



BEST PRACTICES FOR ENERGY RETROFIT PROGRAM DESIGN

MARKETING RECOMMENDATIONS

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This document is part of a series of reports developed by the Best Practices Committee of the Home Performance Resource Center to aid program managers, program designers and policymakers in the design and implementation of successful home energy retrofit programs. The series is based on nine case studies of state and local programs in California, Colorado, New Jersey, New York, Oregon and Texas, with analysis by four separate working groups focused on financing and incentives, marketing, workforce development and business models. Additional documents in the *Best Practices for Energy Retrofit Program Design* series are available online at www.hprcenter.org.

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INTRODUCTION

Program-run marketing campaigns should be designed to motivate homeowners to take action and follow through with energy audits and retrofit measures. Programs should structure marketing efforts to build program-wide demand and develop contractors' own marketing capacity; they should act as added wind in the sail for home retrofit demand, without attempting to be the only driver of demand. A successful marketing campaign will use many different channels and media to communicate the Home Performance message. The best approaches will carefully piece together the elements below to form a strong, cohesive campaign.

The Marketing Working Group set out to answer the following questions:

- How should residential retrofit programs use marketing strategies at their launch?
- What kinds of marketing strategies and tactics can help programs succeed long-term?
- How can programs use marketing campaigns to increase audit-to-retrofit conversion rates?
- What kinds of considerations should programs take into account when designing marketing campaigns?

AT PROGRAM LAUNCH

Customer education is key: Because homeowners with pre-existing knowledge about the benefits of energy retrofits are more receptive to contractor marketing activities, it is important for programs to educate customers about what Home Performance is, and about the full range of benefits that home energy improvements bring both to individual homeowners and to the community as a whole. Educational initiatives should emphasize non-energy benefits – such as reduced greenhouse gas emissions and enhanced thermal comfort and indoor air quality – in addition to the long-term energy cost savings that result from energy improvements. Programs also should educate consumers about the performance advantage that whole-house retrofits offer as compared with single-measure or product-based solutions. Information campaigns during the launch phase should combine paid and earned media with community meetings and other public outreach activities. Before-and-after market research should be conducted to ensure that educational activities reach the intended audience and yield measurable results in the form of higher adoption rates in the target area.

Cultivate earned (free) media: News coverage and other forms of earned media can generate substantial interest with little or no cost to the program. Some programs – notably Berkeley First, Long Island Green Homes and New York Home Performance with

ENERGY STAR – have been very successful at attracting earned media at the time of launch. In the case of Berkeley First, extensive news coverage preceded the posting of application materials online, and all 40 of the available program slots were filled within 7 minutes.

Use paid media (television, radio, print, online, direct mail) to increase market penetration: Paid media should be used commensurate with program capacity to augment earned media coverage at the time of launch. Where possible, media campaigns should be developed by trade allies and public relations or marketing agencies with a record of selling home improvements in the local market. Television, radio and print ads have proven to be very effective for the New York Home Performance with ENERGY STAR program. The Sonoma County Energy Independence Program distributed print collateral with county property tax mailers, then followed up the direct mail piece with a phone bank. Long Island Green Homes mailed free compact fluorescent light bulbs to homeowners with program flyers attached. Paid Internet search results (such as Google AdWord buys) and search engine optimization of program Web sites can provide additional tools for reaching out to homeowners, with the added benefit of generating concrete metrics in the form of Web site statistics and click-through rates.

Leverage community outreach activities and conduct stakeholder outreach: Existing local outreach opportunities (home shows, homeowner associations, community fairs, etc.) should be leveraged to market Home Performance program benefits. In Portland, the Clean Energy Works program successfully used outreach efforts around free energy-saving activities to recruit customers to perform retrofits. In Maryland, the Montgomery County Department of Environmental Protection and the local chapter of the Sierra Club held educational sessions over a six-month span.

Use celebrity spokespeople/validators when possible: The New York Home Performance with ENERGY STAR program hired author and television personality Steve Thomas of *This Old House* to appear in ads for the program, explaining Home Performance and the benefits of retrofitting. Thomas served as an influential validator for the program. As the program matured, New York shifted to using actual customer testimonials. Engaging high-profile spokespeople at launch can provide programs with an initial boost, though the cost can be high. Construction or cultural luminaries from local communities may be less costly.

Tie marketing to industry growth: To avoid a situation in which consumer demand exceeds the capacity of retrofit services in a given market, investment in marketing should begin at a level commensurate with the availability of home energy contractors, and increase as the Home Performance industry grows locally. Maintaining a healthy balance between marketing and capacity will ensure that contractors and other industry participants are able to meet current demand, and that demand will be sufficient to grow the industry.

Engage in direct marketing to customers: To promote rapid growth in demand, market the program directly to targeted prospective customers during the launch period, and forward prequalified leads to approved contractors.

LONG TERM

Sustained and goal-driven advertising: The case studies show that paid advertising is one of the most vital components of a program's marketing strategy. The New York Home Performance with ENERGY STAR program has found that increases in consumer demand are clearly linked to areas where paid advertising has been most prevalent. (Geographic variations in the use of paid advertising are due in part to lower advertising rates in some media markets, notably Buffalo and Syracuse.)

