

ENERGY STAR® Qualified Fixtures See the Light of Day: How the Puget Sound Effort Changed the Market

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ABSTRACT

National residential lighting efficiency programs have successfully tapped into ENERGY STAR compact fluorescent light bulbs (CFLs) as a means to achieve kWh savings. Significant technological and aesthetic advances, utility rebate and incentive programs, and widespread media attention have led to increased acceptance and sales of CFLs. However, ENERGY STAR pin-based fixtures have not enjoyed the same consumer and media interest. In fact, studies have shown that ENERGY STAR residential fixtures account for less than 1% of fixtures sold annually in the United States (Opinion Dynamics Corporation 2000).

There are a number of reasons why ENERGY STAR fixtures have not done well in the marketplace. Until recently, most ENERGY STAR qualified fixtures had a reputation of poor quality and were generally targeted at the more commercial or utilitarian end of the market (Vrabel 2006). Many individuals purchasing a light fixture did not want to invest in a product that was not aesthetically pleasing and risked early failure (Cowan 2008). Builders also held the impression that there was little public demand for ENERGY STAR light fixtures in new residential construction. However, due to a number of factors, outlined below, ENERGY STAR qualified fixtures have become increasingly well-accepted over the past few years. The Puget Sound Area ENERGY STAR Residential Lighting Program (the Program) leveraged this rise in popularity and has created a strong foundation for an ENERGY STAR qualified fixture promotion in the Pacific Northwest. This paper will explore the Program approach, services provided, relationship building strategies, marketing efforts, challenges, successes and Program results.

Overview

While the Pacific Northwest has enjoyed the success of CFL-specific lighting programs for a number of years, newer efforts have emerged to capture additional energy savings through expanded market opportunities with ENERGY STAR qualified lighting fixtures. One such effort, administered by Ecos Consulting, brings together four utilities — Puget Sound Energy (PSE), Tacoma Power, Snohomish Public Utility District (Snohomish PUD), and Seattle City Light — in a joint regional effort to promote ENERGY STAR pin-based lighting fixtures. This Program demonstrates how a cooperative effort among utilities, three of which are public, one of which is investor owned, can enhance regional lighting programs despite the market-place challenges of promoting ENERGY STAR qualified fixtures. The Puget Sound area utilities were confident there was a place in the market for ENERGY STAR fixtures incentive programs; and, that those programs could facilitate a market transformation to offer better quality, more aesthetically appealing lighting fixtures. In developing the Program, Puget Sound Energy (PSE), Seattle City Light, Snohomish Public Utility District, and Tacoma Power created a regional

market transformation effort and delivered a cohesive and consistent program in which area showrooms and distributors could easily partner.

The Puget Sound Area ENERGY STAR Residential Lighting Program

The concept of incentivizing ENERGY STAR lighting products started in 2000 with Snohomish PUD's Retail CFL coupon program. PSE launched a Retail Coupon Program in 2003. These CFL programs were met with success, and as a result, other Pacific Northwest utilities showed interests in developing programs. In 2004, both Snohomish PUD and PSE offered ENERGY STAR Fixture pilot programs to their customers. The programs included a \$20 incentive for both interior and exterior ENERGY STAR qualified fixtures, and again the programs were met with success. This was an additional strong launching point for other utilities to seek savings traction in the showroom channel.

Other Puget Sound area utilities started developing their own program design ideas, sharing market strategies and identifying best practices. As a result, a team of utilities joined together in mid-2005 to implement a joint effort in the showroom channel focusing on an ENERGY STAR lighting fixture promotion. The aim of the collaboration was to capture kWh savings through a comprehensive regional lighting effort by raising awareness of and increasing sales of ENERGY STAR fixtures.

