



What's Working: Marketing Energy Efficiency and Renewable Energy Today

This report covers survey results from 28 Energy Efficiency and Renewable Energy marketers in Colorado including members of the Energy Efficiency Building Coalition on their best practices in marketing today. This is paired with benchmark data on response rates and conversion rates for lead generation and customer engagement promotions online and off.

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This report covers survey results from 28 Energy Efficiency and Renewable Energy marketers in Colorado including members of the Energy Efficiency Building Coalition on their best practices in marketing today. This is paired with benchmark data on response rates and conversion rates for lead generation and customer engagement promotions online and off.

In a Nutshell:

As the economy freezes and the planet heats up, energy efficiency (EE) and renewable energy (RE) products present solutions to aid both issues. The challenge lies partly in overcoming marketing communications issues. Today's marketers must get up to speed on a myriad of new media choices. This paper is the insider-edge to understanding what is really working for a group of 28 savvy energy efficiency and renewable energy product marketers as well as members of the EEBCO. This paper pulls together experience and ideas to inspire the next great campaign during the economic recovery.

On the B2C side, events and education are best for reaching out to customers. The comfort that consumers can see and feel is the most important benefit. Consumers are choosing a vendor based factors including quality, integrity, and expertise – over the wow-factor of EE and RE new technology or lowest price. Rebates can help close the sale, shorten the sales cycle, and reinforce an overall quality brand image.

Findings indicate that for lead generation, B2C marketers are having success with several tactics:

- Event marketing
- Rebates to reinforce a quality brand image
- Social Media used effectively to promote events and rebates offers
- Search Engine Optimization

The messaging that resonates with EE and RE customers emphasizes comfort and saving money. “Customers want to be able to feel and see improvement.”¹

Findings indicate that, for lead generation, B2C marketers are having success with hands-on, face-to-face event marketing integrated with use of the company website and search engine optimization.

Educational materials and seminars ranked much higher for lead gen in EE and RE than across other industries. For customer communications, phone, email, events, and membership in peer associations work best for building relationships with customers.

The messaging that resonates emphasizes comfort and saving money. “Customers want to be able to feel and see an improvement.”

Marketers need to focus on what makes their company a good choice; quality, integrity, expertise. These are characteristics that consumers want to hear about.

Promotions should build on the utility rebate programs to reinforce a quality brand image, tie with events, and refresh the offer frequently.

The EE and RE target demographic is 35 – 54, \$50,000+ income, 1 – 5 years residence, no newlyweds, no new movers, and no new parents. Beyond these traditional demographics this paper identifies several online tools for developing a web persona beginning with Compete.com where marketers may compare 4 competitor websites against their own and download a free tracking code to develop a professional web user profile for each registered site.

B2B Overview>

B2B marketers trust in events and the company web site to generate leads. Seminars and association memberships followed a distant 3rd and fourth. This tracks with finding nationally. A Deloitte and Touche study of B2B marketers nationally found that respondents allocated more of their marketing dollars for exhibition participation, and use exhibits to a greater degree in the selling process, than other marketing mix components, except direct sales.¹ Email and phone were rated highly by the majority of survey respondents for customer communications. B2B marketers prefer an integrated approach.

¹ Paul Bonow, Champion Windows.

About This Report:

This paper is about helping EE and RE marketers spend less time overcoming the marketing hurdles and more time selling energy efficiency. Here is the insider-edge to understanding what is really working, for a group of 28 savvy energy efficiency and renewable energy product marketers. This paper pulls together experience and ideas to inspire the next great campaign during the economic recovery.

