

## **Reaching the Consumer: Different Approaches to Common Themes**

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### **ABSTRACT**

Utilities and market transformation organizations around the country have steadily shifted their residential program activities (primarily focused on lighting and appliances) from "upstream" incentive-based to "down stream" marketing of the ENERGY STAR label and qualified products. While some programs have successfully leveraged the marketing resources of retail partners to drive sales at the point-of-sale, only a few programs have taken the final step along the market chain and are directly appealing to consumers to build consumer awareness and demand for ENERGY STAR.

The decision and commitment to execute an integrated consumer marketing campaign is often a difficult one, especially when organizations have already made significant investments in the marketplace to accelerate the "supply side" market adoption of a new product or technology. Reaching the end-user to get them to purchase a high volume of units or to "make the right decision" about purchasing a common household item requires a much broader approach than targeted supply side efforts. This translates to significant budget impacts and, depending on the expanse of the consumer market, could be cost prohibitive.

The focus of this Roundtable Session is to review the approaches taken by several recent consumer awareness campaigns that have launched in different areas around the country to identify how they were effective in communicating the ENERGY STAR message. All three campaigns have received national attention: the recent "Flex Your Power" campaign sponsored by the State of California, the "Keep Cool," initiative launched by New York State Energy Research and Development Authority (NYSERDA), and the "Better Way to Save Energy" marketing campaign for the Northeast Regional ENERGY STAR Lighting and Appliances initiative coordinated by the Northeast Energy Efficiency Partnership (NEEP). In addition, we will include a discussion on the role that ENERGY STAR played in national coordination and what new approaches may be possible to consider on a national scale with ENERGY STAR.

Key questions to be considered in the presentations and discussion include:

- What were the primary objectives of the marketing campaigns?
- What "mix" of marketing strategies were used to reach the consumer?
- What were the results? How were they measured?
- What were the similarities and differences between the campaigns?
- What could have been done differently (e.g., lessons learned), or how will the organization approach future consumer marketing efforts?
- What role did ENERGY STAR play in the campaign and could ENERGY STAR play a different or expanded role in future consumer marketing efforts?

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## Introduction

The ENERGY STAR label was created to help consumers easily identify products that save energy, money and help protect the environment. Introduced by the US Environmental Protection Agency (EPA) in 1992, ENERGY STAR is a voluntary labeling program designed to identify and promote energy efficient products in order to reduce carbon dioxide emissions. EPA partnered with the US Department of Energy (DOE) in 1996 to promote the ENERGY STAR label. ENERGY STAR has expanded to cover new homes, most of the building sector, residential heating and cooling equipment, major appliances, office equipment, lighting, consumer electronics and more. With this expansion of product categories came an impressive number of 400 manufacturers producing qualified products. Equally impressive is the fact that many utilities and organizations supporting energy-efficiency have focused their efforts on promoting products that meet ENERGY STAR specifications.

In general, current market conditions for ENERGY STAR residential appliances and lighting products have matured compared to five years ago which means that programs are shifting resources from product incentives to marketing investments. Product incentives were initially provided upstream to manufacturers or suppliers to drive product availability. Such upstream approaches have given way to efforts that communicate the value messages (sometimes combined with incentives) directly to the end-use consumer.

Marketing approaches vary across programs. Strategies to reach consumers include midstream retail-based support in the form of cooperative marketing activities and sales training of retail staff so that they are knowledgeable enough to persuade and inform the consumer at the point-of-purchase. Examples of this approach can be found in residential programs funded by the Northwest Energy Efficiency Alliance, NYSERDA and the Midwest Energy Efficiency Alliance. The essence of a cooperative marketing approach is to encourage promotion and marketing activities for ENERGY STAR products at retail by leveraging industry (manufacturer and retailer) resources. By encouraging industry-led marketing efforts, the cooperative marketing approach fosters the concept of long-term promotion of ENERGY STAR by manufacturers and retailers. These programs have successfully leveraged modest program investments with greater resources on the part of market actors to promote the ENERGY STAR brand and qualified products.