Seattle City Light, Snohomish PUD, and Tacoma Power joined PSE to offer showrooms incentives for ENERGY STAR fixtures regardless of which utility territory the fixtures were installed. The program created a cohesive structure by offering the same point-of-sale rebate across the board, training salespeople on identical paperwork (thereby significantly eliminating administrative confusion), incentivizing the same products, and rewarding the salespeople with the same Sales Person Incentive Funds (SPIF). The utilities agreed on program goals, including:

- Dramatically increasing ENERGY STAR pin-based fixture sales in the region
- Supporting active partners in the showroom/distributor channel
- Solidifying relationships with the newer showroom participants in the program
- Providing increased support for other potential channels, specifically technical support for builders
- Create a seamless fixture buying experience for the showroom, builders and consumers

Other key program elements included; identifying appropriate market channels, developing effective showroom and manufacturer relationships that foster increased communication and understanding of administering ENERGY STAR lighting incentive programs; and promoting increased availability of a wider range of attractive, higher-quality fixtures to Puget Sound area builders, property owners, and residents.

Program Components

Relationship Building

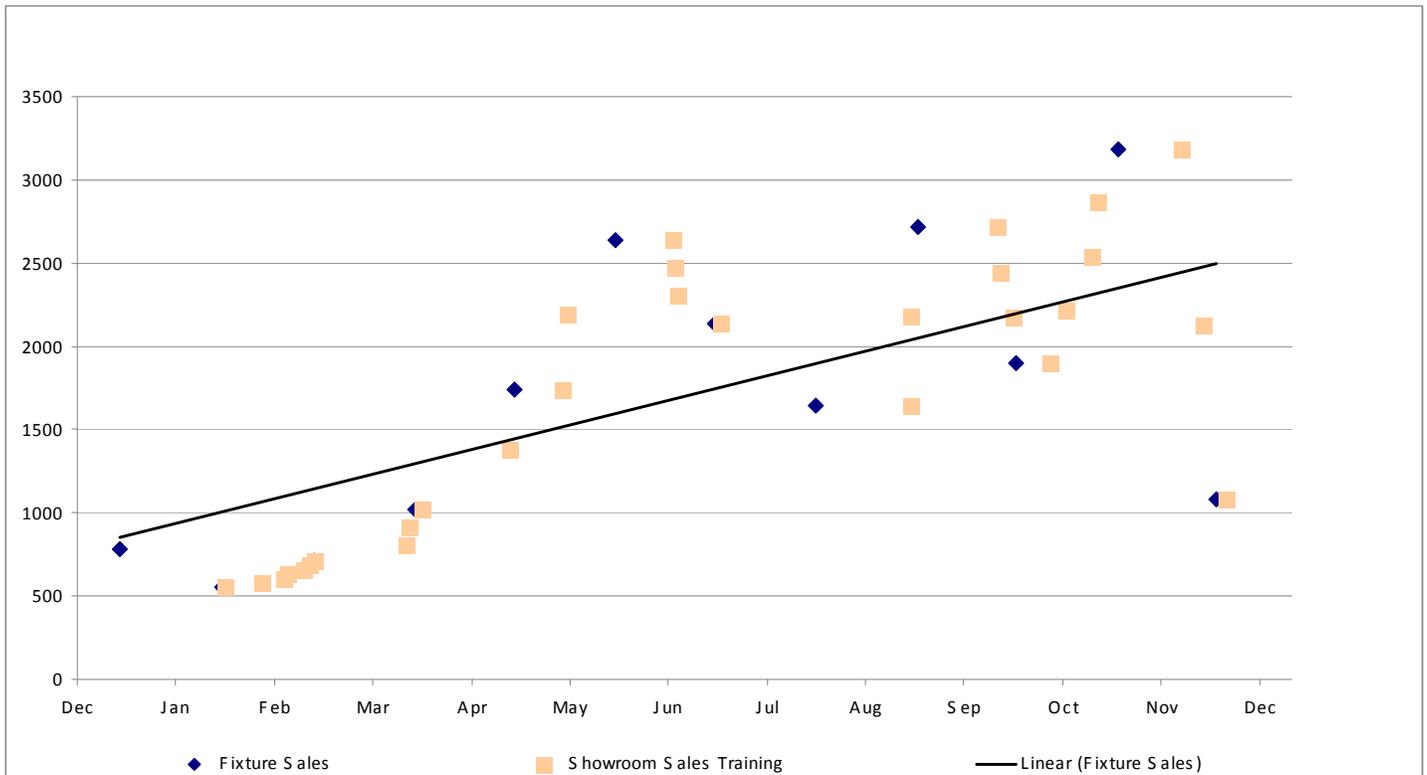
Initially one of the most substantial Program challenges was building formidable relationships with the appropriate market actors, whether that was a salesperson, distributor, or builder. The Program's success (or failure) was inextricably connected to the strength of the relationships the Program forged with the showroom/builder partners.

