



CENTER FOR ENERGY
AND ENVIRONMENT

MMUA Opt-In Program Marketing Plan

Prepared for:

Minnesota Municipal Utilities Association
12805 Highway 55, Suite 212
Plymouth, MN 55331-6859

Prepared by:

Center for Energy and Environment
211 North 1st Street, Suite 455
Minneapolis, MN 55401
612/335-5865

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MMUA Marketing Plan

Opt-In Programs

New state requirements will increase the level of effort expended by most municipal electric utilities to encourage and promote energy efficiency programs within their services territories. In an effort to assist members in the development, marketing, and delivery of these types of programs, MMUA designed two opt-in programs to be administered by MMUA with the minimum practicable involvement but strong support of the participating utilities.

The two opt-in programs address the two largest electric end-uses and most cost-effective conservation opportunities in the commercial and residential sectors in most electric utilities' service territories. They are a Commercial and Industrial (C&I) Lighting Program and a Residential Energy Star Program.

The goal of these programs is to reduce the consumption of electricity by educating each market segment regarding how energy efficiency can benefit them and by changing their buying behavior. Using a consistent theme and messages in many municipalities throughout the state will enhance customer participation due to the increased visibility of the message and customers' multiple opportunities to hear or see it. It will also make it easier for trade allies that operate regionally or statewide to understand and work with the programs in multiple locations. MMUA and participating utilities will therefore work together through the opt-in programs to promote a consistent theme and messages throughout the state. We recommend that the marketing theme, messages and channels developed for the MMUA template programs and used by municipals delivering their own programs also be similar to those developed for the opt-in programs, to leverage marketing efforts.

It is critical to the success of these programs that the participating utilities take ownership of them. Municipal utilities have a uniquely close and strong relationship with their customers. Programs that are identified with the local utility will have greater success than programs that would be identified with a remote and unfamiliar entity like MMUA. Therefore, all marketing materials will be customized for each participating utility to carry their name and logo. In addition, it is important that participating utilities' staff take ownership of the programs and present them as their own. Although participating utility staff may have little time available to actually work on the programs, they will play a vital role in selling the concept of the programs in their daily interactions with their customers, friends and acquaintances, and business contacts in town. In addition, they must have sufficient familiarity with the programs that they can respond accurately to questions about them.

Through the C&I Lighting Program and the Energy Star Program, participating utilities will increase customer awareness of the benefits of energy efficiency and enhance customer loyalty. Customers will learn the benefits of participating in these initial programs and trust the utility to provide additional energy cost reduction opportunities in the future.

This plan details key marketing concepts, important marketing messages, the program identity and themes, marketing channels and strategies, participating utilities' responsibilities and current timeline for the opt-in programs. Information on market segments is contained in an appendix.

Key Marketing Concepts

Creating Demand

Marketing is a process by which individuals and businesses get what they need and want through exchanging products (goods, services or ideas) with others. To be effective, marketing must generate demand for the product you are offering. Demand is a want for a specific product, accompanied by an ability and willingness to buy it.

A want, in turn, is a desire for a specific satisfier of a need. Marketers can influence wants. Human needs are states of deprivation of some basic satisfaction (food, clothing, shelter, safety, belonging, esteem). They are not created by marketers but are fundamental to human nature.

The product we are selling through the opt-in programs consists of goods, services and ideas.

- The goods are, of course, energy-efficient lighting and Energy Star appliances & equipment.
- The services include conveniently packaged information (what items are energy efficient and qualify for the programs, where to buy them, incremental costs, energy savings, etc.) efficient rebate processing, and a source for additional information (customer hotline).
- The ideas include “cutting my electric bill,” helping the community,” and “helping the environment.”

To generate demand for all components of the product, we must understand customers’ needs and wants, frame our program product to meet them and point out very explicitly how it does so. To do this, we must understand that most customers are not particularly interested in energy or in appliances and equipment. Marketing messages must focus on customers’ self-interest, not the utility’s interest or our idea of what the customer should be interested in.

Understanding Electric Utility Customer Needs and Wants

Commercial and industrial customers are primarily interested in the profitability of their business. For most C&I customers, energy bills are a small percentage (2% or less) of total operating costs, which minimizes their potential impact on profitability, as well as the time and attention C&I customers can devote to pursuing energy efficiency opportunities. C&I customers tend to see energy bills as a cost of doing business over which they don’t have much control. They are interested in lowering their utility bills, but doing so cannot take much of their time, cannot tie up capital that they could invest more productively elsewhere, must be low-risk, that is, have a high probability of delivering the projected return, and must not have an adverse impact on other more important aspects of their business, such as sales or employee productivity. C&I customers’ attention is focused on increasing their sales/revenues and on managing costs for larger expense items like personnel and the goods they buy and sell. C&I customers are also interested in being seen as good corporate citizens, both of the local community (especially in a small town environment) and of the planet.