Taking the next step to focus directly on the end-use consumer is a different proposition. With the upstream and midstream strategies, there is a limited target audience who can be reached through targeted communications approaches. The end-use consumer is the buying public. As a target audience, the opportunities to speak to this audience are generally on a mass level, necessitating broadcast media strategies. Because the decision to finance consumer awareness campaigns is often viewed as more risky, only a few of the regional efficiency programs have moved to strategies that seek to change consumers'

purchasing behavior and drive them to the store to purchase energy-efficient alternatives to traditional home appliances and lighting. This roundtable session will focus on those campaigns and allow us to compare and contrast differences across audiences, motivations, lessons learned and implications for future programs.

## Consumer Awareness Campaigns

Each campaign is defined by a clear purpose and set of marketing objectives that provided strategic direction:

- NYSERDA's *Keep Cool* program demonstrated a comprehensive consumer education and awareness effort that combined consistent ENERGY STAR messaging with program marketing and promotional activities through a variety of media and events. The media campaign was focused on simple actions that apartment and single-family home dwellers could take to reduce the peak summer loads beginning with replacing their old, working room air conditioners with an ENERGY STAR model. The call-to-action messaging supported other energy-saving tips. The primary purpose of the program was to reduce the strain on New York's energy grid, particularly in times of extreme hot weather. Raising awareness and understanding of the ENERGY STAR label as well as driving sales of ENERGY STAR qualified room air conditioners were also important objectives.
- California's *Flex Your Power* campaign initially grew out of a major energy crisis faced by the state. With projected energy shortfalls in the summer of 2001 of approximately 5,000 megawatts at peak, the state-sponsored campaign was launched. This campaign had two separate but complementary tracks. The first was focused on conservation at peak. Simply, the short-term goal was to avoid blackouts. The objective was to drive all classes of consumers (commercial, industrial, agricultural, government and residential) to take immediate actions to reduce energy usage. All available tools were employed from advertising, to financial incentives to executive ordered mandates and prohibitions. The second track was focused on efficiency, and at the residential level was designed to motivate consumers to purchase energy efficient lighting, appliances and equipment. The ENERGY STAR label was used to guide consumers in their decisions.
- NEEP's *Better Way to Save Energy* campaign, first introduced in mid-2001, supports well-established appliance and lighting rebate programs offered by multiple utilities in the Northeast. In 2001, consumer rebates were available throughout the region for ENERGY STAR clothes washers, bulbs and fixtures. By early 2002, many of the rebate levels decreased in recognition of changes in product pricing (CFL bulbs) and increased consumer acceptance (clothes washers). While each state program differed in terms of the rebates offered on products, the goal of the marketing campaign was to create a sense of unity by the use of common messaging across the region about the value of ENERGY STAR lighting and appliances. A primary objective of this campaign was to create brand awareness and understanding of the ENERGY STAR label and educate consumers on the benefits of ENERGY STAR products.

## Mix of Marketing Strategies

With the homeowner or resident targeted as a primary audience in all of the campaigns, the marketing approaches included an integrated “mix” of strategies. Each campaign included a major broadcast advertising component using television, radio and print media. Some unique aspects that were employed by the campaigns included:

- New York’s 2001 *Keep Cool* campaign was reinforced by TV and radio spots featuring Governor Pataki, as well as outdoor advertising.
- The Northeast’s *Better Way to Save Energy* initiative tagged TV and radio ads with logos identifying each local utility’s program effort. Radio broadcasts of all regular season Red Sox games on over 50 stations across New England ran an average of two spots per game as part of a special media sponsorship.
- California’s *Flex Your Power* campaign focused on building a partnership between manufacturers, retailers and state government agencies. The state produced conservation and efficiency brochures, window clings, salesperson training packets and tip cards. Retailers were “required” to train their sales staff to sell energy efficient (i.e. ENERGY STAR labeled) products, display and distribute the collateral material to their customers. Every retailer that complied with these requirements received full-page ads in markets throughout the state promoting the purchase of ENERGY STAR appliances and home improvement products. In 2002, this advertising has expanded to include TV and radio, which were not run in 2001 because of inconsistent rebate levels offered by utilities.

A combination of other marketing strategies were used by the campaigns as a way of integrating or reinforcing the message at different points of connection with the target audience.