The Program's initial strategy targeted new home builders as primary Program partners. However, the vast majority of builders were not interested in participating in the Program due to a perceived high learning curve. A closer examination of market channels revealed two things. First, builders were not a direct channel for Program acceptance and second, that in order to implement a successful program, the utilities would have to ensure consistency across the region through showrooms and distributors partners, who in turn, would interface with builders. The focus shifted from forging key relationships with the builders to attracting the showrooms and distributors as integral partners. The builders helped Program staff identify which showrooms were key channel players. Trained lighting Field Representatives were then able to build relationships with the showroom partners from the ground up by utilizing methods such as a regular visitation schedule that offered promotional materials, training, and general trouble shooting advice based on specific showroom feedback.

The Field Representatives were an integral part in establishing successful relationships with the showrooms and encouraged showroom sales staff to promote ENERGY STAR qualified fixtures. Developing trusting relationships with showroom salespeople took careful training and consistent, direct communication. Once a relationship was established, the Field Representatives found that a strong ENERGY STAR champion in a showroom was one of the most successful tools for selling the program, thereby aiding in the success of the Program. The showroom champion provided a peer for the other sales staff in the showroom to ask questions and gain advice. This internal Program advocate played a critical role in building trust between the showroom staff and the Program.

Field Representatives also provided numerous training sessions for showroom employees. The trainings focused on educating the employees about ENERGY STAR qualified fixtures, energy efficient lighting in general, and program logistics. These trainings worked in conjunction with additional efforts. For example, specific individual assistance and training was offered to the showrooms and builders were recruited and educated on the Program. Figure 1 shows the growth in fixture sales in 2007, specifically identifying the number of trainings, but taking into considerations a multitude of simultaneous efforts that helped to increase fixture sales.

Figure 1.



While showroom salesperson training efforts have ultimately contributed to Program success, many of the initial training attempts were met with skepticism on behalf of the showrooms. Salespeople were unsure about the products and builders were not convinced their home buyers would like ENERGY STAR products. Some of these doubts were legitimate as many of the initial pin-based fixtures were scarce, unreliable, and unattractive (Pacific Northwest National Laboratory 2006). However, product improvements, due largely in part to up-dated energy efficiency specifications for qualifying ENERGY STAR fixtures, led to improved product reliability (PACIFIC NORTHWEST NATIONAL LABORATORY 2006). Additionally, aesthetic improvements of ENERGY STAR qualified fixtures were prompted by efforts such as the highly successful Lighting for Tomorrow fixture design competition. These factors, coupled with utility incentives and extensive training, made believers out of former skeptics (Consortium for Energy Efficiency 2007). Through a combination of continuous recruitment efforts, frequent field visits and interactive training sessions, the program has experienced measured success working with these integral market players. With all of the major showrooms and roughly 50 percent of distributors in the Puget Sound region participating, Program efforts have made excellent progress.

Program Consistency

Consistency among the utility showroom fixture programs has proven an integral element that has contributed to the Program’s success. Uniformity provided the Puget Sound area market and showrooms with clear, concise messaging and also resulted in ease of program administration. Prior to the Program, each utility had different product incentive levels. This caused a considerable amount of confusion at the showroom level, deterring salespeople from becoming invested in the Program. Incorporating across-the-board incentive levels not only led to improved showroom involvement in the Program, it also enabled customers to purchase qualifying products in different service areas.