Residential customers are primarily interested in service and price. For most residential customers, utility bills in general are a good-sized percentage of their total monthly expenses, which minimizes the control they have over their discretionary spending. Residential customers tend to see energy bills as a necessity, over which they have no control. To many consumers, utility companies are one of the “big guys” that control the game, and they just have to “play along”. They are interested in saving money and lowering their utility bills, but doing so cannot be too technically challenging, take much of their time, or tie up discretionary dollars that they could spend on items that provide more instant gratification. The changes or purchases should provide some benefit to them and their family, not adverse conditions or decreased comfort. The commitment by consumers to be “good citizens and save our resources for future generations” varies greatly. Some recycle, use energy efficient appliances, and participate in conservation

efforts, like not running the water while you brush your teeth and turning the lights out if you aren't going to be in a room, but for others it has to be even simpler. They may sign up for AC load control programs because THEY don't have to do anything, but see the savings on their bill. Some ESC members noted that the environment is important to their customers and they would like the environmental benefits to be emphasized in marketing.

Municipal utilities have a unique relationship with their customers. The businesses and citizens of the community own the municipal utility. The departments that provide municipal services, including the utility, are not far removed from the customer as are large corporate utilities or municipal governments in larger cities. Many municipal utilities report that their customers have a sense of ownership of their local utility and willingness to do things for the good of the utility, such as sign up for load control programs for which they receive no bill reductions. This unique relationship should be recognized in developing the citizenship aspects of marketing for the opt-in programs.

Providing Customer Value

Value is what customers perceive it to be - nothing more, nothing less. Value comes from satisfying customer needs and wants with quality goods and quality services at a value-based price. That is, the goods and services must satisfy a need or want and be considered to be "worth what I paid for them" or "a good value."

Reducing Information and Transaction Costs

The cost of any item includes both the dollar cost of the item and the time it takes to evaluate options, find the item, and getting it installed.

Make it Easy to Act

One of the most important ways municipal utilities can increase the value of their energy efficiency programs to customers is to decrease information and transaction costs by:

- working with trade allies to make sure that qualifying products are stocked locally,
- assuring that the trade allies understand and can sell both the product benefits and the utility program,
- identifying dealers who carry the equipment (through coop advertising, dealer lists, etc),
- identifying equipment that qualifies (through point of purchase displays, tags, lists, etc.),
- providing reliable information on the savings that can be achieved and
- providing assurances about the non-energy aspects of product performance.

Rational economic models assume that people will do things that are economically advantageous to them. In perfect markets, information is costless. In real markets, customers have difficulty absorbing and accurately weighing all of the information needed for an economically rational decision. This is especially true of residential and small commercial customers. The "information costs" or "transaction costs" of obtaining, verifying and digesting information about appliance and equipment options, identifying dealers or contractors, and overseeing unfamiliar work are sufficiently high to create a very real barrier to classically rational decisionmaking. Information costs are particularly high when the product is purchased infrequently; when performance characteristics are difficult for the purchaser to evaluate either before or soon after purchase (it's hard for most customers to analyze the impact of an efficient appliance on their electric bill); and when the rate of technology change is fast relative to the interval between purchases. All of these are true for most measures in the opt-in programs.

Provide Great Program Service

The program processes themselves must also be easy and convenient to use. Program materials must be clear, rebate application forms must be simple and easy to understand, it must be easy to reach someone who can answer questions, and rebates must be processed accurately and promptly.

Base Marketing Approaches on Real Customer Decisionmaking Processes

Marketing messages must take people's real decision-making processes into account. Providing information that is accurate and complete is important, but by itself, it isn't enough to change what people do.

To economize on transaction costs, people fall back on various decision-making shortcuts, and these influence marketing strategies. Some shortcuts are rational, but only incompletely so, such as relying on trusted sources for information. Municipal utilities are in an excellent position to capitalize on trust to encourage adoption of program measures because they are an integral part of the community and have personal relationships with many of their customers. People also adopt new innovations by watching important others and modeling their behaviors after them. The "models" may either be people like themselves (trusted neighbors, friends) or high status people (local opinion leaders, for example). Small communities are a great environment for use of models because it is easy to identify people who would be received as credible models and easy to gain their assistance in promoting the program.

Other decision-making shortcuts contradict the rationality assumptions of standard economic theory. These include, for example, weighing losses substantially more heavily than objectively commensurate gains; weighting uncertain outcomes substantially more heavily than objectively commensurate but more certain outcomes; weighing vivid, concrete information more heavily than statistics and data summaries; and weighting choices differently depending on how they are framed. Marketing messages are more effective when they take these decision-making behaviors into account.

Marketing Messages

It is an axiom of communication and education theory that messages must be repeated to get through. It may seem boring, silly, or condescending to repeat the same thing several times, especially if it seems obvious to you. However, behavioral research shows that only messages that are absorbed to the point of over-learning (where the learning curve flattens out) are retained over the long term. Presenting simple messages repeatedly in different contexts is a basic principle of communications theory. Therefore, all components of an energy efficiency program must be integrated to reinforce the same messages and theme. Yet, variety is important to keep people from getting bored with a repeated message. Using more than one educational setting and a variety of formats can provide variety in the message.