This paper will provide actionable data for marketers planning an Energy Efficiency or Renewable Energy campaigns in a difficult economy and beyond. Topics covered include:

- Survey results from 28 companies currently running promotions in the Energy Efficiency and Renewable Energy marketplace in Colorado including a majority of Energy Efficiency Building Coalition members
- Industry response rate averages by media from the Direct Marketing Association (DMA)
- Information and statistics on the newest methods in Online Marketing being used in the EE and RE from the Online Marketing Institute
- Information on how media is being integrated to enhance the customer experience and promote brand as well as generate leads
- Data from Deloitte and Touche on Event Management

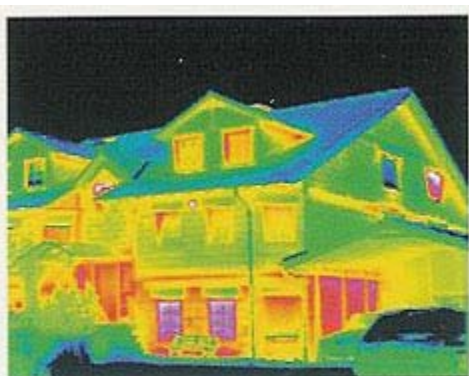


Figure 3 Thermal imaging photograph
Red = High Heat Loss, Yellow / Green = Medium
Heat Loss, Blue = Low Heat Loss

Market Drivers

There is still a belief that energy efficiency products cost more. Due to the slowing in the economy, price has once again become a key factor in many consumer energy efficiency purchase decisions. A dollar is a dollar and if one is concerned about losing a job, an investment in insulation doesn't pay today's bills.

2010 saw a retrenchment among consumers in energy efficiency spending though intuitively, the reverse should be true. In a perfect world, consumers would spend more on products to help them save when they have less money. That is not the experience today. There is still a belief that energy efficiency products cost more and, due to the slowing in the economy, price has once again become a key factor in many consumer energy efficiency purchase decisions. A dollar is a dollar and if one is concerned about losing a job, an investment in insulation doesn't pay today's bills.

In commercial markets, there was a small but noticeable slowdown in the pace of building efficiency improvements in 2009 as noted in the State of Energy Efficiency Report 2009.³ As the economy levels off, that rate of decrease will likely flatten. Companies have been hesitant to sink dollars into new projects, and banks are hesitant to lend funds. In Colorado, the commercial slow-down is less pronounced than on the national level.

For the crop of new energy efficiency and renewable energy start-up companies, and many established marketers repositioning their products for this vertical, the cost of marketing can be extraordinarily high. There are many more complex integrated media choices today and testing can be costly when consumer behavior and attitudes are changing rapidly. The cost per lead for paid search has risen over the past two years from \$20 to \$100.⁴

Source: www.sbc-technologies.com



3. State of Energy Efficiency, Denver Post, 2010

4. John Arnold, Online Marketing Trends 2010, August 2010.

Survey Methodology:

To better understand EE and Renewable marketing practices, the members of EEBCO and prospective members were surveyed using an online survey tool and personal interview method. The respondents include companies from the industries listed below.

The results were filtered for business-to-business marketers and business to consumer marketers. The 28 respondents answered multiple choice and open-ended questions allowing additional input. The quantitative data was then compared to national benchmark data when available and those comparisons are included in the results section and appendix.