Marketing Efforts

Several marketing pieces were produced specifically for the showrooms and distributors. One of the most widely adopted pieces, the “showroom half card”, was used extensively as a tool to educate showroom salespeople (see Figure 2 and Figure 3). The cards were designed through a collaborative effort between Program Managers and participating showrooms. Showroom employees indicated the most helpful tool for them would be a small pocket card, containing information that could be accessed “at a glance”. Field Representatives gathered this feedback, relayed it back to the Program Managers, and the resulting piece was the showroom half card. The cards were then distributed to the showrooms by the Field Representatives. The simple design and straightforward messaging worked together to convey the most important elements of the Program to showroom employees. The cards were used as a quick reference point for FAQs and additional relevant information.

Figure 2.

Builder Rep Quick Reference Guide
Puget Sound Area ENERGY STAR® Fixture Rebate Program

Participating utilities in the Puget Sound area are now offering:

- instant \$20 rebate on ENERGY STAR qualified fixtures, installed in residential projects
- \$3 sales SPIF for each qualifying fixture sold

| Program Incentives | | | | | Details |
|-----------------------|-----------------------------|-----------------------------|----------------------|-----------------|--|
| Utility | ENERGY STAR Fixture Rebate* | Linear Fluorescent Fixtures | Quantity Limit** | SPIF | |
| Puget Sound Energy | \$20 per fixture | Yes | 40 fixtures per unit | \$3 per fixture | * Rebate will be total fixture cost if fixture is less than \$20. ** 40 fixture limit may be exceeded on a case-by-case basis; contact your Program Representative prior to sale. *** In Seattle City Light service area this Program is valid only on single family retrofit or new construction projects. See the other side for multifamily program information. - Contact your Program Representative for pre-approval on projects greater than 100 fixtures. - Due to changes in the Revised Code of Washington, the Program will no longer rebate ENERGY STAR outdoor fixtures after 12/15/07. - Current Program ends 12/15/07. |
| Seattle City Light*** | \$20 per fixture | Yes | 40 fixtures per unit | \$3 per fixture | |
| Snohomish PUD | \$20 per fixture | Yes | 40 fixtures per unit | \$3 per fixture | |
| Tacoma Power | \$20 per fixture | Yes | 40 fixtures per unit | \$3 per fixture | |

For more information, please contact your Program Representatives:

Sheila McElhinney, LEED® AP
 ENERGY STAR Lighting Lead
 (206) 450-5509
smcelhinney@ecosconsulting.com

Laura Zorick
 ENERGY STAR Account Manager
 (206) 300-2404
lzorick@ecosconsulting.com







Figure 3.

| Additional Utility Lighting Rebates and Programs | | | Details |
|--|--|--|--|
| Utility | Single Family | Multifamily | |
| Puget Sound Energy | - \$3/CFL rebate - \$0.25/CFL SPIF - \$100 Builder Incentive for Advanced Lighting Package - Model Home Incentive | - \$3/CFL rebate - \$0.25/CFL SPIF | Contact your Program Representative for pre-approval on projects greater than 1,000 bulbs. |
| Seattle City Light | | - BUILT SMART Program Incentives for multifamily new construction (5 or more units) - Multifamily Common Area Lighting (MFCAL) Program Incentives for efficient lighting upgrades in common areas of existing multifamily buildings (5 or more units) | Please contact the Seattle City Light BUILT SMART Program at (206) 684-3605. Please contact the Seattle City Light MFCAL Program at (206) 684-4281. |
| Snohomish PUD | See details. | See details. | Please contact SnoPUD at (425) 783-1700 for information on CFL incentives. |
| Tacoma Power | \$150 Builder Incentive for Advanced Lighting Package | | |

Frequently Asked Questions

- How do I give the builders their instant rebates on ENERGY STAR qualified fixtures?**
Sell qualifying ENERGY STAR product to builders within participating utilities' electric service territories. Refer to the ENERGY STAR Lighting Program binder for all the details on gathering required sales data, or call your Program Representative.
- How do I get my incentive from the utility?**
Submit the required data within 90 days of the sale to receive your rebates and sales SPIF.
- Should customers be concerned about mercury in CFLs? How should they dispose of CFLs?**
CFL bulbs contain a very small amount of mercury (the amount is very small - approximately the size of the period at the end of this sentence). However, used CFLs should not be put in the garbage. Instead, they should be taken to a local collection site. Visit www.earth911.org or call 1-877-EARTH911 for information on proper disposal of used CFLs.