The above discussion of marketing fundamentals suggests the following key elements of the marketing message:

- cost savings to the customer
 - focus on the key benefit of value to the customer – reduced utility bills
 - frame the benefit in terms of loss - how much customers may be losing every month or year by not taking conservation actions, rather than how much they can save by taking them
 - emphasize that the reductions in energy bills are predictable and low risk reductions
 - highlight the rebates – everyone loves free money or something for nothing
- simplicity, low customer effort required
 - easy to find dealers, identify qualifying equipment, get hold of it and get it installed
 - easy to get help if you need it
 - easy to apply for and get the rebate
- high product performance and quality on non-energy attributes important to the customer
 - better lighting can enhance sales, increase employee productivity, reduce labor for bulb changes, etc.

- Energy Star appliances provide the same or better performance than standard appliances
- partnership between the utility and its customers
 - both to lend the utility's credibility to the programs and to use the programs to enhance customer loyalty and perceptions of the utility
- energy efficiency helps everyone: the customer, their local utility, and society
 - energy savings to the customer
 - reduced growth in expensive demand costs for the utility, which the customers own, helping it to manage its costs and provide more economical service to the customer
 - environmental benefits for society

C&I Lighting

The key messages for the C&I Lighting program will therefore be:

- Reduced energy costs
 - Customers' inefficient lighting is wasting money that could be used for other business purposes
 - The savings from efficient lighting are predictable and low risk
 - Attractive payback or return on investment (ROI) competitive with other business investments
- Utility rebates
 - Rebates are the essential component of each message, and the most easily understood and marketed
 - Reduce the cost of improved lighting equipment
- High product quality and non-energy benefits
 - New lighting will enhance light levels and appearance and possibly improve sales, productivity, etc
 - New lighting equipment is reliable
 - New lighting technologies can often reduce labor costs, e.g. for bulb changes
- Easy and convenient to implement
 - An essential component of each message
 - It's easy to find contractors. Contractors know what qualifies and it on hand.
 - There is someone to call if you have questions.
 - It's easy to apply for and get the rebate
- Corporate citizenship
 - Helps their local utility, of which they are owners, manage peak load growth and costs
 - Helps the environment
- Later efforts should highlight successful case studies and locally relevant "models"

Energy Star

The key messages for the Energy Star program will be:

- Cost savings to the customer
 - Buying a standard efficiency appliance locks customers into many years of higher than necessary energy bills, wasting money that could be used for more fun and interesting things that they want
 - The savings from Energy Star appliances are predictable and low risk
- Utility rebates
 - Rebates are the essential component of each message, and the most easily understood and marketed
 - Reduce the cost of getting better appliances
- Easy and convenient to buy
 - An essential component of each message
 - It's easy to find dealers who carry qualifying equipment. These dealers know what qualifies and it on hand.

- There is someone to call if you have questions.
- It's easy to apply for and get the rebate
- Citizenship
 - Helps their local utility, of which they are owners, manage peak load growth and costs
 - Helps the environment
- Later efforts should highlight successful case studies and locally relevant “models.”

Program Identity and Theme

It is important to develop a consistent theme to be marketed across the state. The catch phrase must be meaningful to the consumer, grab their attention, and be easily explained in all parts of the campaign. Technical or vague words do not always resonate with the consumer – they don't “mean” the same thing to every consumer that they might to those in a particular industry. Engaging the consumer quickly and stimulating them to think, ask questions or want to know more is key.

MMUA's Energy Services Committee discussed a number of possible themes. The thematic concepts that resonated most with ESC members were:

- Greenbacks: The word “green” brings to mind both receiving money (i.e., the rebates, the energy cost savings) and something that is good for the environment. The word “back” suggests that the customer is getting something back, while “greenbacks” are of course money. The ESC would like to service-mark this word by itself or as part of a phrase, and wants to research whether it is available.
- Partner: The idea that energy efficiency programs are a partnership between the utility and its customers both capitalizes on and reinforces the partnership that municipal utilities already have with their customers. The partner concept can also be applied to the trade allies with whom municipal utilities will need to work to market the programs.
- The utility name: It is important that the utility's name be a prominent part of the program identity on a local level, both to capitalize on the good relationship the municipal utilities have with their customers in promoting the efficiency programs, and to underscore the fact that these programs are a valuable service that the utilities are offering to their customers.

Combinations of these concepts could be phrases like:

- “XXX Municipal Utility: Your Greenback Partner”
- “Be a Greenback Partner”

CEE will work with Nehlsen Communications to develop a theme focusing on these concepts. The ESC was receptive to other permutations of the green, partner and utility name concepts if the specific words identified above proved not to be the most workable. The ESC would like to promote the concept of public power more generally and would be interested in working that idea into the program identity and theme. We did not identify any succinct ways to do this, and it may be that marketing the concept of public power should be undertaken as part of a different marketing campaign. At the least, most municipal utilities have the word “public” or “municipal” in their name, which will help to underscore the fact that they are citizen-owned.

The ESC discussed the pros and cons of allowing municipal utilities not participating in the opt-in programs to use the opt-in program theme. Having more utilities use the theme would give it greater visibility, both customers and trade allies, because it would appear in more places throughout the state. However, it could create confusion among trade allies and customers with facilities disbursed across multiple service territories if utilities not participating in the opt-in programs do not use the same qualifying criteria and rebate levels, rebate the same items, or use the same mailing address to process rebates as the opt-in members.

