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watersmartinnovations.com





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Engaging Market Actors to Support Water Conservation: Perspectives from the Field

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October 8, 2010



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Market Transformation: What is It?

Influencing the market to support
resource efficiency

Market Transformation: What is It?



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Conservation

Then



Now



Market Transformation: What is It?



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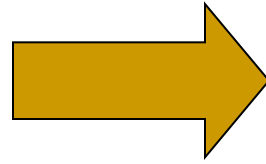
Market Transformation: What is It?



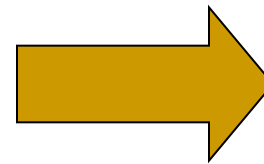
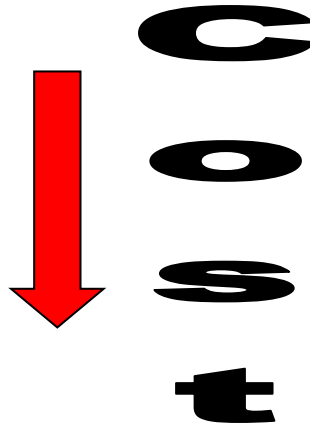
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Market
Intervention

(incentives,
education, feedback)



Reduced
Barriers



Lasting
Changes



Market Transformation: What is It?



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Examples of incentive programs:



A/C QUALITY





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Industry Partnerships Matter

Manufacturers, Contractors, and
Retailers

Industry Partnerships Matter



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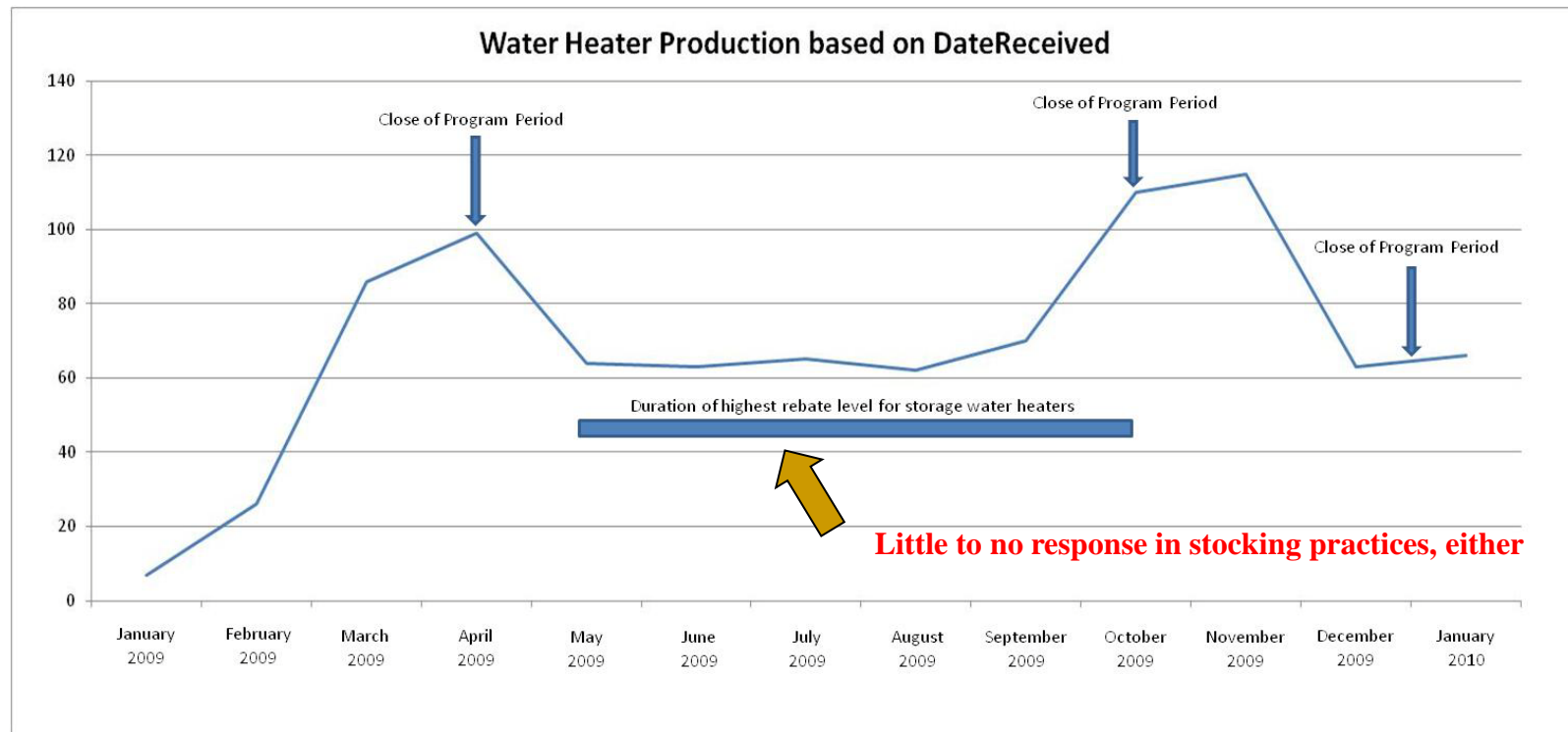
Rebates alone do not shift the market
without additional interventions...

