But I don’t want to!

Engaging reluctant Americans (almost all of them) into energy efficiency and sustainability

EEBA
September 23, 2014
Gain a sustainable advantage
Our Vision: Every home & building in America is energy efficient and sustainability is ordinary.
We help companies define and leverage their energy efficiency and environmental commitments to gain a market advantage.
Level Setting
They care about many of the features/benefits inherent to high performance homes
81%

Say higher energy efficiency would cause them to choose one new home over another
If you were the President...
40% Solar

15% Natural Gas
46%

Are at least somewhat concerned about indoor air quality
84%

Think energy efficient homes are healthier homes
But...
They don’t know what the heck you’re talking about most of the time
Terms or phrases you know you could confidently and correctly explain to a friend

- Efficient home: 38%
- Energy responsibility: 32%
- Green home: 28%
- Indoor air quality: 28%
- Low carbon footprint: 24%
- HVAC: 24%
- None of them: 23%

Source: Energy Pulse 2014

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- Dual flush toilet: 22%
- Energy productivity: 16%
- High-performance home: 14%
- High-performance comfort system: 11%
- Whole-house health protection system: 6%
- Net Zero home: 5%

Source: Energy Pulse 2014

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What they think they should do to improve the indoor air quality of a home isn’t entirely right

- **42.6%** Clean air ducts
- **34.2%** HEPA filters
- **34.0%** Improve home’s ventilation
- **30.8%** Open windows
- **29.2%** Electric air cleaner
- **20.5%** House plants
Level setting on energy efficiency
They **say** energy conservation is important.

How important would you say energy conservation is in the way it affects your daily purchase choices and activities? (Percent rating important or very important)
Our top energy concern: Our dependence on foreign countries.

- **35%**: America depends too much on foreign countries for energy.
- **27%**: My ability to pay for energy.
- **20.0%**: The environmental impact of our energy use.
- **18%**: We’re using up our energy resources at the expense of future generations.

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The stated motivation for an energy efficient home is to save money.

The stated obstacle to embracing energy efficiency is up-front cost.
There are some very real emotional obstacles in the way of leveraging an energy efficiency claim.
Apathy
Misperceptions
80% think they don’t use more electricity today than they did five years ago.
Almost Half think their homes are already energy efficient
45%

Have done little to nothing to improve the efficiency of their homes
Half the American population claims to have done 1-3 things to make their homes more energy efficient.
Most of those people report that their utility bills stayed the same or went up.
63% say their bills have gone up
The Wheel of Blame

Utilities are now at the top of the “blame” list for high energy costs – ahead of oil companies, the government, unrest in the Middle East and consumer demand.
85%

How much they expect to save if they spend $4,000 on EE home improvements
Likelihood of getting a home energy audit is down from 15% to 10% over the last 3 years.
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Energy-Efficient Home Activity Propensity

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<table>
<thead>
<tr>
<th>Activity</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change habits at home to save energy: adjust thermostat settings, wash clothes in cold water, etc.</td>
<td>8</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>Add duct sealing/insulation</td>
<td>10</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>Install a water-conserving toilet(s)*</td>
<td>9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Install a programmable thermostat that can be set to adjust the temperature while you’re not at home</td>
<td>14</td>
<td>12</td>
<td>9</td>
</tr>
<tr>
<td>Add a home energy monitoring device or display</td>
<td>13</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Add solar panels to generate electricity or heat the water for your home</td>
<td>24</td>
<td>12</td>
<td>8</td>
</tr>
</tbody>
</table>

*New item in 2013

N=769

Energy-Efficient Home Activity Propensity – Continued

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Many plan to make aesthetic improvements ...

How likely are you to make other improvements to your home in the near future (e.g., kitchen or bathroom renovations, new carpet, tile or hardwood, etc.)?

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... because they think aesthetic improvements will enhance home values more.

![Bar chart showing reasons for choosing aesthetic improvements over efficiency improvements.](chart.png)

- **37%** think that cosmetic improvements will make their home more attractive at resale than efficiency improvements will.
- **26%** believe their home doesn’t need many or any efficiency improvements.
- **15%** prioritize making their home more attractive over making it more efficient.
- **14%** have other reasons.
- **5%** don’t want to make efficiency improvements.
- **4%** think cosmetic improvements cost less.

We noticed that you’re likely to make cosmetic improvements to your home, but you’re unlikely to make many energy efficiency improvements. Why is that?