SEPTEMBER 2007

Another successful marketing promotion, “The Showroom Challenge” (the Challenge) was launched at the end of 2007. The Challenge functioned as a friendly competition between showrooms by providing substantial financial incentives for individual salespeople to sell ENERGY STAR fixtures. The Challenge included a specially designed “Rake in the Cash” flyer that the four utilities collaborated together designing (see Figure 4 and Figure 5). Prior to the Challenge, each showroom received the flyer which clearly specified the Challenge rules and guidelines.

The five week Challenge was a phenomenal success and the Program realized dramatically increased participation of showroom staff. Showrooms that had been slow to participate in the past displayed a new, enthusiastic response to the program.

Figure 4.

The graphic features a light green background with autumn-themed illustrations of leaves and dollar bills. A rake is shown on the left side, with its head at the bottom and handle extending upwards. The rake is positioned as if it has just raked up several dollar bills. The text is centered and reads: 'Rake in the Cash', 'Take the Showroom Challenge and you could win!', and a paragraph about the challenge. At the bottom, there are logos for Puget Sound Energy, Seattle City Light, Snohomish County PUD, and Tacoma Power.

ENERGY STAR®
Residential Lighting Program

Rake in the Cash

**Take the Showroom Challenge
and you could win!**

Puget Sound Energy, Tacoma Power, Seattle City Light, and Snohomish County PUD are challenging showroom sales representatives to sell as many ENERGY STAR qualified fixtures as possible from October 26 through November 30. Sell the most and you'll have extra cash in your pocket.

Promote ENERGY STAR qualified fixtures, and rake in the cash! Look for more information coming soon.

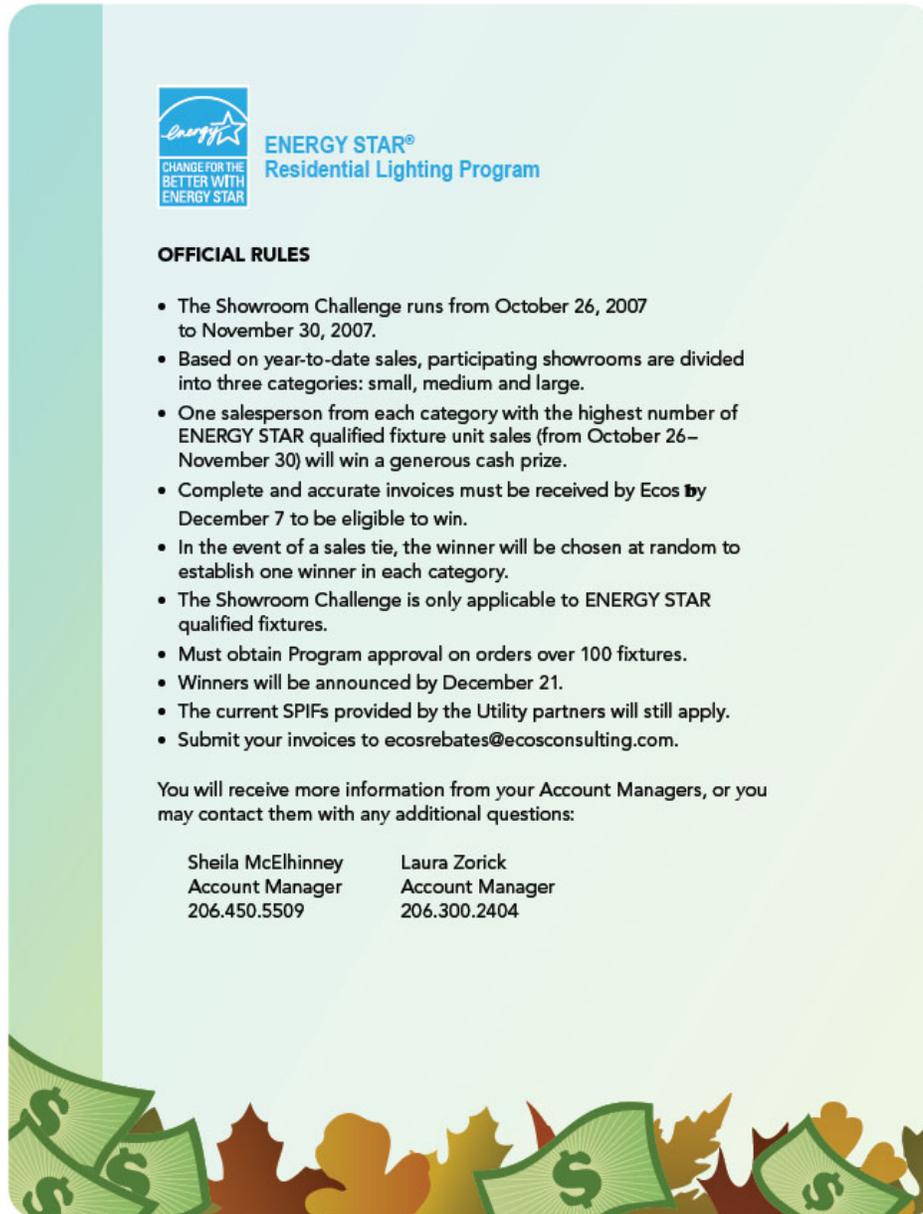
PSE PUGET SOUND ENERGY
The Energy To Do Great Things