Industry Partnerships Matter



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Increased Rebate Impacts on Water Heater Rebate Participation



Industry Partnerships Matter



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Lessons learned:

- Customers and suppliers need to KNOW about the incentives
- Suppliers need to “buy in” in order to support and promote

Long term effectiveness is achieved through education and training

Manufacturer Partnerships Matter



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Manufacturers

Conduit for sharing market information

- Sales cycles
- Stocking practices
- Barriers

Direct source for feedback about:

- Product performance
- Technology

Collaborative resource for co-promotions

- Re-direct promotions towards efficiency

Manufacturer Partnerships Matter



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Examples of effective manufacturer partnerships:



Example #1: Interest rate buy-down for HVAC equipment financing in lieu of rebates

Manufacturer Partnerships Matter



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Example #2: Tracking brand performance

Provides regular feedback

Identifies gaps in brand performance

Highlights additional insights into sales trends



Retailers and Contractors

Key influencers
at time of
purchase
decision

Direct
interaction
with customer

Proven
influence over
product
selection

Serve as
trusted advisor

Specially-
trained

Familiar with
products

Retailer & Contractor Partnerships Matter



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Examples of effective partnerships:

Example #1: Cooperatively financed marketing for participating contractors

STEINHARDT BUILDERS, INC.
General Contractors & Project Management

UPGRADE YOUR HOME WITH HIGH EFFICIENCY
ATTIC INSULATION TO SAVE ENERGY AND MONEY!
75% REBATE* FROM YOUR GAS COMPANY
30% TAX CREDIT** FROM FEDERAL GOVERNMENT

CHICAGO & LAND
The ChicagoLand Natural Gas Savings Program is now offering rebates for high efficiency attic insulation. Join your neighbors in the community who have already taken advantage of this limited time offer, and will be saving on heating for years to come.

Steinhardt Builders, Inc.
8170 N. McCormick Blvd. Suite 222
Skokie, IL 60076
t 847-677-2299 f 847-675-2299
info@steinhardtbuilders.com

We do...

- New Construction (Residential & Commercial)
- Home Additions
- Interior Remodeling
- Plans and Permit Acquisition
- Complete Project Management

We are...

- Licensed bonded & insured License #TGC007484
- Over 15 years of experience

THE PROGRAM WILL BE OVER BEFORE YOU KNOW IT - DON'T BE "LEFT OUT IN THE COLD!"

To qualify for the rebate the installation must be completed by October 31, 2009 or until funds are depleted. Don't wait, call today!

For more information on the insulation project please go to www.steinhardtbuilders.com

*The ChicagoLand Natural Gas Savings Program is a rebates program for high efficiency attic insulation. The program is available to homeowners who are members of the ChicagoLand Natural Gas Savings Program. The program is available to homeowners who are members of the ChicagoLand Natural Gas Savings Program. The program is available to homeowners who are members of the ChicagoLand Natural Gas Savings Program.

**The federal tax credit for energy efficient home improvements is available for homeowners who install high efficiency attic insulation. The credit is 30% of the cost of the insulation, up to a maximum of \$500. The credit is available for homeowners who install high efficiency attic insulation between January 1, 2009 and December 31, 2009.