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It’s about perceived value
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- Efficient homes have lower utility bills. 78% in 2012, 80% in 2013
- Efficient home features improve resale value. 68% in 2012, 79% in 2013
- Having an efficient home allows you to not waste money or resources. 70% in 2012, 74% in 2013
- An efficient home allows you to set your thermostat to a more comfortable setting without paying more. 73% in 2012, 74% in 2013
- An efficient home gives you more control over energy consumption and future price increases. 69% in 2012, 72% in 2013
- An investment of $1,500 would, on average, be paid back within two years through reduced utility costs. 54% in 2012, 56% in 2013

*Prior to 2013, expenditure example was $4,000, and payback period was six years.
**New item in 2013

N=1,008

Rate how effective you think each of the following statements would be to persuade homeowners or homebuyers to spend $1,500 for energy-efficient home features.*

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About now you’re thinking, “Clearly, we need to educate people.”
Don’t try to just “educate” the market
Don’t try to scare the market into buying
Gain a sustainable advantage

spend less money every month

FOR LIFE

Attic Insulation Saves You MONEY

LET'S LAY DOWN SOME SAVINGS.

How Window Treatments Save Money on Utility Bills

15 GREEN HOME PRODUCTS that can save you money and energy

$
Connect them to the real, underlying benefits of green & efficient homes they actually care about.
Loss is saving’s more emotionally compelling cousin.

- Efficient homes have lower utility bills: 84% in 2013, 78% in 2012, 80% in 2011.
- Efficient home features improve resale value: 79% in 2013, 68% in 2012, 70% in 2011.
- Having an efficient home allows you to not waste money or resources: 74% in 2013.
- An efficient home allows you to set your thermostat to a more comfortable setting without paying more: 73% in 2013.
- An efficient home gives you more control over energy consumption and future price increases: 72% in 2013.
- An investment of $1,500 would, on average, be paid back within two years through reduced utility costs: 72% in 2013, 56% in 2012, 54% in 2011.

*Prior to 2013, expenditure example was $4,000, and payback period was six years.
**New item in 2013

Rate how effective you think each of the following statements would be to persuade homeowners or homebuyers to spend $1,500 for energy-efficient home features.*
Almost two-thirds said there was a message that might move them to be proactive about replacements.

None of these would convince me to be proactive and replace now. 35%

Replacing now allows you to do your homework and get the best price and best unit. 32%

An old, inefficient unit wastes energy and costs you extra money each month. Replacing now will save you money in the long run. 30%

Older furnace and AC systems tend to break down at the worst possible time (when it's extremely hot/cold, etc.). Replacing now saves you discomfort and inconvenience later. 29%

When water heaters fail, they often leak and cause water damage. Replacing now can save you extra repair expenses later. 20%

Percent of homeowners who think they need to replace their central AC, furnace and/or water heater but are unlikely to do so

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If you were suddenly given $10,000 to make home improvements, which two of the following would you do?
Focus your comfort and air quality message on the right audience:
And make sure you deliver the right message to the right segment...
Our segmentation...

Age
Education
Income
Ethnicity

+ Attitudes + Behaviors

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Consumer Segmentation

- Working Class Realists: 29%
- Cautious Conservatives: 19%
- True Believers: 20%
- Concerned Parents: 32%

Percent of total population

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True Believers – 20% of Americans

- Most between 35 and 64 years old
- Equally likely to be men or women
- White-collar and professionals
- Very well-educated
- High income ($75k+)
- Homeowners
- Married
- Democrats
- Environmentalists
- Highest # of conservation activities (10)
Connecting with True Believers

• Applaud their actions and encourage their next step.
• Message around protecting the environment and saving natural resources.
• Support solar and other renewable generation methods.
• Communicate that proactive improvements ensure they’ll get the most efficient equipment and prevent unnecessary damage to the environment.
Concerned Parents – 32% of Americans

- More women (61%)
- Age 18–44
- White-collar and homemakers
- Average income
- Some college or bachelor’s
- Likely a member of a minority group
- Married with children
- Democrats
- Somewhat less likely to be homeowners
- Below avg. # of activities (5)
Connecting with Concerned Parents

- Make the connection between EE and resale value.
- Communicate the comfort and health benefits of EE.
- Use a “don’t waste” or “loss” message.
- Leverage preserving the quality of life for future generations.
Cautious Conservatives – 19% of Americans

- Slightly more men than women
- Highest income (37% $100K+)
- Half are 55+
- Predominantly Caucasian
- Well-educated
- Professionals and retirees
- Married
- Republican or Tea Party
- Homeowners
- Driven by ROI
- Just above avg. # of activities (7)
Connecting with Cautious Conservatives

• Make the ROI case for EE improvements.
• Make the ROI connection between home value and EE improvements.
• Message around gaining “control” over energy consumption and costs.
• Communicate that proactive improvements allow you to maintain control: They’ll know they’re getting the best equipment/price and avoid surprises/discomfort.
• Don’t talk about the environment or climate change!
• Do talk about energy independence.
Working Class Realists – 29% of Americans

- Men and women
- Age 18–34
- Blue-collar and unemployed
- Lower income
- Less educated
- Likely to be a minority
- Single
- Renters
- Primarily urban
- Low # of activities (3.5)
Connecting with Working Class Realists

• Help them with ways to better manage their energy consumption/pay their energy bills.
• Offer DIY rebate programs.
• Offer point-of-sale rebates to reduce out-of-pocket costs.
• Offer financing.
Initial Request:

We must get Americans to understand the vital importance of water conservation.
Aha!