The ESC generally felt the advantages outweigh the disadvantages, and directed CEE to look at ways to make this work. It was suggested that utilities not participating in the opt-in programs be required to offer the same rebate levels if they want to use the opt-in program theme. A potential complication in the future is that utilities developing their own programs may want to forge ahead into other product areas such as motors and commercial cooling equipment sooner than the opt-in programs do. They would be establishing their own rebate levels for these products independent of each other, and might not want to adjust their levels to match opt-in program levels when the opt-in members start offering rebates for those products.

One possibility is that the opt-in utilities and other municipal utilities could share the same logo and theme but be differentiated in some other way, for example with the opt-in utilities being “partners” and the others being “affiliates.” Trade allies and multi-location customers would need to be educated to recognize what these different designations mean.

Marketing Channels and Strategies

Key Strategies

- **PRINT MEDIA**

A combination of strategies will be most effective when using print media to reach both broad and targeted markets. That combination may include: the Rebate Application Forms, Brochures used in all markets, Newspaper advertising and Trade Ally Co-op dollars, Magazine and Trade Journal Ads, Public Relations and Press Releases, Bill Inserts, Direct Mail, Postcards, Newsletters, etc. Messages will generate interest in participation, provide details concerning rebate offers and how to obtain them, and educate the markets regarding on-going conservation efforts and benefits.

Brochures and Other Handouts:

Designing one print piece (whether it is a bill insert, newspaper ad, etc.) that can be easily customized for each utility by using stickers or quick print services saves on design time and fees for each utility. In addition, if we decide to print “shell versions” of some items, we can increase print quantities by printing all versions at the same time, thereby providing quantity discounts that the participating markets would not achieve individually. ESC members advised development of a multipurpose piece formatted in such a way that it can be direct-mailed, used as a bill insert, or placed in the utility lobby or at a booth.

Press Releases:

Press Releases can be distributed to local media outlets for inclusion in local newspapers and newsletters. Local papers are often very receptive and will cover local story ideas. Press Releases will be particularly effective if written as a newspaper article so that they can be immediately placed without the need for re-writing or editing. Depending on the story angle of the release, electronic media and specific industry contacts can be added to the distribution list. The ESC generally feels it would be more effective for the local utility to handle contacts with its local media to place stories and ads than to have MMUA or its contractor do so.

- **TRADE ALLIES: APPLIANCE DEALERS, RETAILERS (FOR CFLs), HVAC CONTRACTORS, LIGHTING CONTRACTORS, ETC.**

Trade allies can be an extremely valuable “sales force” for the programs, since they are already present at the time the targeted products are purchased, know the features and concerns that are important to customers, and in many cases already have relationships and

credibility with the customers. Cooperation with trade allies will be particularly important for the opt-in programs, which will be administered remotely by MMUA and which will serve many municipalities who have limited staff resources to do their own marketing and sales.

Utilities participating in the opt-in programs will need to identify the relevant trade allies who serve the utilities' customers. It will be very important for local utilities and/or MMUA to contact these key trade allies in person or by phone to give them advance notice that the programs will be starting. Ongoing utility or MMUA contact will be needed to solidify relationships, answer questions, identify problems and concerns, and resolve misunderstandings. The toll-free hotline will be a mechanism for contacts initiated by trade allies. Contacts initiated by the utility or MMUA should also be made on an ongoing basis to the extent feasible.

In order to engage trade allies in the campaign, materials must be produced to help them showcase and sell the eligible products. Packets of materials will support the sales of energy efficient products and services to consumers and business accounts. The packet may include supportive materials and logos for advertising and promotion of the products and services, along with the opportunity to obtain point-of-purchase items such as posters, tent cards, static stickers, buttons, etc. Another item that can be helpful to trade allies is savings and payback calculations on utility letterhead. This lends the credibility of the utility to the trade allies' assertion of dollar savings for the customer.

For trade allies to actively participate, the program must be in their self-interest. Energy Star residential products are higher cost and higher margin products, which can create an incentive for trade allies. Carrying Energy Star products promoted by the utility may enhance a dealer's market share, or conversely, failing to carry the products may cause some customers to go elsewhere. Efficient C&I lighting is higher cost and higher margin than standard equipment, and a C&I lighting program can generate lighting installations that would otherwise not occur. A valuable but low cost incentive for trade allies to be a participant is the inclusion of names/logos on bill inserts, newspaper ads, and press releases.

For the program to turn high margins into profits for trade allies, the high-efficiency products must not linger in inventory and must not cause an excessive level of returns and callbacks. It is therefore very important for us to work with the trade allies on the timing of promotions relative to peak sales periods for particular products, to obtain feedback on the effectiveness of marketing efforts and rebate amounts, and to work together to address problem products.

Trade allies often need to assist customers in completing rebate applications. It is therefore important that the rebate application forms be easy to understand, that phone support be available when questions arise, and that the program be operated conveniently and efficiently to reflect positively on the trade allies who promote it to their customers.

- **UTILITY EMPLOYEES**

Utility employees are a key part of daily efforts. This includes everyone from the General Manager to clerks, linemen and meter readers. Every utility employee can do "concept selling" and answer questions in the course of their daily work. In the close-knit communities in which municipalities operate, employees can also do important marketing through their social and business connections. Informative customer handouts should be given to all employees, and all employees should be given training on the opt-in programs.

