Creating a social norm around energy efficiency

ACEEE/CEE Symposium on Market Transformation
April 3, 2017
Gain a sustainable advantage
Our Vision: Every home & building is energy responsible and sustainability is ordinary
We create **a market advantage** for organizations who create a sustainable, energy-responsible future.
How we create a market advantage:

1. Telling corporate sustainability stories that inspire brand affinity.

2. Driving sales of products and services that are inherently more sustainable/energy efficient via product marketing efforts.

3. Creating movements, public sentiment shifts and social norming related to energy responsibility and sustainability.
We start here...

energypulse™

ecopulse™

b2bpulse™
..and we end with campaigns that engage the market and shift perceptions
We are in the middle of a cultural shift related to sustainability
64% of Americans believe in climate change

Source: Eco Pulse 2016

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76% feel at least moderately responsible to change daily purchase habits and practices to positively impact the environment

(up from 71% in 2015)
45% → 51% of Millennials

say buying/using eco-friendly products is an important part of their personal image

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Almost three-quarters said they’re searching for greener products (the highest % in 8 years).

Q6 – Are you searching for greener (more energy-efficient, natural, sustainable, etc.) products these days?
The average number of green activities has gradually increased.

2014: 11

2015: 11.5

2016: 13
86% of the largest US companies now publish sustainability reports.
78% say sustainability is important in corporate decision-making today.

67% said it was important in 2013.

Source: B2B Pulse 2016
77% say corporate environmental performance or sustainability record is important in product selection.

Source: B2B Pulse 2016

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In fact, it’s a critical component in a mature product category where competitive performance and price are similar.

- 67% said sustainability/energy efficiency is a tie-breaker for product selection *often* (more than 20% of the time)

Source: B2B Pulse, 2016
But this shift isn’t translating to action on energy efficiency
They say energy conservation is important:

64% said energy conservation is important in the way it affects their daily purchase choices and activities.

68% think that personal energy conservation habits can make a real difference in preventing climate change.

n=2,281
45%

Admit they’ve done nothing to improve the efficiency of their homes

Source: Energy Pulse 2014
The average number of energy-efficient home improvements is actually declining.

2013: 3.4
2014: 3.3
2015: 3.0
2016: 2.9
Trends for almost all activities are on the decline.
Gain a sustainable advantage

Why?
The Reality

1. Most people much prefer to spend money on aesthetics.

2. Homes and buildings are meeting perceived expectations.

3. We’ve lied to them: many don’t save money.

4. Even if they care about the environment, they are not prioritizing their homes and buildings.
1. Preference for aesthetics
1. 88% have completed at least one aesthetic improvement.

Q9 – Please choose any updates you’ve made to your home in recent years or plan to do in the coming year.

- Repaint interior or exterior: 46%
- Change flooring – new carpet, hardwood or tile: 38%
- Improve landscaping: 37%
- Redecorate/update furniture: 36%
- Replace light fixtures: 35%
- Remodel bathroom: 35%
- Remodel kitchen: 31%
- Add new window blinds or plantation shutters: 27%
- Replace roof: 22%
- Finish space in basement or attic: 13%

n=2,281
Homeowners think that spending money on aesthetics has a more positive impact on home value.
2. They don’t think they have a problem
79%

Of business decision-makers think their facilities are already energy efficient

Source: Energy Pulse 2016
### Importance ≠ action

<table>
<thead>
<tr>
<th>Feature</th>
<th>Features included in construction plans</th>
<th>Importance in building performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lighting energy efficiency and lighting controls</td>
<td>71%</td>
<td>85%</td>
</tr>
<tr>
<td>Water conservation</td>
<td>48%</td>
<td>79%</td>
</tr>
<tr>
<td>Waste management</td>
<td>45%</td>
<td>83%</td>
</tr>
<tr>
<td>High-efficiency windows</td>
<td>36%</td>
<td>78%</td>
</tr>
<tr>
<td>HVAC efficiency</td>
<td>34%</td>
<td>84%</td>
</tr>
<tr>
<td>Efficiency of appliances</td>
<td>33%</td>
<td>79%</td>
</tr>
<tr>
<td>Energy consumption monitoring and controls</td>
<td>33%</td>
<td>79%</td>
</tr>
</tbody>
</table>

Percent reporting inclusion of these features in construction/maintenance plans compared to percent ranking these features important in building performance.
**Importance ≠ action**

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<tbody>
<tr>
<td>Building maintenance product content</td>
<td>29%</td>
</tr>
<tr>
<td>Data center and other IT equipment energy efficiency</td>
<td>29%</td>
</tr>
<tr>
<td>Air quality/HEPA filtration</td>
<td>27%</td>
</tr>
<tr>
<td>Building envelope/insulation efficiency</td>
<td>23%</td>
</tr>
<tr>
<td>Use of renewable energy</td>
<td>22%</td>
</tr>
<tr>
<td>Building materials product content</td>
<td>21%</td>
</tr>
<tr>
<td>Water heater efficiency</td>
<td>17%</td>
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</tbody>
</table>

Percent reporting inclusion of these features in construction/maintenance plans compared to percent ranking these features important in building performance. – Continued
think their homes are already efficient – they don’t realize that they have a problem
2. And the younger the home, the more confidence homeowners have in its energy efficiency.