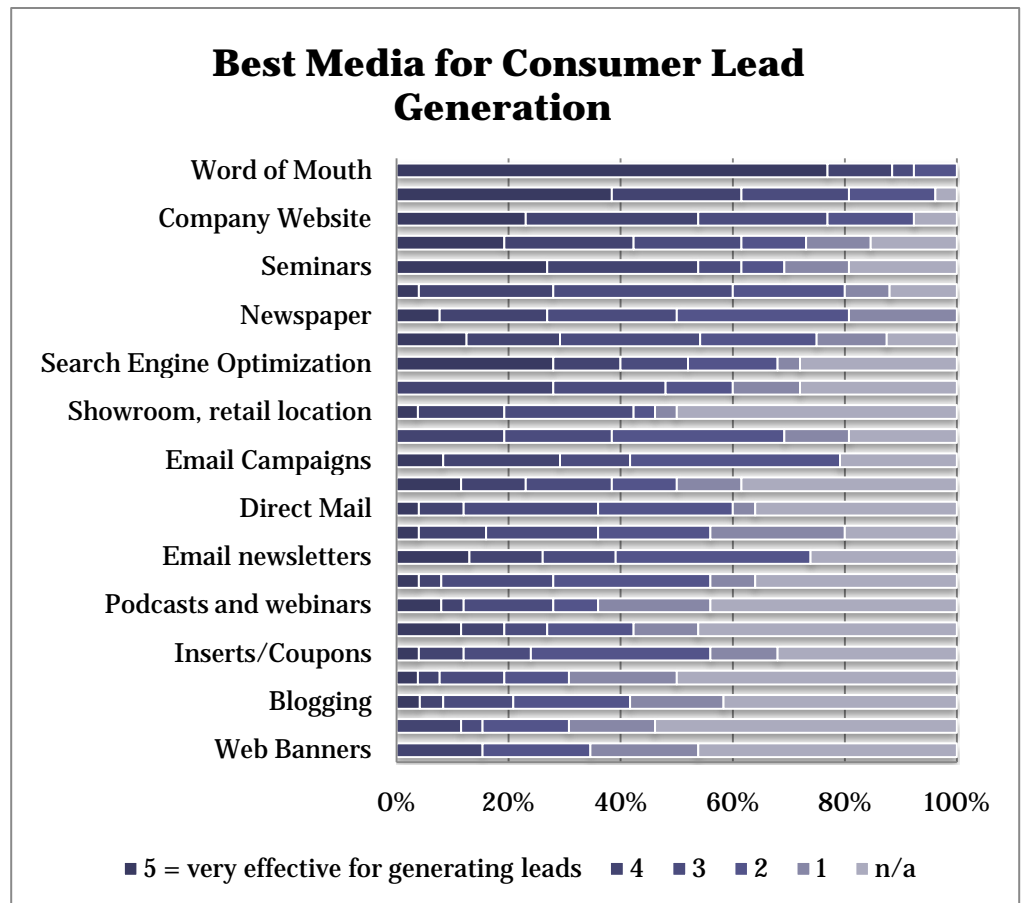
- Residential & Commercial HVAC
- Residential Energy Rating
- Solar Water Heat
- Designing and implementing energy efficiency programs
- Insulation
- Commercial HVAC
- Utilities
- Solar Electricity
- Commercial Energy Audits
- Energy Efficiency Architecture/building Design
- Windows
- Nonprofit doing EE/RE promo
- Wind Power
- Commercial Contracting
- Whole House/Attic Fan

Survey respondents indicated that the best media for lead generation is face-to-face events, followed closely by company website and search engine optimization

Survey Results B2C

Which media is working today for Business to Consumer lead generation?

Topped only by old fashioned word-of-mouth, survey respondents indicated that the best media for lead generation is face-to-face events, followed closely by company website and search engine optimization. Educational materials and seminars ranked much higher in EE and Renewables than in other product lines.



Best Media Combinations for Consumer Lead Generation

The survey respondents had a wide variety of preferred media combinations for lead generation. The most prevalent combination was event attendance with follow-up by phone or email. Seminars and educational materials ranked much higher with Energy Efficiency and Renewable Energy marketers in the survey. Educating the consumer about EE and Renewable technology is a critical messaging strategy that works in this vertical.

Over one third of employees had an email address change in the last year. The best investment in email marketing at this time is an investment in your list. 4

Val Pac, print, radio, TV paid search	Newspaper ads and events
Xcel bill inserts and direct e-mail	Presentations at local association meetings, with videos of presentations posted to company website.
Google ads	Attending events, then follow up with phone
Events and associations email/phone	Direct mail Presentations for real estate agents and educational seminars. PR has also worked well
Service Magic	Attending events, then follow up with phone
word of mouth and events	Google paid ads, workshops specific to your industry
newspaper/ TV	word of Mouth and presentations
presence in the community and word of mouth	Networking, Social Media, Word of Mouth, High Product integrity
seminars and word of mouth	Seminars/Phone
Radio and events	face to face; newspaper ads
Events- Audit revelation Parties-TM	Change the offer to refresh the brand

4. John Arnold, Online Marketing Trends 2010, August 2010.

These response rate benchmarks are collected by the Direct Marketing Association each year from across all industries.

