



Designing and Implementing Regional Collaborative Energy Efficiency Programs...

Presented by:
Applied Proactive Technologies, Inc.

Peter Feroli – Vice President - APT
peter@appliedproactive.com

Brad Steele – President - EFI
bsteele@efi.org



When Does Collaboration Make the Most Sense? (or, When is Collaboration Most Essential?)

Programs Attempting to Influence Marketplaces, whether at the Supplier (of products and services) level, or the Consumer (of products and services) level.

Industry market actors – manufacturers, retailers, contractors – have trouble responding to different programs, with similar objectives but different designs and guidelines, within a region.

If effective program marketing requires use of media that cannot be highly targeted (i.e., most television, radio, and newspaper advertising).

Program provider(s) cannot easily predict or control the end consumers who will participate.

When Is Collaboration Less Essential?

Programs are marketed directly to targeted residential and/or business customers.

Programs are being delivered by a specific contractor or contractors with a 'franchise' to serve a specific customer base of a utility (or utilities).

Resource acquisition is principal program objective, rather than 'market transformation.'

Utility faces unique problems or challenges, such as an area experiencing significant transmission & distribution constraints.

Examples of Programs Best Suited for Collaborative Implementation

1. Retailer/Dealer based market transformation initiatives:
 - Lighting
 - Appliances
 - Thermal Measures
 - HVAC
 - Water Heating
 - Other
2. Residential New Construction
3. Home Performance with ENERGY STAR
4. Upstream Commercial market transformation programs:
 - Motors
 - HVAC
 - Other

Essential Characteristics of Effective Collaborative Programs

Create a Formal Working Group of all Stakeholders



Design a decision making structure that is fair, agreed to and adhered to by all

Shared program goals

Common program standards

Products promoted

Incentive levels (if used)

Communication channels

Centralized industry coordination

Benefits of Collaboration

Power in Numbers

- Greater interest and participation from industry
- Consistent message and promotion creates greater opportunities for customer participation
- Greater economies of scale for program implementation

Challenges Posed By Not Collaborating

Limited Impact on Market...

- Disappointing industry participation
- Limited manufacturer and retailer interest – particularly from major brands and large national chains
- Programs generally are more expensive to implement and often less effective in achieved desired market changes
- Competing objectives with neighboring programs
- Customer confusion / complaints; limiting participation to specific customers may be nearly impossible

Keys to Designing an Effective Program Structure

Keep it as Simple as Possible

- Define clear goals for program
- Know what products you want to promote - lighting, appliances, windows, HVAC equipment....
- Understand market actors and distribution channels
- Be flexible and realistic in expectations and strategies
- Collaborative group members must be willing to give and take
- Adopt the appropriate delivery structure to reach your objectives

First Steps

Agree to a Consistent Overall Structure... Budget Dependant

- Retailer engagement (equity issues)?
- Product incentives vs. No incentives?
- Consumer education?
- Year round program or time specific?

Common Program Models

No One Universal Model

- Product incentive programs only
- Cooperative marketing/advertising only
- Industry promotional initiatives (incentive and other)
- Combination of different models

Common Components of Many Collaboratively Implemented Programs

Not All Programs with Include All Components

- Incentives at point of purchase
- Industry coordination
- Retail field support
- General marketing support
- Cooperative advertising
- Promotional events
- Mail order catalog / on-line ordering

Incentive Structure

Incentive Structure Should be Determined to Maximize Implementation Within Appropriate Market Channel

- Downstream to customers - Coupons/Special Discounts
- Midstream to retailers - Markdowns/Promotions
- Upstream to manufacturers - Buy-Downs/Promotions

Field Support

Critical to Successful Retail Implementation



- Merchandising
- Training
- Relationship building
- Promotions/In-Store demonstrations
- Data collection
- Upstream promotion implementation verification and monitoring

Industry Coordination

Manufacturers, Retailers, Contractors/Trade Allies

- Establish strong relationships
- Don't assume that industry will handle the details
- Maintain frequent communication
- Direct their efforts to achieve program goals

Lessons Learned

Take Advantage of Program Experience from Other Regions

- There is no one size fits all approach to program implementation
- Don't assume industry is able to manage and implement programs on your behalf
- Be willing to modify strategies on the fly to take advantage of market opportunities and dynamics