- Web sites were used commonly by the campaigns to help customers identify which retailers carried ENERGY STAR products and, where applicable, determine eligibility for rebates.
- Collateral was created for in-store display at retail to carry the campaign look and feel at the point of purchase. In New York, 400 retailers participated by displaying *Keep Cool* program materials and 152 retailers served as drop-off sites for turned-in room air conditioners. The *Better Way to Save Energy* campaign developed innovative gallon milk jugs that brought the message inside the shelves of ENERGY STAR refrigerators.
- Events and promotions were held throughout the duration of each campaign that demonstrated the momentum around the campaign themes. These included campaign launch events and promotions that were product-focused, such as halogen torchiere turn-ins. *Flex Your Power’s* outreach to local governments, state agencies and other organizations around the state included linking energy efficiency events, (e.g., Earth Day) sponsored by these organizations with manufacturers interested in booths for giveaways and sweepstakes.
- A retail-based sweepstakes promotion, called “Store to Door” was held as part of the *Better Way to Save Energy* campaign. This was intended to encourage retailer

participation and drive consumers into appliance stores to enter the sweepstakes for the grand prize of a full house of ENERGY STAR appliances.

## **Tying-In to ENERGY STAR National Brand Awareness**

In 2002, the Environmental Protection Agency (EPA) launched a new national public awareness campaign, called *Change*, to highlight how consumers can do their part to protect the environment for future generations by changing to more energy-efficient practices and products today.

The *Change* campaign unifies messaging for homes and businesses. Residential consumers can choose from more than 25 home product categories that have earned the government-backed ENERGY STAR label, and can ask for ENERGY STAR when buying a new home. At work, organizations can change to ENERGY STAR and gain a competitive advantage while helping protect the environment. The most energy-efficient businesses in America use about 30 percent less energy than their competitors.

The *Change* campaign builds on two prior waves of radio, television and print Public Service Announcement (PSAs) as well as an analysis of the ENERGY STAR brand that showed that the time was right to make a more emotional appeal to consumers. The goal of the national campaign is to increase awareness and loyalty for ENERGY STAR by empowering consumers to feel like they can do their part to help the environment.

In addition to the new TV, radio and print PSAs, the *Change* campaign offers "tie-in" promotional opportunities to national and regional ENERGY STAR partners. Two seasonal promotions are offered: "Change-A-Light, Change the World," in the fall and "Cool Change," in the spring/summer. Both promotions incorporate the overall theme of the *Change*, but are discrete two-month, market-based strategies. Each promotion is designed to feature a single product category--lighting and cooling products--and raise general awareness for ENERGY STAR.

The focus of each promotion is a national "call-to-action." Consumers are encouraged to evaluate their lighting or summer cooling needs and options, and "Change a Light" or make a "Cool Change" by replacing or upgrading to ENERGY STAR qualified equipment and/or products. Creative templates including print ads, radio scripts, and graphic logos are available for partners (e.g., regional programs) to incorporate into on-going promotional activities or to duplicate. As the launch dates approach, the national campaign also makes press kits available for partner use, as a way to reach local media outlets with the national campaign message.

Ideally, the *Change* theme offers a single, unifying ENERGY STAR message to consumer audiences and provides a complimentary basis for regional programs to address consumer awareness.

## Major Similarities and Differences

**Table 1. Comparison of Consumer Awareness Campaigns**

<b>Campaign</b>	<b><i>Keep Cool</i></b>	<b><i>Better Way to Save</i></b>	<b><i>Flex Your Power</i></b>	<b><i>Change</i></b>
<b>Sponsor</b>	NYSERDA	NEEP	California	EPA
<b>Type</b>	Regional	Regional	Regional	National
<b>Duration</b>	Summer season	2001-present	2001-present	2002-present
<b>Objectives</b>	Reduce peak load/consumer awareness	Consumer awareness of ENERGY STAR	Reduce peak load/consumer awareness	Branding/consumer awareness of ENERGY STAR
<b>Strategies</b>	Advertising, PSAs, PR	Advertising, POP, website, PR	Advertising, PR, events	TV, print and radio PSAs
<b>Incentives</b>	Yes—specific to room a/cs	Some--Vary by utility	Yes—statewide	None
<b>Evaluation</b>	Yes	Not formal	Yes	Not available yet

All of the regional campaigns in Table 1 were closely tied with or part of programs that have been promoting ENERGY STAR lighting and appliances on a continuous basis for a number of years. Having laid the solid groundwork to ensure access and availability to a variety of ENERGY STAR -qualified products in the marketplace was the common denominator for commitments of significant financial resources. These campaigns were also similar in that they generally address the homeowner as the primary target audience through mass marketing (paid advertising) and commonly used the ENERGY STAR look and messaging platform as a supporting theme. Each campaign sought, in some way, to educate the consumer both on personal energy saving habits as well as purchasing behaviors.