Seattle City Light

SNOHOMISH COUNTY
PUD
PUBLIC UTILITY DISTRICT NO. 1

T
TACOMA POWER
www.tacomapower.com

Figure 5.



The flyer features the ENERGY STAR logo at the top left, with the tagline "CHANGE FOR THE BETTER WITH ENERGY STAR". To the right of the logo is the text "ENERGY STAR® Residential Lighting Program". Below this is the heading "OFFICIAL RULES" followed by a bulleted list of rules. At the bottom of the flyer, there is contact information for two account managers, Sheila McElhinney and Laura Zorick, and a decorative border of autumn leaves and dollar bills.

ENERGY STAR®
Residential Lighting Program

OFFICIAL RULES

- The Showroom Challenge runs from October 26, 2007 to November 30, 2007.
- Based on year-to-date sales, participating showrooms are divided into three categories: small, medium and large.
- One salesperson from each category with the highest number of ENERGY STAR qualified fixture unit sales (from October 26–November 30) will win a generous cash prize.
- Complete and accurate invoices must be received by Ecos by December 7 to be eligible to win.
- In the event of a sales tie, the winner will be chosen at random to establish one winner in each category.
- The Showroom Challenge is only applicable to ENERGY STAR qualified fixtures.
- Must obtain Program approval on orders over 100 fixtures.
- Winners will be announced by December 21.
- The current SPIFs provided by the Utility partners will still apply.
- Submit your invoices to ecosrebates@ecosconsulting.com.

You will receive more information from your Account Managers, or you may contact them with any additional questions:

| | |
|--|---|
| Sheila McElhinney Account Manager 206.450.5509 | Laura Zorick Account Manager 206.300.2404 |
|--|---|

Each of these promotional activities and marketing pieces served to further publicize the Program.

Challenges and Program Results

Although this Program has been highly successful, managing the needs of different utility partners and understanding individual utility needs took significant effort. Common goals, such as kWh savings, diversified programs, and a broader partner base offered objectives for Program

collaboration. Meeting these objectives meant greater overall regional participation of the Program partners.

Each of the four utility electric service areas contains a mix of housing sectors; single family, multi family and mixed-use. The challenge of identifying and meeting with the diversity of builders and lighting supply companies was successfully overcome by having one administrator to coordinate builder outreach and activity for the regional program. Regular meetings with all four utilities also provided a forum for communication between housing sectors, specific builders, and showroom distributor activity and participation. Showroom and distributor visits also uncovered continuity between electric utilities and builders.