Email to house files and Internet Display has the highest response rates across all vertical market categories for consumer lead generation.

Benchmark Response Rates for Consumer Lead Generation Programs⁵

	House File Response	Prospect File Response	Overall Response
Direct Mail Postcard -	5.23%	2.17%	
Email Open Rate	24.57	12.28%	
Email Click through	6.67%	3.31%	
Interent Display			5.92%
Interent Paid Search			5.69%
Outbound Phone			5.7%

Direct Marketing Association Response Rate Facts for 2010

- Email Response rates cascade from a 19.47% open rate to a 6.64% click-through rate, and 1.73% conversion rate.
- For direct mail, the highest response rate (5.72% for mail to a house list) were for dimensional mail pieces
- Paid search campaigns had a cost per click (CPC) of \$3.79, producing a conversion rate (desired actions per click) of 3.81%.
- The average CPM for Internet display was \$13.44
- Calls to existing customers with the purpose of up-selling and cross-selling had a response of 10.41% at a cost per contact of \$8.52

Are EE and RE Marketer On-Trend with the Top 10 Marketing Tactics for 2010 - 2011?

In a word, YES.

The top trends include SEO, Paid Search, Personalized Email, Mobile, Social Media, Blogging, Web Presence, Podcasting, Online Video, and Coupons and Discounts. EE and RE marketers embrace many of the top trends and have dialed-up their customer experience with these tools.

EE and RE marketers are focused on face-to-face events and supporting those with on-trend tactics to drive folks to those events and to the website; SEO, paid search, email, and others. The EE and RE verticals are leading the way in innovative use of coupons, and discount with utilities and other channel partners.

According to John Arnold, author of *Email Marketing for Dummies*, *Social Marketing for Dummies*, and *Mobile Marketing for Dummies*, one of the key uses of Social Marketing is for rolling out promotions including coupons and discounts.⁶ Wildfire.app is a smooth app for turnkey social media promotions that are a perfect match for offering discounts and coupon promotions via social media. This is the marketing utility of social media.

Wildfire.app is a great app for turnkey social media promotions that are a perfect match for offering discounts and coupon promotions via social media.