Conversely, the campaigns uniquely differed when it came to goals and strategies. Two were directed at shifting or reducing consumer consumption patterns of electricity during critical time periods to avoid system capacity constraints (in the case of New York with room air conditioners in the summer peak season) and chronic blackouts (in the case of California during the energy crisis).

The positioning of the ENERGY STAR message, from primary to secondary or supporting, also played a unique role in each campaign. In the NEEP campaign, a key objective was to communicate the benefits to the consumer of purchasing ENERGY STAR -qualified products. Consequently, the primary message was about ENERGY STAR. The California campaign, with its short-term goal of averting major blackouts, used the ENERGY STAR message effectively as a supporting theme. As this campaign develops in its phases, it is anticipated that the ENERGY STAR message will move closer to a primary message.

The use of incentives also illustrates a key difference in approach. In each of the regional campaigns, incentives were offered to the consumer if they purchased ENERGY STAR products. For both California and NEEP, the rebate dollars were a major, if not primary

driver of consumer purchases. However, the fact that rebates were offered was related directly to the programmatic goals. In each case, rebates were part of a larger, overall market transformation strategy that focused on building a sustained demand for energy efficient products over time. The focus of the marketing campaigns was not on the incentive offers. As such, impacts from the rebate activity need to be considered separately from those of the marketing campaigns.

## Initial Results

Each campaign was able to report initial successes as a result of the combined marketing efforts around their campaigns. Where market research survey information was available, it showed significant increases in awareness of the ENERGY STAR label and message in areas targeted by the campaigns.

- The *Keep Cool* campaign in New York was successful in reducing New York's energy load by 11.4 megawatts. These savings are a result of over 41,000 old air conditioners that were turned in throughout the summer. Many of the participating retailers reported that sales were higher during the promotion than typical sales during that period. Awareness levels related to energy conservation and ENERGY STAR products increased significantly, with the greatest change occurring in New York City, where those who said they were encouraged to practice energy efficient practices jumped from 32% to 73%. Awareness of ENERGY STAR labeled products has increased significantly, but the gap between awareness and ownership labeled products still remains large. As such, retailers have indicated they will increase their inventory of ENERGY STAR products as a result of the success in 2001. Due to this success, the *Keep Cool* campaign will be offered again in 2002.
- By June 2001, Californians had cut peak energy use by 5,570 megawatts, a 14% reduction compared to average summer weather conditions. Consequently, California experienced none of the forecasted blackouts throughout the summer or since then. Based on this fact, the campaign had achieved its initial goals. The *Flex Your Power* campaign is credited with encouraging significant energy savings by customer class: approximately 32% of residential customers and 25% of businesses achieved greater than 20% energy savings. Finally, the sale of ENERGY STAR lighting increased by more than 400% and sales of ENERGY STAR appliances grew by as much as 100% in some cases. National survey data indicated that ENERGY STAR awareness in California rose to an astounding 80 percent.
- Results from the *Better Way to Save Energy* campaign have largely been anecdotal. More than 1,400 retailers throughout the Northeast participated in the promotion, utilizing campaign merchandising and point-of-purchase materials. While consumer awareness levels have not been measured, total gross impressions from broadcast and print advertising was 225,000,000. This was considered a very efficient purchase, given the budget expended and a viewing population of 5.5 million households.
- Since the ENERGY STAR brand awareness campaign *Change* was only recently launched, there has not been enough time sequenced to measure results. Some of the metrics that will be measured to determine success include the trends of use on the campaign website, hotline call volume, earned media coverage for PSAs and articles,

consumer awareness and loyalty, partner advertising, product sales, number of new buildings labeled and number of new homes labeled.

## Lessons Learned

Even though each of the regional campaigns claimed successes, the lessons learned from experience often provide an opportunity to make changes that will improve the chances for success in the future.