Wake people up to the moment when using water becomes wasting water.
Visit http://www.wastingwaterisweird for the PSA’s
ARE YOU WEIRD?

Wasting water is weird. It really is when you think about it—and that's the problem. We don't. You see, there's this moment when using water becomes wasting water. That's when things start getting weird. But don't take our word for it. Just watch Rip. He explains it better than we ever could.
121 markets
290 stations
432 million impressions
$6 million in free ad space

29% who saw it said it moved them to change their water usage habits.
In market now
Visit http://www.avoidenergydrama for the PSA videos
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!”
Here we got some affordable ideas for you.

“WHERE DO I EVEN BEGIN?”
Good question. Here are some good answers.

ENERGY SAVINGS TIP
Dishing out savings:
If you use a dishwasher, let your dishes air dry. No automatic air dry switch?? Simply turn off the dishwasher after the final rinse, open the door and let evaporation do its thing.

WITH SUPPORT FROM:

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Results eight months in

- Reached 20,880,716 TV & radio media impressions towards an annual goal of 15 million
  - $600,937 in free media towards goal of $3-600,000
- Reached 2389398 additional media impressions (Pandora & Yahoo)
- Exceeded unique visitor goals at 7,501 (goal – 2,500)
- Generated high direct traffic to the site (i.e., typing in campaign URL)
- 47% click-through rate on a sponsor logo
An idea

Bringing this all together
Consumer engagement via segmentation, personalization, and marketing automation
Gain a sustainable advantage
Consumers Energy Advisor
To: Casey Skinner
Reply-To: Consumers Energy Advisor
Pay us less. Seriously. And get a $10 gift card to do it!

That’s right. We want you to pay us less by using less energy.

We’re excited to tell you about Energy Adviser – Consumers Energy’s new service that shows you the best ways to shrink your energy bills. That means you pay us less and we reduce our operating costs, so everybody’s happy.

We know what works, and we can help you get results. With Energy Advisor, you’ll get a customized plan that’s packed with cash incentives, helpful tips and expert advice, all of which will lead to measurable savings on your bill.

Enroll now and here’s what you’ll get:
- A plan that’s personalized for you and your home – and designed to get results
- Cash rebates and rebates to keep you moving
- The satisfaction of making energy changes that actually reduce your monthly bill!

ANSWER A FEW EASY QUESTIONS AND GET A FREE $10 VISA® GIFT CARD!

Take the first step on the path to savings and claim your $10 GIFT CARD! It’s only the beginning of what you’ll earn and save.

GET STARTED NOW
(Hurry, time and space are limited!)

LEARN MORE
Pay us less. Seriously.

Consumers Energy Advisor is here to help you shrink your bill. Answer a few simple questions, and we’ll give you an easy-to-follow plan to reduce your energy use. Would a $10 gift card get you going? It’s yours. And you’ll get more cash along the way.

CLICK TO START PAYING LESS!

We’re not kidding.

When you use less energy, it actually saves us money. (Here’s why.) So we’ve designed a service that’s totally different from others you’ve seen. It isn’t a laundry list of pie-in-the-sky stuff—it’s a manageable plan that’s personalized for you and lets you know what kind of savings to expect.

We’ll even give you a $10 Visa® gift card just to get started!

$75  $350

Pick one? No, have both!

- Do two things from your plan by 12/31/2013, and you’ll qualify for $75 cash.
- Do all five things from your plan by 9/30/2014, and you’ll qualify for $350 cash.

CLICK TO START PAYING LESS
Have you made any of these improvements in your current home already? (Please check all that apply)

- Installed extra insulation
- Installed an ENERGY STAR qualified furnace, boiler, or heat pump
- Installed an ENERGY STAR qualified central AC unit
- Installed a high-efficiency or tankless water heater
- Purchased an ENERGY STAR qualified appliance
- None of the above

How important is energy conservation in the way it affects your daily purchases and activities?