⁶ John Arnold, 2010 Online Marketing Trends; the good, the bad, and the ugly

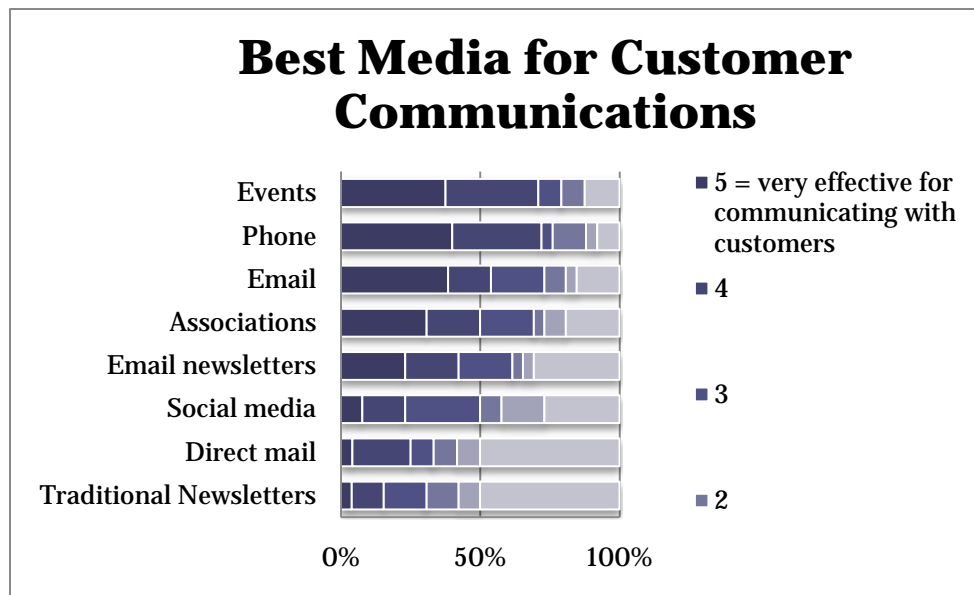
Communicating With Customers

Choosing the right media mix for communicating with customers is becoming more critical as customers spend more time in the the buying decision process. The Online Marketing Institute (OMI) resources on customer communication showed that consumers are spending 22% longer in the buying process and customers want a two-way dialog throughout this process. Seventy-five percent of large ticket retail buying decisions begin with online research.⁶ To create the right customer experience and effectively communicate with customers most today's marketers begin with:

1. An easy-to-use, optimized, website with information that can be found easily, verified by click-stream data, and follow the digital body language of user web personas. Engagement with customers through a combination of media including email, social media, phone, and in-person. Its difficult to surpass the rapport that builds with attendance at events and meeting where you see your customers and business associates. Links to your website from other websites is the best way to establish digital credibility.
2. The Energy Efficiency and Renewable Energy marketers surveyed for this study agreed strongly that phone, email, events, and association membership work best today for building relationships with customers.

What is the right marketing message today?

That depends on who *YOU* are. Energy efficiency and renewable energy are the products and services offered but they are not the focal point of a business. Rather, focus on what makes your business the right choice; quality, integrity, expertise, and customer experience are what customers buy.



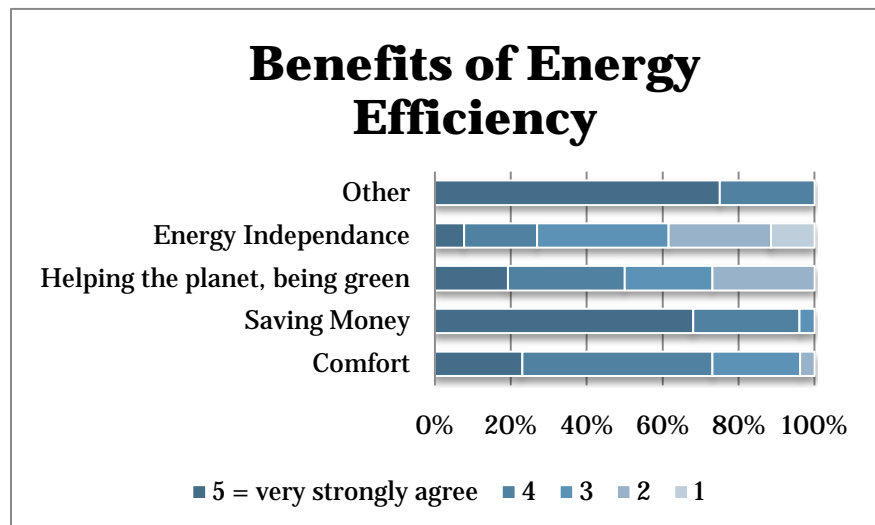
6. Online Marketing Institute – OMC, 2010

Green Consumer:

There is a specific demographic for marketers seeking the “green consumer” – a study conducted by Burst Media found there is a group that does appreciate marketers’ sustainability ad efforts. Compared to less than 20% of the much larger group of consumers classified as “aspirationally green,” 44% of the 5% who classify themselves as “completely green” think advertisers are doing an excellent or good job at providing information on green claims.⁷

What are the Main Benefits that Interest the Energy Efficiency and Renewable Energy Consumer?