Sustained outreach: Programs should continue to leverage community outreach strategies beyond the initial launch period to recruit leads.

Work with existing contractor organizations and related groups: Energy Trust of Oregon, a nonprofit funded through utility bill surcharges, and Built Green Washington, a coalition of local home energy programs in Washington State, have capitalized on existing organizations as a vehicle for long-term messaging. Programs should work with local Efficiency First chapters and members to plan and execute marketing programs.

Engage contractors as ambassadors, and fund contractor marketing: In the New York and New Jersey Home Performance with ENERGY STAR programs, program funds subsidize contractor marketing efforts. New York subsidizes 25% of marketing costs up to \$10,000 annually, with additional funds available depending on the amount of business the contractor has brought in. In this structure, program marketing is focused on education and awareness, and contractor marketing is geared toward actual sales.

Allow contractors to develop their own leads and customer bases: Contractors and auditors should be encouraged to generate their own leads and develop their own marketing activities so they can best expand their own businesses. In order to grow, companies need to be able to develop their own brand identities and have direct relationships with customers.

MAXIMIZE CONVERSION RATES

Help customers navigate the process: Customers with a better understanding of the financing and incentive process are more likely to complete a home retrofit. Use proven Web-based tools to provide an easy, step-by-step process for customers to follow. Conduct follow-up surveys to ensure that homeowners have understood the information, and encourage customers to spread the word about the program. The Boulder ClimateSmart Loan Program requires participants to attend a two-hour seminar in order to enroll in the program. Long Island Green Homes and Clean Energy Works Portland conduct extensive homeowner education as well. These educational components have led to higher conversion rates.

Require payment for audits: Requiring payment for a comprehensive home energy analysis with diagnostic equipment is an effective way to screen out customers who are less likely to take the next step and hire a contractor to perform the recommended improvements. This allows program and contractor resources to be focused on the most highly motivated customers. Contractors or programs should offer to rebate a portion of the audit cost if the homeowner follows through with recommended energy improvements that will achieve a minimum level of potential energy savings (e.g., 10% return on investment).

Design audit summaries that are informative and clear: The results of every energy audit should be presented to the homeowner in a clear and well-organized format designed to educate the customer and facilitate informed decisions about the proposed home retrofit services.

Conduct follow-up surveys: Programs should survey program participants to determine how customers are learning about the program, to tailor marketing approaches most effectively, and to identify potential ways to improve the program.

CONSIDERATIONS

Market size: Marketing strategies should be tailored to the size of the market. In small markets, program managers may consider using direct consumer marketing to generate leads. In larger markets, programs should incentivize businesses to market their services directly to customers.

Other programs: Cross-marketing Home Performance programs with other residential energy efficiency and renewable energy programs should be a goal, although in practice, cross-marketing efforts have in some cases been hampered by program “silozation” and competing objectives. For example, initiatives to recruit home remodelers to expand their service offerings to include Home Performance measures have not been effective in all locations, though in some markets these kinds of partnerships have been successful.

Climate zones: Focus marketing resources on regions with extreme weather where the potential for energy reductions – and corresponding cost savings – are greatest. These areas are likely to have more pre-existing demand for energy retrofits. Also, contractors report that comfort is a powerful selling point for home retrofits. Programs can capitalize on comfort and other non-energy issues in their marketing campaigns.

Strong program design: Program incentives must be compelling to attract media and consumer interest. Financing and incentives should be packaged in a way that is clear and easy to understand. Programs should aim to reduce the number of steps required to sign up for the program and follow through with retrofit measures. Programs that provide PACE financing or other low-cost financing options – notably the Long Island Green Homes program, which designs assessment payments to be less than projected energy cost savings – are especially appealing to consumers. These retrofit financing programs can boost adoption rates even among homeowners who don’t end up

applying for the financing incentive, by helping consumers understand how energy cost savings can amortize a one-time investment in home improvements. By comparison, New York Home Performance with ENERGY STAR offers homeowners the choice of financing interest rate buy-downs or a cash rebate. Financing programs should aim to make repayments/assessments lower than estimated cost savings, so customers start saving from day one.

CONCLUSION

Strong marketing campaigns are essential to achieve ambitious program goals. Marketing campaigns should educate homeowners about Home Performance, and provide a simple path toward implementing cost-effective retrofit measures. Strategies should focus on building demand and increasing the number of home energy retrofits performed. Program marketing efforts also should include elements that reinforce contractors' own marketing capacities and capabilities. The most successful programs incorporate compelling financing and incentives, and employ various marketing tools, including paid and earned media, trusted spokespeople, and local outreach and partnerships.



The Home Performance Resource Center is a national 501(c)(3) nonprofit organization formed to conduct public policy and market research in support of the Home Performance industry. The Resource Center develops research materials for policymakers, energy program managers and industry stakeholders to promote job creation, economic recovery, lower household energy bills and deep reductions in residential carbon emissions through improved home energy efficiency.

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