- As a way to capture greater savings, NYSERDA is proposing to expand the product category for room air conditioners to capture through-the-wall (TTW) units and plans to request the additional specification eligibility to the US Department of Energy for ENERGY STAR qualification. Another area for improvement is a better tracking system, using scanners and bar coding, to facilitate the customer's application and payment process, while allowing for reliable tracking of units purchased and turned in. Finally, NYSERDA plans to work with community-based organizations to facilitate participation by people with limited resources and special needs and with the Real Estate Board of New York to increase multifamily building participation.
- NEEP's initial review of *Better Way to Save Energy* questions the value of both the consumer sweepstakes, as well as the purchase of television advertising. Participation levels in the "Store to Door" sweepstakes were low, and it was not clear that retailers were bought in to promoting it in their stores. Because the sweepstakes was not considered a major focus of the campaign, it didn't receive the marketing support necessary to drive consumers into the stores. For an organization like NEEP with a limited media budget, it is difficult to make a cost-effective argument for television. NEEP recognized that radio ads provided more coverage at a lower cost, and options are being considered by some of the NEEP sponsors (utilities) to form media sponsorships with retailers that would involve sharing costs for television ad buys. Ads may be technology specific, or may be more general to the ENERGY STAR brand. The approach NEEP initially took to carry the total advertising budget is unlikely to be pursued in 2002.
- California's *Flex Your Power* gained valuable insight from initial campaign activity. In terms of increasing sales of ENERGY STAR appliances and home improvement products, the biggest lesson was the need to better coordinate the level of rebates and products being rebated. Without such coordination, all forms of advertising were too difficult and manufacturer and retailer leveraged marketing nearly impossible. The various rebate levels being offered stopped the ability to properly promote consistent messages. It was also more difficult for manufacturers and retailers to do the same, even for their own promotions. This situation has been remedied in 2002 with the California Public Utility Commission approval of a coordinated investor-owned utility plan, and the agreement of the major municipal utilities to participate. By coordinating utility-sponsored rebates, it was then possible to have a statewide umbrella campaign where the state could draw in all retailers and news media with same message. For both advertising and planning purposes, a coordinated campaign was essential.



## Conclusion

Today, ENERGY STAR offers a commonly recognized platform for residential energy efficiency programs around the country to promote products meeting the higher efficiency levels such as lighting and appliances to consumers. As a government-backed label, the EPA is prohibited from purchasing broadcast media airtime. Consequently, a critical role that efficiency programs can play in promoting ENERGY STAR products to consumers is through advertising.

Three major consumer awareness campaigns in New York, the Northeast and California launched over the past year have effectively leveraged ENERGY STAR branding efforts while accomplishing goals unique to their own circumstances. At the same time, EPA has begun an effort to support the ENERGY STAR brand with a set of new public service announcements for network television, cable, radio and print in many markets across the country. EPA's recently introduced *Change* campaign provides the over-arching program identity, unity of vision and consistency for regional programs to connect on a national level.

All of the regional campaigns presented in this session were closely tied with or part of residential programs that have been promoting ENERGY STAR lighting and appliances on a continuous basis for the past four or five years. Having laid the solid groundwork to ensure access and availability to a variety of ENERGY STAR -qualified products in the marketplace was the common denominator for commitments of significant financial resources to reach a broader audience. Homeowners were the obvious target audience, and the campaigns used a variety of marketing strategies to reinforce specific messages about purchasing ENERGY STAR products in addition to broadcast advertising components.

Each campaign was able to report initial successes as a result of combined marketing efforts. Where market research survey information was available, it showed significant increases in awareness of the ENERGY STAR label and message in areas targeted by the campaign. Despite successes marked by higher awareness and energy savings, however, the need to continue educating and encouraging consumers is evident by the gap that still exists between awareness and ownership of the ENERGY STAR brand.

Lessons learned from the experiences of each of the regional campaigns will be used as these campaigns mature and improve. They range from technical “fixes” such as broadening the category of products that can be ENERGY STAR qualified to rethinking media strategies that use television advertising, to realizing that rebates offered by utilities and promoted through a statewide campaign need to be coordinated. While many changes have already been implemented, one thing is for sure--these efforts will continue to promote the benefits of taking personal actions that result in energy savings and improving the environment.