- Very unimportant
- Unimportant
- Neither unimportant nor important
- Important
- Very Important
# Do5 things

## Dashboard

### Your Plan

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
<th>Cost</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Schedule a cooling system tune-up this summer – we’ll give you $50 towards the $150 average cost.</td>
<td>$50.00</td>
<td>$50.00</td>
</tr>
<tr>
<td>2</td>
<td>Install a new air conditioner – use our special $500 deal, and we’ll waive the $25 fee!</td>
<td>$500.00</td>
<td>$376.00</td>
</tr>
<tr>
<td>3</td>
<td>Purchase a furnace with an ECM and get a rebate from Consumers Energy.</td>
<td>$500.00</td>
<td>$138.00</td>
</tr>
<tr>
<td>4</td>
<td>Install rooftop insulation and get a rebate from Consumers Energy.</td>
<td>$525.00</td>
<td>$68.00</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$1,500.00</td>
<td>$390.00</td>
</tr>
</tbody>
</table>

## Your Next

### Your Savings

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
<th>Cost</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Schedule a heating system tune-up this summer – we’ll give you $50 towards the $150 average cost.</td>
<td>$50.00</td>
<td>$50.00</td>
</tr>
<tr>
<td>2</td>
<td>Install a new furnace – use our special $500 deal, and we’ll waive the $25 fee!</td>
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</tr>
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<td>Purchase a heat pump with an ECM and get a rebate from Consumers Energy.</td>
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<td>$1,500.00</td>
<td>$390.00</td>
</tr>
</tbody>
</table>

## Contact us

<table>
<thead>
<tr>
<th>Contact an Advisor</th>
<th>Email</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shelton Group</td>
<td><a href="mailto:shelton@do5things.com">shelton@do5things.com</a></td>
<td>1-800-555-DO5T</td>
</tr>
</tbody>
</table>

## Gain a sustainable advantage

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Gain a sustainable advantage

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Nice work!

You're over halfway down the path to energy savings...and a more energy-responsible home. Take the next two steps, and you'll truly be able to say you've done your part.

ON TO STEP 4!
Take the path to energy responsibility.

It's been a while since you visited your Energy Advisor, and we miss you! Come on back, pick up where you left off, and let's lighten your energy bills -- and your impact on the environment.

LET'S CONTINUE
Results
Highly targeted email marketing drives engagement

35% OPENs  7% CLICK-THROUGHS

Industry Averages

15%  3.5%
Overall program opt-in rates through the roof

7%  Pilot 1-2

15%  Pilot 3

Industry Averages

2%
# Self-reported Measure Completion

| Pilots 1-2                              |  | Pilot 3                              |  |
|-----------------------------------------|  |--------------------------------------|  |
| Heating System Tune-up                  | 33% | Free Products & Install              | 64% |
| Attic Insulation                        | 26% | Refrigerator Recycling               | 47% |
| In-home Analysis                        | 24% | Attic Insulation                     | 39% |
| CFLs and LEDs                           | 16% | CFLs                                 | 18% |
| Crawl Space Insulation                  | 9%  | In-home Assessment                   | 18% |
| Refrigerator Recycling                  | 9%  | Energy Monitoring                    | 13% |

12% of all participants self-report    14% of all participants self-report
A Behavioral Framing Experiment

Test four different behavioral framing principles in email campaign effectiveness

ENDOWMENT

SOCIAL PROOF

LOSS AVERSION

POWER OF FREE
## Same Content and Offers, Different Messages

<table>
<thead>
<tr>
<th>Principle</th>
<th>Concept</th>
<th>A/B Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment</td>
<td>You took the first step. Don’t quit now.</td>
<td>Savings Data (y/n?)</td>
</tr>
<tr>
<td>Loss Aversion</td>
<td>Rebates available. Don’t lose yours.</td>
<td>Subject line</td>
</tr>
<tr>
<td>Power of Free</td>
<td>Free savings plan</td>
<td>Heavier design</td>
</tr>
<tr>
<td>Social Proof</td>
<td>Your neighbors...</td>
<td>Call-to-action</td>
</tr>
</tbody>
</table>
## Behavioral Experiment Results

<table>
<thead>
<tr>
<th>Behavioral Principle</th>
<th>Opens</th>
<th>Clicks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss Aversion</td>
<td>43%</td>
<td>13.5%</td>
</tr>
<tr>
<td>Social Proof</td>
<td>43%</td>
<td>11.0%</td>
</tr>
<tr>
<td>Endowment</td>
<td>33%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Power of Free</td>
<td>36%</td>
<td>2.5%</td>
</tr>
</tbody>
</table>

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Once you’ve delivered the home improvements, work to modify their behavior in the home afterwards.
Over half of potential buyers admit they would likely use energy-efficient products more.

53%
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Takeaways

- Don’t talk about saving the planet, net zero energy, high performance or IAQ (like they know what it means)
- Understand that people are now skeptical of energy efficiency/save money claims
- Don’t try to educate, scare or spin them into buying
- Push increased comfort for the family, healthier for everyone in the home, controlling energy bills, less waste and better resale value
- Deliver the right message to the right segment
- Push behaviors, not just products
- Create specific, logical action steps forward for folks
Discussion
Thank you!

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