Example #2: Retailer agreements to track and provide sales feedback for specific quarterly targets





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Training and Outreach *is* Effective

Site visits and retailer/contractor training

Training and Outreach is Effective



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Promotes
ongoing market
engagement

Maintains
momentum and
helps to provide
consistent
messaging

Allows you to get
to know the
audience (aka-
the market)

Sales Associate Training at Pacific Sales in Southern California



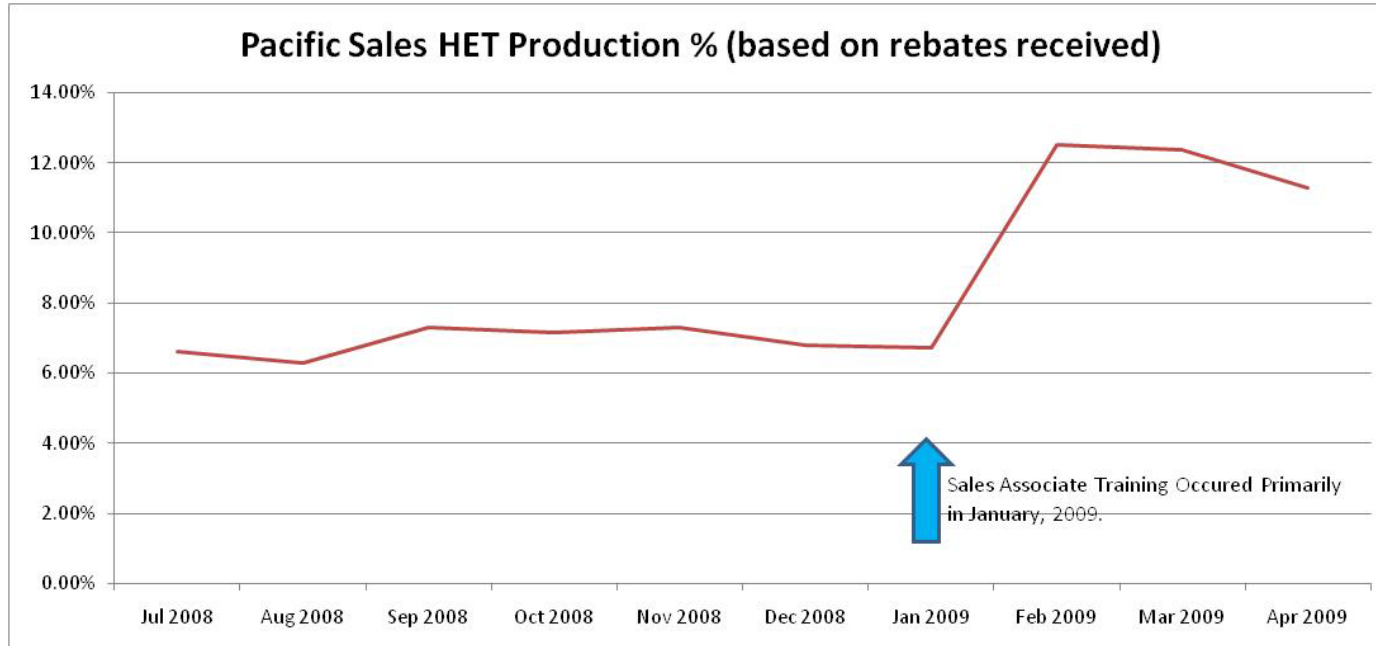
Training and Outreach *is* Effective



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Example:

High Efficiency Toilet Rebate Participation and Pacific Sales Associate Trainings



Training and Outreach *is* Effective



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Example:

Clothes Washer Rebate Participation and Sears Outreach



Training and Outreach *is* Effective



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Effective consumer education tactics:

- Traditional utility marketing
 - Direct mail
 - Bill stuffers
 - Work with retailers – support their events



Rebates make it easy to save!

Statewide drought and environmental restrictions have brought Southern California's water supply to extremely low levels. Your water-efficient purchases will help us during these extraordinary times—and you'll save money!

Rebates are now available for the following water-efficient products:*

Inside your home...