By successfully maintaining relationships, the Program experienced significant growth and has delivered an impressive amount of savings. In fact, to date, the Program has achieved over 5 million kWh of savings for the Program partners. From 2004 to 2007 the number of showroom and distributor partners grew from five to 47. The Program saw fixture sales increase from a few thousand to over 25,000 in 2007. These remarkable numbers are the result of a dedicated effort on behalf of the four utility partners and program administrator Ecos Consulting. Some of the contributing factors include:

- Identification of appropriate communication channels – partnering with more showrooms and distributors will lead to builder involvement
- Grooming of champion ENERGY STAR advocates in showrooms leads to increased sales and successful customer education
- Establishing “top down” approval and support from upper management (or owners) at showrooms, as well as bottom up support from floor sales, inventory control and marketing
- Dedicating Field Representatives as single points of contact play an integral part in cultivating real working relationships with each partner. This involves understanding how each showroom does business, how their work fits in to what is happening regionally, and how the Program can support and be customized to meet the individual needs of the showrooms
- Developing a partnership with showrooms by soliciting feedback from the showrooms regarding things like Program marketing pieces. The showrooms and distributors truly feel that they are a “partner” with the utilities – the importance of this cannot be underestimated.

National Fixture Programs at a Glance

Based on a variety of factors including number of customers, program structure, budget and goals, the Puget Sound Area Program is among the top programs nationally when compared to other residential fixture programs (Consortium for Energy Efficiency 2007).

Incentive structure. Most fixture programs are similarly structured to offer \$10-\$20 rebates per ENERGY STAR fixture. Some include SPIFs, targeted promotions, and cooperative marketing. Programs vary in goals; from consumer-direct marketing in retail channels, promotions with trade allies, to partnerships with manufacturers and builders. Many of the programs focus efforts

at the retail store level and only a handful of the lighting fixture programs focus on the showroom/builder path to increase fixtures sales for new construction.

The Program offers a comprehensive marketing approach that includes incentives, SPIFs, promotions and co-ops while focusing on the show room/builder audience. By offering many incentive options, showrooms can take advantage of the opportunities that most suit them and are easiest to administer with their builder partners.

Customer base and goals. The four utilities serve over 2,327,000 customers in the Puget Sound area. Programs of similar size include BC Hydro, Alliant Energy and Wisconsin Focus on Energy. The goals for BC Hydro and Wisconsin were approximately 30,000 fixtures compared to the Program's goal of approximately 18,000 fixtures (CONSORTIUM FOR ENERGY EFFICIENCY 2007). The overall Program fixture goals were about 50% lower than program goals of utilities with a similar customer base. This result occurred because the Program goals are specifically for new and retrofit construction lighting purchases made at showroom outlets. Stated another way: the goals represent a 50% increase in potential ENERGY STAR fixture sales outside of traditional retail programs.

The Puget Sound area utilities specifically chose to target ENERGY STAR qualified fixtures in the showroom channel because successful retail programs were already integrated into the region and the showroom channel represented an untapped market.

Budgets. Budgets and goals vary by utility due to different allocations of funding for CFLs and Fixtures, marketing and outreach approach, and kWh savings goals.

The Program goals and budget are likely to be in line with other similar utility lighting programs. It is worth noting that the Program exceeded goal by approximately 10% while maintaining Program budgets.

Conclusion

The Puget Sound area is an innovative leader in terms of energy savings programs and the Puget Sound Area ENERGY STAR Residential Lighting Program is a prime example of yet another innovative strategy – utility partnerships. While the lighting showrooms have taken some time to catch up to the retail environment in terms of selection of ENERGY STAR qualified products, manufacturers have significantly improved the reliability and aesthetics of their products and have in turn, moved the showrooms to the next level (PACIFIC NORTHWEST NATIONAL LABORATORY 2006). Recent improvements have led to an increased demand for these fixtures, and, as a result, showrooms are embracing the value of the ENERGY STAR products. This hard-won acceptance, working in conjunction with the Program, has increased product sales and led to successful market transformation. By capturing additional energy savings through ENERGY STAR qualified lighting fixtures, PSE, Tacoma Power, Snohomish PUD, and Seattle City Light have worked together to demonstrate how a cooperative effort among utilities can enhance a regional lighting program and create market transformation while delivering significant savings. The Program has consistently met its goals and overcome market barriers in the showroom channel. As a result, the Program presents a model that other program providers can replicate.

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