FAQ's – Frequently Asked Questions sheets or web pages may be continuously updated for employees to use. "Talking Points" are an easy way to get the entire team speaking the same language and telling the same message. They also provide your utility spokespeople with a clear message of the importance of energy efficiency. Talking Points answer questions such as:

Q: "Why are we doing this?"

A: Be honest. Each electric utility in the state is required to spend a portion of its funds promoting energy efficiency as a means to meet future energy needs. Energy Efficiency Programs are often cheaper to society to operate than building new power plants. Promoting energy efficiency also reduces the environmental effects caused by generating electricity.

Q: "What do we/they receive for participating?"

A: The utility meets its statutory requirements and the customers get money back for their participation and get an energy-efficient product that reduces their long term energy costs.

Q: "Who is eligible?"

A: Everyone that is an electric customer of the utility can participate. The utility offers programs for residents and businesses.

Q: "How do I get my rebate?"

A: Follow the instructions on the rebate forms and you can expect your rebate within 6 to 8 weeks.

Q: Why should the customer participate in the program?

A. The customer can reduce their energy costs with the same or better level of overall performance as a standard product, get a rebate to pay part of the cost of the more efficient product, help their utility keep its costs low, and help to protect the environment. And it's easy to participate.

A laminated card with key information such as broad categories of products rebated, the local utility contact name and phone number, if any, the program hotline number, program web site, and so on, will be made available to all utility employees.

A workshop will be held to train representatives of utilities participating in the opt-in programs on program offerings, program processes, program marketing services, local utilities' responsibilities and how to go about carrying out those responsibilities. The utility staff attending the workshop will be expected to train other staff at their own utilities about the programs. This workshop will be videotaped so that utilities unable to send a representative can have access to it.

A PowerPoint presentation will be developed for utilities to use in training their employees.

It is important that training of employees not be a one-time event. A periodic opt-in program newsletter or e-newsletter covering program activities, providing tips, etc., could keep the programs in front of employees and in their awareness. Discussion of the programs at periodic meetings of the entire utility staff or of small groups can also help to keep employees aware of the programs and encourage them to talk about them to customers and refer customers to program staff.

A Public Relations and/or Media packet could be a helpful tool for local municipals. These types of materials would educate municipals about how to work with the media in their market, gain exposure for the programs in place and set the stage for future interaction and support.

- **PERSONAL VISITS TO KEY ACCOUNTS**

It has always been important for municipal utilities to maintain close connections with their key accounts, and this is truer now than ever, as utility deregulation and customer choice continue to loom on the horizon. The C&I lighting program provides a good opportunity for municipal utility staff to continue or begin one on one meetings with key accounts. You have

something new and of value to offer them, and at the same time you can build your relationship with them and help to assure that you stay on top of their needs. In addition, the small impact of CIP dollars on rates is more likely to be of concern to key accounts than to any other customers. Explaining that the utility is required to do CIP and offering the customer an opportunity to get something from CIP dollars for their own business may help to diffuse concerns key accounts have about the utility's efforts to offer and promote these programs. ESC members indicated that their key account customers would be suspicious if MMUA or an MMUA subcontractor contacted them, rather than someone from the local utility, and that this activity is too important to relegate to someone else. Therefore, it is assumed that all opt-in program members will call on their own key accounts. The workshop for utilities will provide guidance on how to do this.

- **WORD OF MOUTH**

Word of mouth is often a very important marketing mechanism for municipal utility programs. Consumers will talk about their new purchases and the rebate, commercial accounts will talk about the savings they achieved through system and equipment changes. Ideally these statements will positively reinforce the marketing messages we are sending out through various media. To gain positive word of mouth, we must assure that the program delivers something of real value to customers, that it is easy and convenient to use, and that we provide the best possible service.

- **WEBSITES**

The more information utilities can provide for their customers and trade allies, the better. For technology savvy people, this is a great opportunity to educate them on your efforts. Initially, the ESC would like to have MMUA or its subcontractor develop marketing material and program information on its website, and allow participating utilities to directly link to it. The website could include informational items, rebate application forms, links to relevant sites, etc. The URL should be listed on program materials. If the utility has a website, it can simply add a link to the MMUA material, or it can be relatively inexpensive to make program information available there. Eventually the web site can be used interactively to communicate with your customers.

- **HOTLINE**

MMUA's subcontractor could establish a hotline to handle inquiries by utility customers, utility employees and trade allies about the opt-in programs and technologies. The hotline would be toll-free and staffed during business hours (8 to 4:30 weekdays).

Possible Additional Strategies

The following strategies may be implemented if time and budgets permit.

- **TRUCKS**

These vehicles are out in your markets everyday. Vinyl low-resolution signage on vehicles should be a priority for this free form of advertising available only to you.