High-Efficiency Clothes Washers \$XXX ea.

For your landscape...

Weather-Based Irrigation Controllers

For less than 1 acre \$XXX/unit

For more than 1 acre \$XX/station

Rotating Nozzles \$X ea.

*Rebates are offered on a first-come first-served basis and may be terminated without prior notice. Program terms are effective June 1, 2010 through April 30, 2011.

Go online and claim your rebate today!

www.socalwatersmart.com



SoCal Water\$mart is a region-wide program brought to you by:



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA
AND THE FAMILY OF SOUTHERN
CALIFORNIA WATER AGENCIES

Training and Outreach *is* Effective



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Effective consumer education tactics:

- Point-of-Sale materials for retail-based marketing
- Cling labels
- Information for sales associates as well
- Leverage the credibility of utility name/logo
- Can include contractor-installed measures



Training and Outreach is Effective



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CONTRACTOR NEWS AND NOTES

PROGRAM NEWS AND UPDATES

Nicor Gas EEP Fall Breakfast Series Now In Session!

The Nicor Gas Energy Efficiency Program has launched the Fall Breakfast Series, offering training sessions for both residential and business contractors Tuesday mornings, 9AM - 11AM.

Seminars will cover a variety of topics related to energy efficiency, including how to sell high efficiency systems, Energy Recovery Ventilators and efficient boiler plant designs.

Registration is free, and a light breakfast will be served.

Visit the [Residential Contractor](#) and the [Business Contractor Events and Trainings](#) pages to learn more and to register.

Additional events will be offered in October.

The Rebate for the 0.62 EF Water Heater has Expired:

As of September 1, 2010, rebates are no longer available for 0.62 EF water heaters purchased and installed after August 31, 2010. For 0.62 EF water heaters purchased and installed on or before August 31,

CONTRACTOR SPOTLIGHT!

Loeschner's Piling Up the Business Customer Rebates!

Loeschner Heating & AC in Freeport, IL was the first contractor to take advantage of the Nicor Gas Energy Efficiency Program's business customer rebates when the Program launched May, 2010. They have already promoted the prescriptive offerings with approximately 40 of their business and residential customers (over \$7,000 in rebates and counting!).

"The rebate program has been very useful in helping our customers install energy efficient equipment," says Tom Setterstrom of Loeschner Heating & AC. "In the current economy our customers are looking for the most cost effective solution, and the rebate program helps them install products that will actually save them more money in the long run while working within their current fiscal constraints." Their landlord customers especially appreciate the rebates, and their renters benefit from lower utility bills.

Loeschner Heating & AC ensures all of their customers are aware of the Program and the tax credits currently available so their customers' costs are kept to a minimum. Sharing this news enhances their customer relationships, and has increased Loeschner's sales of high efficiency heating equipment. Loeschner's staff works closely with customers to ensure they submit complete and accurate applications. "Our customers

Effective consumer education tactics:

- Online Marketing
 - Interactive website content (i.e.- savings calculators)
 - Industry partner web portals to communicate program resources
 - E-newsletters, feedback mechanisms



Home Residential Non-Residential

Home



Welcome to the **Chicagoland Natural Gas Savings Program!**
Please enter the site via one of the options below to learn more about the Program.

► RESIDENTIAL

► NON-RESIDENTIAL





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Effective Consumer Messaging

Challenges and effective ways to induce changes in purchasing or behavior

Effective Consumer Messaging



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Challenge:

How to get the consumer to “buy in”?