Q16 – How would you describe the energy efficiency of your home? (by age of home)
Many have old HVACs and fridges ... a significant amount of end-use consumption of electricity.

- 28% space heating
- 15% space cooling
- 6% refrigeration

... 44% have an HVAC unit that’s likely 15 years old or older

... 59% have two or more refrigerators or freezers

Q21 – What are the top reasons you haven’t made more energy-efficiency home improvements? Choose your top 2 or 3 reasons.

30% think their homes are already comfortable enough
Yet, we see that homes are *not* energy efficient and *not* comfortable when we ask about specific attributes.
86% (net) acknowledged at least one indicator of lack of comfort when asked specific questions.

- I wish my home had more natural light.
- During the summer, the windows in my home let in more heat than I’d like.
- I wish I had more control over my home’s temperature.
- I wish my home were better insulated against outside noise.
- The windows in my home give off a harsh glare in the afternoon.
- I sometimes have difficulty reading or doing tasks because of inadequate lighting in my home.
- Cold drafts are a problem in my home in the winter.
- The air inside my home is too humid in the summer.
- I sometimes experience nasal allergy symptoms while I’m inside my home.

Q15 – Thinking about your current home, how much do you agree or disagree with the following statements?
3. Challenges with the “save money” promise
61% say saving money is among their top 3 reasons for doing energy-efficient improvements

Q22 – Please rank your top three reasons to participate in energy conservation activities or buy an energy-efficient product/make home improvements?
Gain a sustainable advantage. Spend less money every month FOR LIFE.

Attic Insulation Saves You MONEY.

Let’s lay down some savings.

15 Green Home Products that can save you money and energy.

How Window Treatments Save Money on Utility Bills.

Windows can be responsible for over 25% of heating and cooling bills.

Heat is transferred by:
- Radiation (energy movement)
- Convection (heat transfer in gases and liquids)
- Conduction (heat transfer through solids)
- Infiltration (air leaks)

Where does my money go?

Heating 29%
Cooling 17%
Water Heating 14%
Appliances 13%
Other 11%
Electronics 4%
Lighting 14%

Lined vs. Unlined
And leading with “savings” triggers left-brain ROI calculations and defense mechanisms.

27% say they are “barely making ends meet”

25% “can’t justify the expense”

Q21 – What are the top reasons you haven’t made more energy efficiency home improvements? Choose your top 2 or 3 reasons.
Cost savings, as well as corporate culture, are declining as drivers for sustainability, while climate concerns and compliance with regulations are on the rise.

Q11 – What are the top reasons your organization (or client) is focused on sustainability and/or conservation?
4. Disconnect with their environmental concerns
The people most concerned about the environment – the people most actively engaged in green products and behaviors – don’t know that their homes have the greatest environmental impact.
Only 6% of us think that the number one man-made cause of climate change is the energy we use in our homes.
In 2015, 30% of total U.S. greenhouse gas emissions were created by generating electricity.
What does this mean?
We have three big EE marketing challenges:
84% say they know only a little or nothing about what to do to improve home energy efficiency

Q17 – How knowledgeable do you feel about energy efficiency improvements? Do you know what to do to make a home more efficient?
What should we do?
Stop trying to “educate” the market
“We are feeling machines that think, not thinking machines that sometimes feel.”

- Alex Batchelor
Connect them to the real, underlying benefits of energy efficiency that they actually care about.
Decision maker drivers vary by role.

**Owners/CEOs** are primarily driven by energy savings and cost reductions, but they also care a great deal about transparency/corporate reputation.

**CFOs** are worried about compliance and avoidance of fines and litigation, plus employee retention and recruitment.

**CIOs** think sustainability offers a differentiation opportunity and like to see product life cycle analysis and product take-back/trade-in programs.

**Facility and Property Managers** are focused on energy and water conservation, as well as indoor air quality.
Tap into “human truths,” or situations we’ve all experienced
WHAT'S YOUR ENERGY DRAMA?

"MY HOME IS ALWAYS TOO HOT OR TOO COLD!"

Let's get comfortable, shall we?

"ENERGY UPGRADES COST TOO MUCH!"

Have we got some affordable ideas for you.

"WHERE DO I EVEN BEGIN?"

Good question. Here are some good answers.

ENERGY SAVINGS TIP

Power to the strip

You can save up to $100 a year just by plugging your electronic devices into a power strip and turning off the strip when you're not using them.

See more tips

WITH SUPPORT FROM

Michigan Saves

Consumer Energy

DTE Energy
Use social norming approaches
Takeaways and parting thoughts
Takeaways

• We’ve got a value proposition problem
  – People think they don’t need EE and/or it doesn’t work and/or it’s not worth it

• They don’t understand what we’re saying most of the time
  – Technical descriptions and savings claims don’t emotionally hook people. They reassure people.

• To communicate effectively:
  – Appeal to the heart first, the head second.
  – Speak to what they want: peace of mind, a sense of control, cozy movie nights, feeling like a good person; employee engagement, brand building, staying out of trouble, creating a brighter future
  – Ground your story in common human experiences, and use social norming to your advantage.
Parting thoughts

• Loss aversion and social proof are the most effective behavioral science platforms.
• We think we can leverage the desire to be a part of something bigger/desire to shape the future/desire to have one’s voice heard that’s palpable in our political environment now.
• We think it’s important to leverage specific moments in time – “trigger points” -- to truly make EE happen.
Discussion
Thank You!

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