- **INFORMATIONAL DISPLAY OR TRAVELING BOOTH**

A booth design will be developed for use as an informational display or for traveling to local, regional and state events. Traveling events may include county fairs, home shows, homebuilder events, real estate or developer based seminars, or events by the participating utility. Informational displays may be set up in the lobby of a utility or in high traffic locations of facilities in town. High traffic areas may include community or convention centers, airports, educational facilities or city hall. MMUA will design the layout and the participating utility will be responsible for staffing the booth. Messages will highlight the energy efficiency opportunities within customers' own homes and businesses. ESC members felt that a fairly low-tech booth, essentially made of posters, would be effective and affordable.

- **SEMINARS**

The opt-in program could develop or arrange for a technical seminar to be provided for interested regions. The utility would be responsible for scheduling the seminar and generating the attendance. A technical or program specialist could tour the state speaking at such functions. Potential speaking engagements could be held through the local chamber of commerce, service organizations (Rotary, Kiwanis, etc.), trade organizations, and labor organizations or associations.

For example, a skilled lighting technician could swing through the state once visiting each participating city and speaking on the benefits of the C&I Lighting Program. However, this also may be financially prohibitive unless there is substantial support for such an effort.

A less expensive alternative would be to develop a PowerPoint presentation that local utility members could use in speaking to local groups. ESC members stated that they are frequently asked to speak at meetings of local organizations such as the Rotary, and that they would like to have a prepared slide show on the opt-in programs available.

Schools – Develop an activity book with graphics and a storyline to educate children on what they can do to help conserve energy in their homes. A representative from the utility could visit the school to give a presentation on energy in our lives.

- **PUBLIC SERVICE ANNOUNCEMENTS AND RADIO ADVERTISEMENTS**

ESC members expressed interest in scripts for radio PSAs or advertisements that they could use. They indicated that radio ads can cost them as little as \$10 to broadcast. They typically write the copy themselves and read it onto tape themselves or have the local radio station read it. With a low-cost approach of this type, these would be a feasible element of the opt-in programs' marketing campaign.

- **PARTICIPATION IN OTHER ORGANIZATIONS**

Each participating utility should consider participating in organizations that promote energy efficiency efforts. Some require membership dues such as the Midwest Energy Efficiency Alliance.

Some participation does not require financial contributions. For example, a utility can sign up to become an Energy Star partner. Membership merely requires the promotion of Energy Star message. A copy of the Energy Star Partnership Agreement is attached at the end of this document.

Specific Strategies

C&I Lighting Efforts

MMUA will use the following strategies to promote the C&I Program in participating utility's service territories by developing and dispersing:

- Print Media
 - Press releases for local business publications and possibly for general circulation newspapers as well
 - Brochures distributed via direct mail packets and/or postcards and/or bill inserts
 - Rebate application forms
- Trade Allies
 - Identification of electrical and lighting contractors and other relevant trade allies by the local utility
 - Advance notice of materials and offerings
 - Informational packet including marketing materials and rebate application forms

- Potential for co-operative advertising in bill inserts, direct mail pieces and/or local newspapers
- Hotline to help trade allies understand and sell program offerings, provide sufficient invoice detail to enable rebates to be processed promptly, and assist customers in filling out rebate applications.
- Ongoing communication through calls or visits from utility and/or MMUA both to encourage trade allies' ongoing participation and to gain input on the timing of promotions, the effectiveness of marketing efforts and rebate levels, etc.
- Utility Promotion (General)
 - Workshop for utility representatives
 - PowerPoint presentation utility representatives can use to train their own staff
 - Talking points/FAQs for staff
 - Laminated card containing the most critical program information
- Personal visits to key accounts
- Information on MMUA's or its subcontractor's web site, with the web site address on program literature
- Hotline for customers, utility employees and trade allies
- PowerPoint presentation that local utility staff can use in presentations to local business and civic organizations
- Low cost scripts for PSAs and radio ads, to be recorded and placed at the local utility's expense
- The following will be implemented if budgets permit
 - Vinyl low resolution signage for utility vehicles
 - Informational display or traveling booth
 - Business to business telemarketing, for those utilities where resources permit
 - Feedback: Where possible, the utility should provide feedback to participants. Providing feedback will naturally encourage an increase in participation through word of mouth and other social interactions. This can be in the form of:
 - Utility bill analysis
 - A press release or featured article in the local newspaper. One story angle will be local performance, highlighting how much energy was saved and through which specific actions. The article should highlight participation and results achieved by opinion leaders in the community if at all possible.

Energy Star Efforts

MMUA will use the following strategies to promote the Energy Star Program in participating utility's service territories by developing and dispersing:

- Print Media
 - Press Releases for general circulation local newspapers
 - Brochures
 - Bill inserts for the entire residential sector and/or direct mail packets and/or postcards
 - Advertising in local weekly/daily newspapers, including coop advertising with trade allies
 - Point of Purchase Advertising (tags, posters, static stickers, and banners)
 - Rebate application forms
- Appliance Dealers/Retailers/HVAC Contractors
 - Identification of appliance dealers, HVAC contractors and other relevant retailers by the local utility
 - Advance notice of materials and offerings
 - Informational packet including marketing materials, point of purchase materials (see above) and rebate application forms
 - Co-operative advertising in bill inserts, direct mail pieces and/or local newspapers