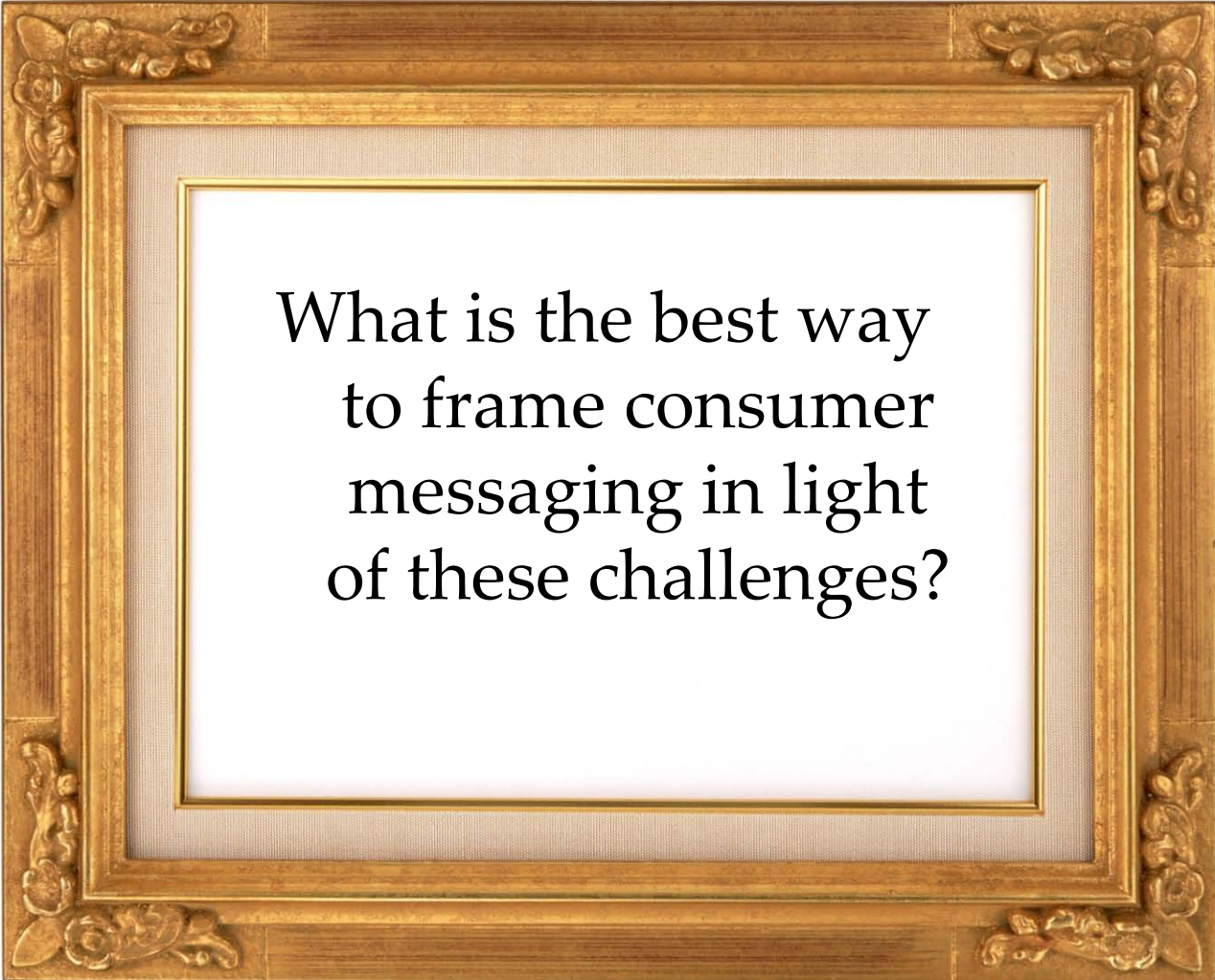
Habits and social influences shape purchase decisions as much as monetary savings

Consumers must enjoy the experience in order to influence others

Effective Consumer Messaging



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A large, ornate gold picture frame with intricate carvings at the corners and midpoints. Inside the frame, on a white background, is the text:

What is the best way
to frame consumer
messaging in light
of these challenges?

Effective Consumer Messaging



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Comparisons to help visualize savings

Positive solutions

Working together towards a common goal

Pledge programs

What's in a drop?

HOMES are the largest urban water users in California, consuming more than 2.2 trillion gallons of water each year—*enough water to fill 26,000 Rose Bowl stadiums.*

TOILETS & CLOTHES WASHERS are water guzzlers. These alone account for almost *half of your home's indoor water use.*



JOIN the CHALLENGE

Take the Pledge! Help us save water!

The San Diego region has been a leader in water conservation for years thanks to dedicated efforts by many residents and businesses. However, our current water supply challenges require further water savings.