Today, it’s saving money and comfort. Survey respondents cited these as the benefits customers mention as most important. According to Paul Bonow at Champion Windows, “They want to be able to feel and see the benefit as well as save money.” Other benefits mentioned as significant include: Peer pressure (we live in a progressive region), increased longevity, increased durability, and financial incentives.



7. Burst Media,

How are Energy Efficiency and Renewable Marketers using Utility Rebate Promotions?

Xcel, the Governors Energy Office (GEO), and Federal Tax Credit programs are providing the rebate and tax credit tools to ease the financial burden of energy efficiency products for consumers and business. The rebate program summaries are located at:

DSIRE.org

http://rechargecolorado.com/index.php/residential_resources/residential_hero_overview/geo_rebate_overview/

http://www.energystar.gov/index.cfm?c=tax_credits.tx_index

The Bank of Colorado is working with the GEO and EEBCO to bring more financing options for the Colorado EE and RE.

NATE Certification helps differentiate an EE company and reinforce a quality brand image.

Each company marketing program can build on the incentive programs offered by the utilities. Rebates are most effective when used to reinforce an overall quality brand image.

Key lessons in consumer behavior from utility company best practices in promotion from the 2009 Bonneville Power Administration marketing plan⁸ show that there are:

1. Innovative ways for utilities and EE companies to work tactically to deliver energy efficiency promotional programs (CFL light bulb Fundraiser Program, Energy Makeover Contest, Home Performance with Energy Star program, Small Commercial Lighting Program, etc.)

and

2. Consumers look to the utility to provide unbiased information about the value of energy efficiency, however, they seek out utility channel partners when they want to actually install a specific energy-efficiency product.

Little things can increase the number of rebates submitted by customers. Stacy Schmidt of Albracht's Hour Heating and Air says "When I started attaching the AHRI certificate to the forms, the rebates became easier." ⁹

Being a member of a group working with the utilities, like Energy Efficiency Building Coalition, is the best way to get involved.

