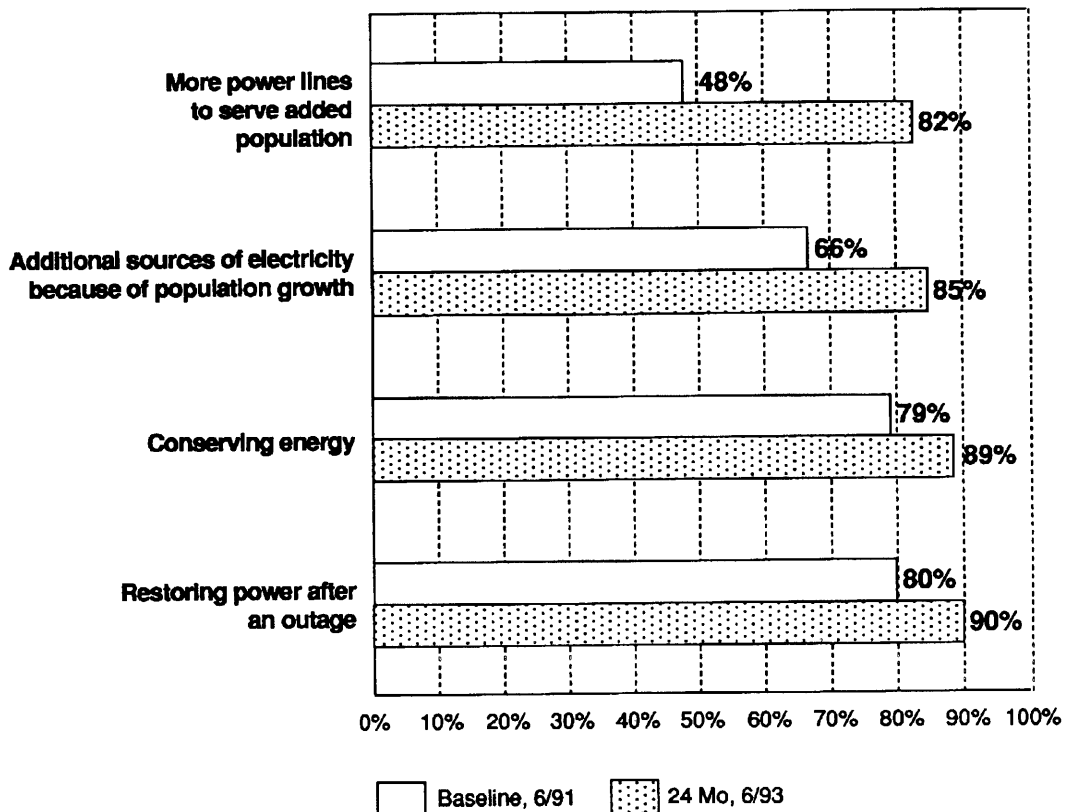
Customer belief in the communications of all but one of these areas—electricity rates—increased noticeably over the two-year advertising campaign period. In the case of electricity rates communications, however, believability measurements were only performed for the last year of the

campaign and the decline in believability can be directly tied to two rate increase cases that were accompanied by much publicity.

Where Is the Campaign Now?

As with many utilities, Puget Power’s energy efficiency programs have gradually shifted from residential acquisition to the commercial and industrial sectors. At the same time, the utility decided that two years of communications and program support for residential customers had laid the groundwork for a conservation ethic and the potential for customers to take independent action when it comes to conserving. A decision was made to continue providing conservation information to residential customers while decreasing the amount of program support. One way of accomplishing this was to minimize customer dependence on direct interaction with Puget Power, as in home energy efficiency audits, and to empower customers to undertake their own examination and evaluation of the energy efficiency status of their residence and to develop their own plan of action. This idea, in fact, was suggested by residential customers in focus group research during the latter half of the second year of the conservation campaign.

Table 3. Level of Believability: Puget Power Communications



Ongoing qualitative research is helping refine the text and design of a do-it-yourself residential energy efficiency audit handbook. High levels of customer interest in this book, no matter what the customer's level of conservation expertise and previous involvement, are being voiced in the focus group setting. Broad-based customer acceptance will likely be founded on the book's flexibility for partial use, subject by subject, or in its entirety, depending on the customer's needs and interest. The book also operates on at least two levels—it provides additional empowerment information for those who wish to continue their conservation efforts; and it also can be read by those who wish to have confirmation of the value of their past energy efficiency improvements.

Plans to offer this book in an upcoming advertising campaign are underway. The campaign may also continue the dialogue with residential customers about conservation via an issues and answers format.

Summary: Other Factors That Built Success

There were a number of other factors that boosted the success of the campaign. As we all know, advertising never succeeds in isolation of a number of other important factors. External factors that surely played a large role in helping the advertising campaign along were:

- A general climate of conservation interest in energy, water, soil, air, and wildlife in the Northwest. An increasing knowledge that conservation and energy efficiency is being encouraged by utilities everywhere.
- Historically, power has been cheap. Increasing rates have encouraged people to look for ways to stabilize their bills.
- A growing pressure among customers to get better value for their investments—i.e., to save money during questionable economic times.
- Puget Power's active and attractive conservation program offerings for their residential customers.
- Summer droughts that boosted both water conservation and the efficient use of electrically heated hot water.

These external variables and the overall marketing effort by Puget Power must be considered when assessing the effectiveness of this advertising. However, although the variables are complex, inspired creativity and solid research were able to thoughtfully and intelligently build and measure the value of this conservation campaign to Puget Power's total conservation thrust.

Conducting a multi-million dollar campaign of three years duration and having the resources to conduct focus group and tracking survey research before, during and after the campaign may still be somewhat unusual for many utilities. In 1991, for example, there were no benchmark data from comparable campaigns and established benchmarks used by the private sector to advertise consumer products in a short-term, high saturation campaign, were poor gauges for what to expect. Much guesswork, therefore, was necessary about reasonable expectations from a long-term conservation advertising campaign. However, no matter what the size of a utility's campaign, developing a partnership between a utility and a research firm can insure that the utility knows that its communications are being heard; that customers are changing their attitudes toward conservation and their energy efficiency habits; and that the right type of messages are being sent at the right time to customers. And, if the campaign continues for a long enough period of time, research can be used to determine the long-term impact of the advertising on the creation of a conservation ethic. Even after Puget Power began to wind down some of its communications efforts, customers, in focus group research, continued to ask for ongoing communication about the reasons for conservation, the progress they had made as conservationists, and additional energy efficiency suggestions. Although strict causality between Puget Power's advertising campaign and energy savings cannot be claimed, research let the utility know that they were reaching customers with messages that customers remembered and that the needle moved in a statistically meaningful way from pre- to post-campaign attitudes and behaviors about conservation.

Acknowledgments

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