Everyone can contribute to the San Diego region's effort to increase conservation by 20 gallons per person per day. Fill out the form below and choose the additional steps you pledge to take to save water. If the savings add up to 20 gallons or more a day, your pledge will be added to our running total and you will receive a 20-Gallon Challenge Pledge Appreciation Certificate that you can print out from your computer.

Every Drop Counts!

Total pledges: 6331

Total savings pledged:
1,309,093.6 gallons per day

Check back often to watch our water savings grow!



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Effective Incentive Design Strategies

Traditional vs. creative options

Incentive Design Strategies



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When does it make sense to depart from the traditional rebate package?

Effective strategies include:

Periodically increased incentive amounts

Instant discounts vs. mail-in rebates

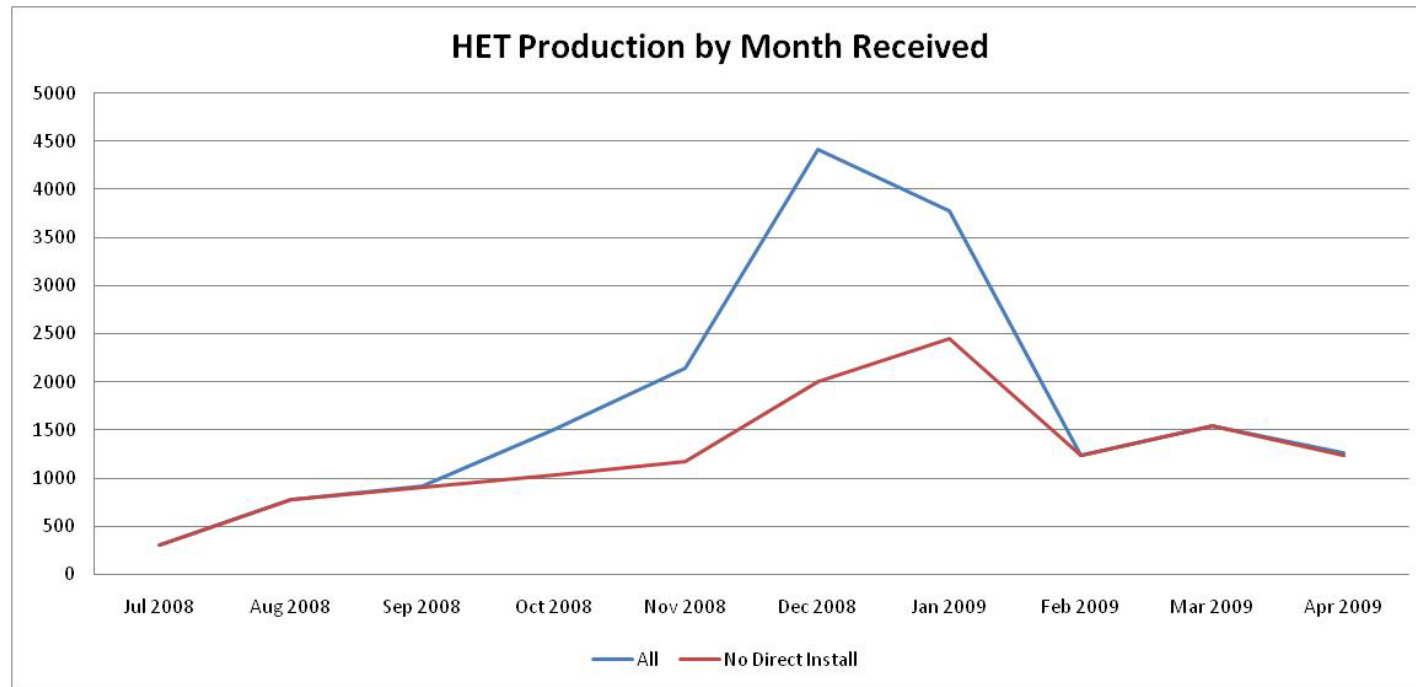
Create shorter-term programs

Incentive Design Strategies



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HET Instant Discount Rebate Participation





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Shaping Future Program Planning

Recommendations for moving forward

Incentive Design Strategies



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Leverage continuous partnerships with clear avenues for communication between program and industry



Co-promotions DO work (and can be more cost-effective for low budget programs)



Encourage feedback and listen to the market



Define your success metrics



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Thank you!

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