8. BPA Effective Marketing Practices, Summit Blue Consulting, 2009

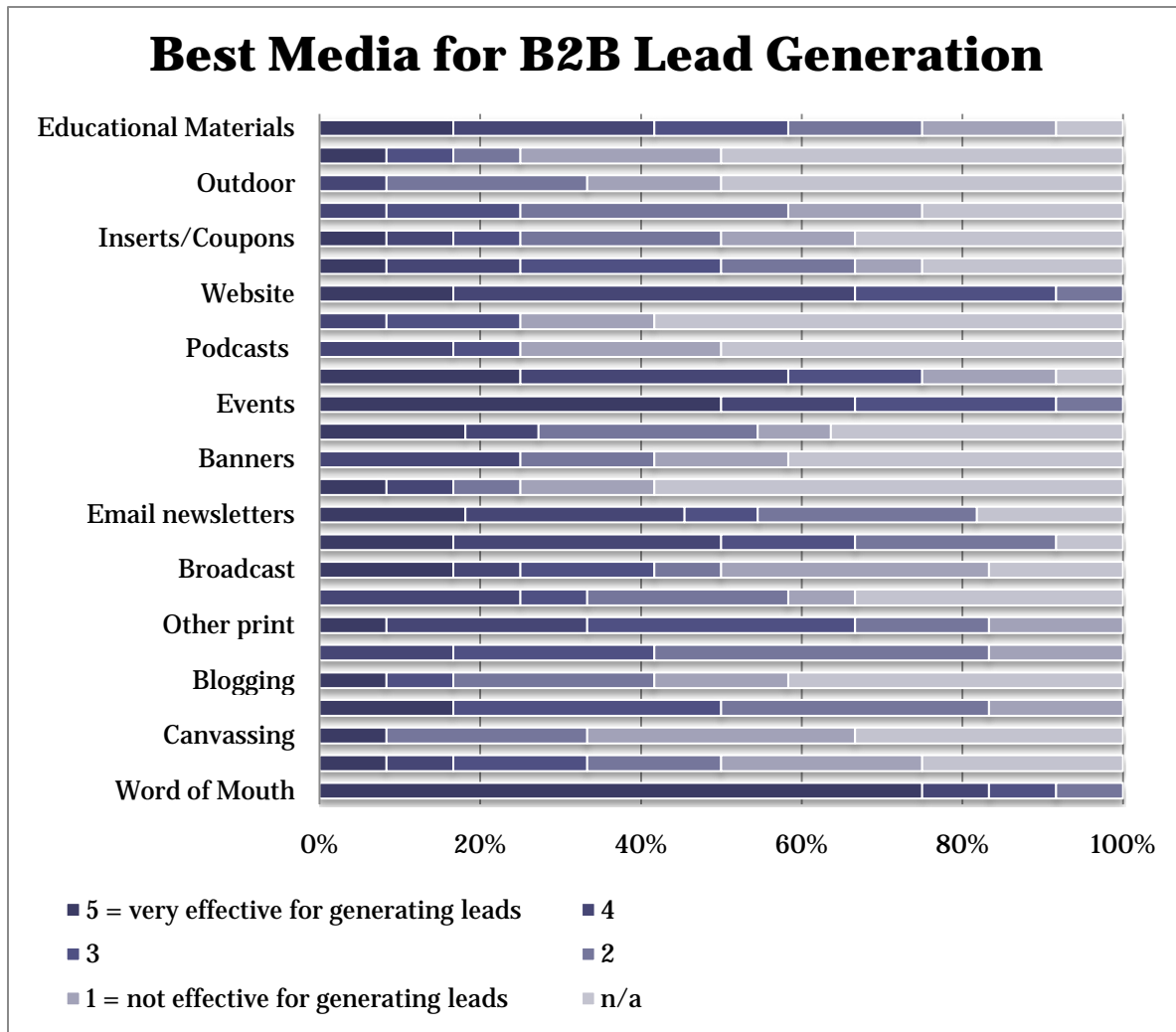
9. Xcel Rebate Central Newsletter

Ninety-two percent of survey respondents agreed that word of mouth, events, and company websites were effective or very effective for generating leads in the business-to-business environment.

Survey Results: Business-to-Business Marketing

Which media is best for Business-to-Business Lead Generation?

Ninety-two percent of survey respondents agreed that word of mouth, events, and company websites were effective or very effective for generating leads in the business-to-business environment. Coming in a distance behind were seminars (75%), email (67%), and print (67%). This result contrasts the national results for most successful lead generation technique.



Benchmark Response Rates for Business-to-Business Lead Generation Programs⁸

	House File	Prospect File		Conversion Rate
Direct Mail Letter	4.28%	1.68%	Paid Search	5.92%
Direct Mail Dimensional	8.15%	5.11%	Internet Display	4.57%
Email Open Rate	19.85	11.79	Phone - Cross-sell/Up sell	8.12%
Email Click-through	7.26%	3.45%	Phone Prospecting	5.48%
Email Conversion Rate	2.06%	0.92%		

Over one third of employees had an email address change last year. So the best place to invest in email marketing is in your list.¹⁰

10. John Arnold, Top 10 Trends, 2010

A Deloitte and Touche study found trade shows are the most successful media for B2B lead Generation

For example, the results from one manufacturing exhibit and show indicated that by integrating pre-show advertising and targeted direct mail, the average attraction efficiency increased 46% when compared to those who didn't use these components prior to the show.

Events and Associations are the choice for B2B lead Generation:

The business-to-business survey respondents had a more narrow selection of lead generation techniques. The most prevalent combination was event attendance combined with business association involvement. Online techniques were mentioned more often to be combined with events. Seminars and educational materials ranked much higher with Energy Efficiency and Renewable Energy marketers in the survey.