- Hotline to help dealers and contractors understand and sell program offerings, provide sufficient invoice detail to enable rebates to be processed promptly, and assist customers in filling out rebate applications.
- Ongoing communication through calls or visits from utility and/or MMUA both to encourage trade allies' ongoing participation and to gain input on the timing of promotions, the effectiveness of marketing efforts and rebate levels, etc.
- Utility Promotion
 - Talking points/FAQs for utility staff
 - Laminated card containing the most critical program information
 - Workshop for utility representatives (same as C&I lighting workshop)
 - PowerPoint presentation utility representatives can use to train their own staff
- Information on MMUA or CEE web site, with the web site address on program literature
- Hotline for customers, utility employees and trade allies'
- PowerPoint presentation that local utility staff can use in presentations to residential customers (e.g., church groups)
- Low cost scripts for PSAs and radio ads, to be recorded and placed at the local utility's expense
- The following will be implemented if budgets permit
 - Vinyl low-resolution signage for utility vehicles. General promotion of energy efficiency.
 - Informational Display or Traveling Booth
 - Design and develop booth materials to use for static displays or for travel to local, regional and state shows and events
 - Participating utility will be responsible for staffing and upkeep
 - Participating utility will be responsible for determining and negotiating locations for static displays.
 - Help local utilities become Energy Star Partners
 - Feedback. Where possible, the utility should provide feedback to participants. This can be in the form of:
 - Utility bill analysis
 - A press release or featured article in the local newspaper. One story angle will be local performance, highlighting how much energy was saved and through which specific actions. The article should highlight participation and results achieved by opinion leaders in the community if at all possible.

Participating Utilities' Minimum Responsibilities

The efforts required by each participating utility have been minimized, however some action is required.

1. Provide MMUA with a copy of the utility's logo to be used in print materials. These may be printed on the materials or printed as stickers that can be added to the materials.
2. Identify key trade allies and provide names, addresses and phone numbers of contact persons.
3. Make and maintain contact with trade allies if possible. MMUA may also be able to assist in this area.
4. Forward any feedback from local trade allies regarding the opt-in programs to MMUA on an ongoing basis.
5. Send at least one staff person to an MMUA training workshop on the opt-in programs.
6. Have that person train internal staff regarding in opt-in program benefits, criteria and processes, using presentation materials and talking points provided by MMUA, laminated cards, etc.

7. Assist MMUA in submitting press releases, ads, etc... to local newspapers. Assist MMUA in coordinating the inclusion of local trade allies in coop advertisements.
8. Mail marketing materials provided by MMUA to relevant sectors through either bill inserts or direct mail.
9. Promote and encourage participation in the opt-in programs wherever possible: at least through normal contacts with customers, and where possible, through presentations to local groups, etc.
10. Call on key accounts regarding the lighting program
11. If possible, place PSAs and/or radio ads on local radio stations, using scripts provided by MMUA
12. If vinyl signage for vehicles and display/booth materials are made available, use these items where possible.
13. If possible, provide a customer database to MMUA, preferably electronic, for verification of eligibility for participation in the opt-in programs. Identify different market sectors, if possible (ie. residential, commercial) along with customer-specific information to assist in targeted marketing (i.e. consumption history, demand levels, etc.). Alternatively, customers may be asked to submit a copy of one of their monthly utility bills with their rebate application.
14. Once the programs have had some local participation, assist in identifying and developing material for local "success stories" that can be placed in local newspapers, utility newsletters or other printed materials.

Timeline

Following is a timeline for the marketing efforts of the opt-in programs.

- **July 30:** The ESC (Energy Services Committee) receives plan for review.
- **August 1:** Presentation of the marketing plan to the ESC.
- **August 1:** Committee determines theme, direction, changes, etc.
- **August 16:** Marketing Plan is finalized and distributed to all MMUA members to encourage utilities to sign-up. Includes themes, list of materials to be developed, and level of involvement needed by the participating utilities.
- **August 30:** Completion of advertising materials as determined by the committee such as brochures, point of purchase materials, press releases, "talking points", etc.
- **September 2:** Advertising materials are sent to the printer, assuming the minimum utility participation levels for the opt-in programs are met.
- **September 2 – September 13:** Trade Allies serving participating utilities' service territories are contacted and informed of the offering. The trade allies will be asked to provide information regarding seasonal promotion of relevant equipment (ie. when to market A/C rebates and when to market Furnace VSD rebates), stock levels, etc.
- **September 29:** Printing of materials is complete and printed materials are sent out to participating utilities, trade allies, etc. before the launch of the program so that utilities and trade allies will have the information as the general public learns of the offering.
- **October 1:** Program offerings begin.
- **2003-2004:** Ongoing promotion of Energy Star program and C&I Lighting Program within each service territory (ie. white goods, lighting). Seasonal promotions where applicable (ie. A/C, Furnace VSD). Monthly invoices will also be submitted to participating utilities detailing the level of participation each month and year to date.
- **May, 2003:** MMUA will evaluate the performance of the program by service territory. The level of promotion by service territory will be adjusted based upon performance to date.
 - High performing areas will have marketing efforts reduced.
 - Fewer bill inserts
 - Less aggressive targeting of trade allies