Best Media Combinations for B2B Lead Generation

newspaper/ TV	Newspaper ads and events
Radio and events	Google paid ads, workshops specific to your industry
Presentations at local association meetings, with videos of presentations posted to company website.	word of mouth and events
Events and associations	Direct mail
presence in the community and word of mouth	Website/regular email/phone calls/email newsletter that points to website

**Expos, lunch & learn, speaking engagements, groups (industry specific)
SMPS/AIA/USGBG/CORE/CRES**

Data from Deloitte and Touche favor Events for B2B:

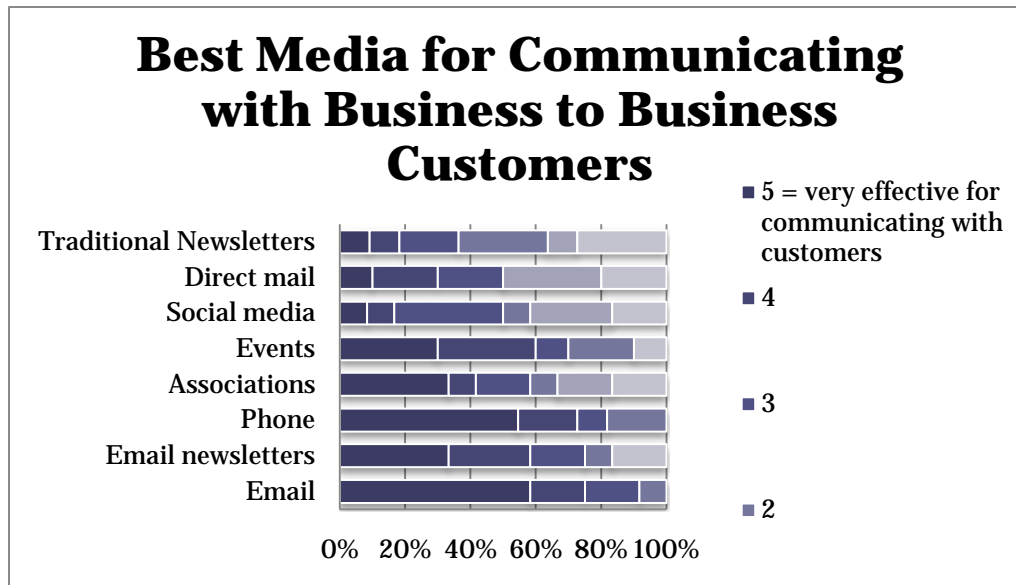
Deloitte and Touche (D&T) conducted a survey of 6000 business regarding their trade show practices in 2009.¹¹ The bottom line is that respondents allocated more of their marketing dollars for exhibition participation, and use exhibits to a greater degree in the selling process, than other marketing mix components, except direct sales.

The study found the more elements a company uses to promote its trade show participation, including pre- and at-show advertising, targeted direct mail, sponsorships, hospitality, public relations and telemarketing, the more successful their trade show participation will be. Similarly, conversion of booth visitors to qualified leads increased 50% for those who utilized pre-show promotion.

11. Effective Trade Show Practices, Deloitte and Touche study overview BMA Marketing.org, 2010

Best Media for Communicating with Business-to-Business Customers:

Email and phone are winners for communicating with business-to-business customers. Email newsletters also rated highly.



Conclusions:

Working with partners like Energy Efficiency Building Coalition (EEBCO) is instrumental in developing effective channel partner promotions. Consumers are buying based on comfort, savings, and the look and feel of improvements. Working with a marketing company, like Cumulate Marketing, can reduce wasted spend and more effectively utilize new media to support business goals. Energy efficiency and renewable energy marketers are beginning to adopt digital tactics and are using them in innovative new ways to support tradeshow participation and events. Social media can be used effectively for delivering promotions developed with utility strategic channel partners and supporting events.

On the B-to-B side, trade shows and events are supported with digital tactics. Partnering with industry experts can add value in identifying cost-effective energy efficiency improvements in industrial settings. Developing promotions with industry experts, the EEBCO, and channel partners are successful because they rely on trade allies who “speak the language” of the critical decision-makers.