- Less local advertising and participation at local events
 - Low performing areas will have marketing efforts increased.
 - More bill inserts
 - More aggressive targeting of trade allies
 - More local advertising
 - More participation at local events, such as fairs, trade shows, etc...
 - Development of a high visibility case study/testimonial to be used for promotion
 - Submit an on-going column on energy efficiency in the local paper.
 - **September, 2003:** MMUA will survey participating utilities to evaluate program processes and features and assess potential changes for the next biennium.
 - **January, 2004:** Following the end of the current biennium, 2002-2003, MMUA will prepare a CIP report for each participating utility that can be used as part of their CIP reporting requirements to the Department of Commerce. The participating utility will contact the local trade allies and receive feedback on the performance of the opt-in programs. Feedback will be forwarded back to MMUA for inclusion in future offerings. Adjustments to marketing plan for individual utilities will be based upon past performance and feedback.

Appendix A: Market Segments

It is important to understand the various market segments since they may have different needs and respond to different marketing messages, themes and channels.

C&I Lighting

Three main groups of C&I customers will benefit from the C&I lighting rebate programs.

- Small Commercial & Industrial
 - Includes the great majority of of C&I customers for most municipals, so will likely be the predominant number of participants in this program.
 - Characteristics include:
 - relatively low electric demands (10 kW to 200 kW)
 - limited capital and borrowing capacity
 - very short payback criteria
 - comparatively small energy bills, both in absolute terms and as a percentage of revenues (typically less than 2%), which limits the time and attention they can devote to pursuing energy cost reduction opportunities
 - extremely limited management resources, which must be focused on higher priority issues such as personnel and sales
 - complete lack of technical expertise regarding energy use
 - lack of objective, credible information about the energy use, performance and reliability of efficient products, and a resulting high perception of risk.
- Large Commercial & Industrial (includes Key Accounts)
 - Includes a small number of customers but the largest amount of C&I sales for most municipals, so may be a significant contributor to savings even with small numbers of participants.
 - Characteristics include:
 - demands over 200 kW
 - greater availability of capital
 - short payback criteria, but more sophisticated analysis of investment opportunities
 - more management resources, and larger energy bills in absolute terms and sometimes as a percentage of revenues. These two factors make it easier for these customers to incur the “transaction costs” required to implement a lighting upgrade
 - more in-house technical expertise and better access to trusted external expertise such as engineers or contractors with whom they have ongoing relationships.
- Government
 - Includes the municipality as well as county, state and other government entities.
 - Implementing lighting improvements enables the utility to provide direct energy cost savings to the municipality.
 - It may be easier for municipal utilities to encourage participation by local governments than it is for investor-owned utilities.
 - Government accounts have unique energy cost reduction opportunities such as high efficiency traffic signals and street lighting, as well as lighting retrofit opportunities in government buildings such as city hall, police station, fire station, etc. that are similar to those available to other C&I customers.

Secondary Markets/Trade Allies

Secondary markets are those that may be targeted with key messages at specific times. These markets may interact periodically with your end-users, or they may be sources that your customer uses for information, services, or education.

- Electrical and Lighting Contractors
- Commercial Builders
- Architects and Electrical Engineers
- News Media

Residential

Residential customer segments will vary among the participating utilities. Because of the limited budget available, any marketing themes must be broadly applicable across all segments.

Physical Dwellings

- Single Family Homes – Owned
 - Likely to account for the largest number of participants in the appliance and HVAC equipment portion of the Energy Star program
- Single Family Homes – Rental
 - Of particular importance from a state regulatory perspective.
 - More likely to participate in the compact fluorescent lamp (CFL) portion of the program than the appliance portion.
- Multi-Family Homes (Apartment Buildings)
 - Of particular importance from a state regulatory perspective.
 - More likely to participate in the compact fluorescent lamp (CFL) portion of the program than the appliance/HVAC portion.
 - Appliance/HVAC opportunities of particular relevance include apartment-sized refrigerators and through the wall air conditioners.
- Subsidized or Low-Income housing
 - Of particular importance from a state regulatory perspective.
 - Will probably be served primarily through specific low-income programs, working through community action programs or entities like Habitat for Humanity. However, general marketing messages can increase these households' awareness of and receptivity to efficiency measures offered through CAPs/HFH.
- Seasonal Homes

Demographic Types

- Seniors
- Families w/children
- Singles
- Seasonal Visitors

Psychographics

The following questions can apply to all of the demographic types. For example, the senior sector in one market may be active retirees that have middle to higher incomes and travel, where in another market elderly may refer to lower income, less active seniors.

- Income levels – Low ranging to High Income.
- Technology savvy or technology challenged?
- Stay at home or travel within state, region, or country to make purchases?
- What do they do or where do they go? Sports and outdoors, arts and culture, entertainment/casinos, etc?

- Bedroom community to a larger metropolitan area, or rural area?

Secondary Markets/Trade Allies

Secondary markets are those that may be targeted with key messages at specific times. These markets may interact periodically with your end-users, or they may be sources that your customer uses for information, services, or education.

- Appliance Dealers
- Contractors: HVAC, plumbing, etc...
- Retailers such as hardware and grocery stores (for CFLs)
- Home Builders
- News Media
- Schools