



Customer Priorities and Your Brand: KWWhs, iPads, and Lattés

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Utility Energy Forum, Tahoe City, CA
May 16, 2013

What's Exciting about Energy?

The Next Big Thing

Solar building skins

Fuel cells

Carbon sequestration

Fracking

Growth in Plug Loads

MORE
MORE
MORE!

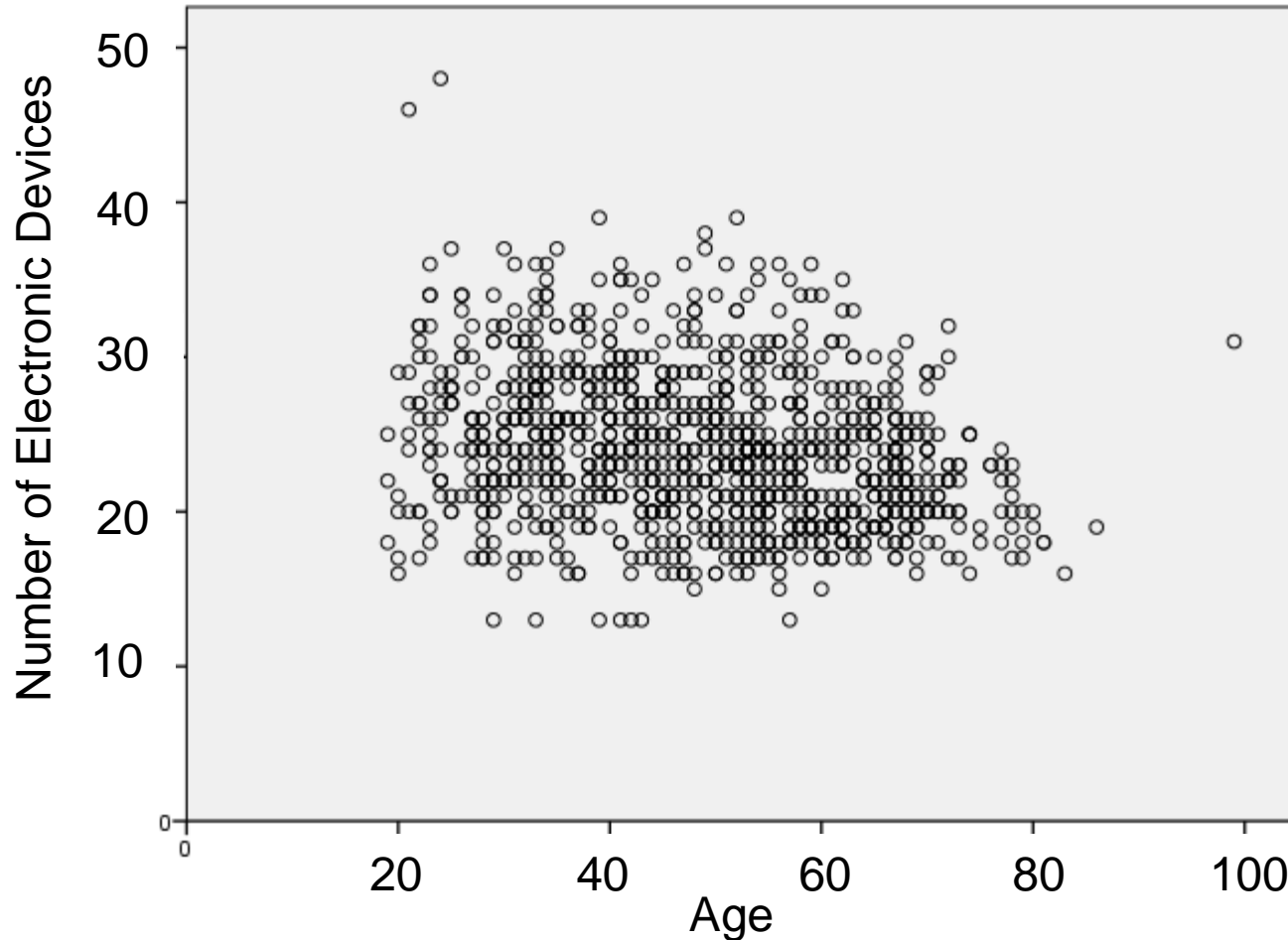
\$100



Sources: Flickr, Dell, Walmart

of Gadgets by Age:

(cell/smartphones, TVs, Game Consoles, DVR, laptops, etc.)



FP&L Advertising Campaign

**It can energize your morning
but not your whole day**

For about the price of a cup of coffee, FPL gives
you the energy you need to power your life.

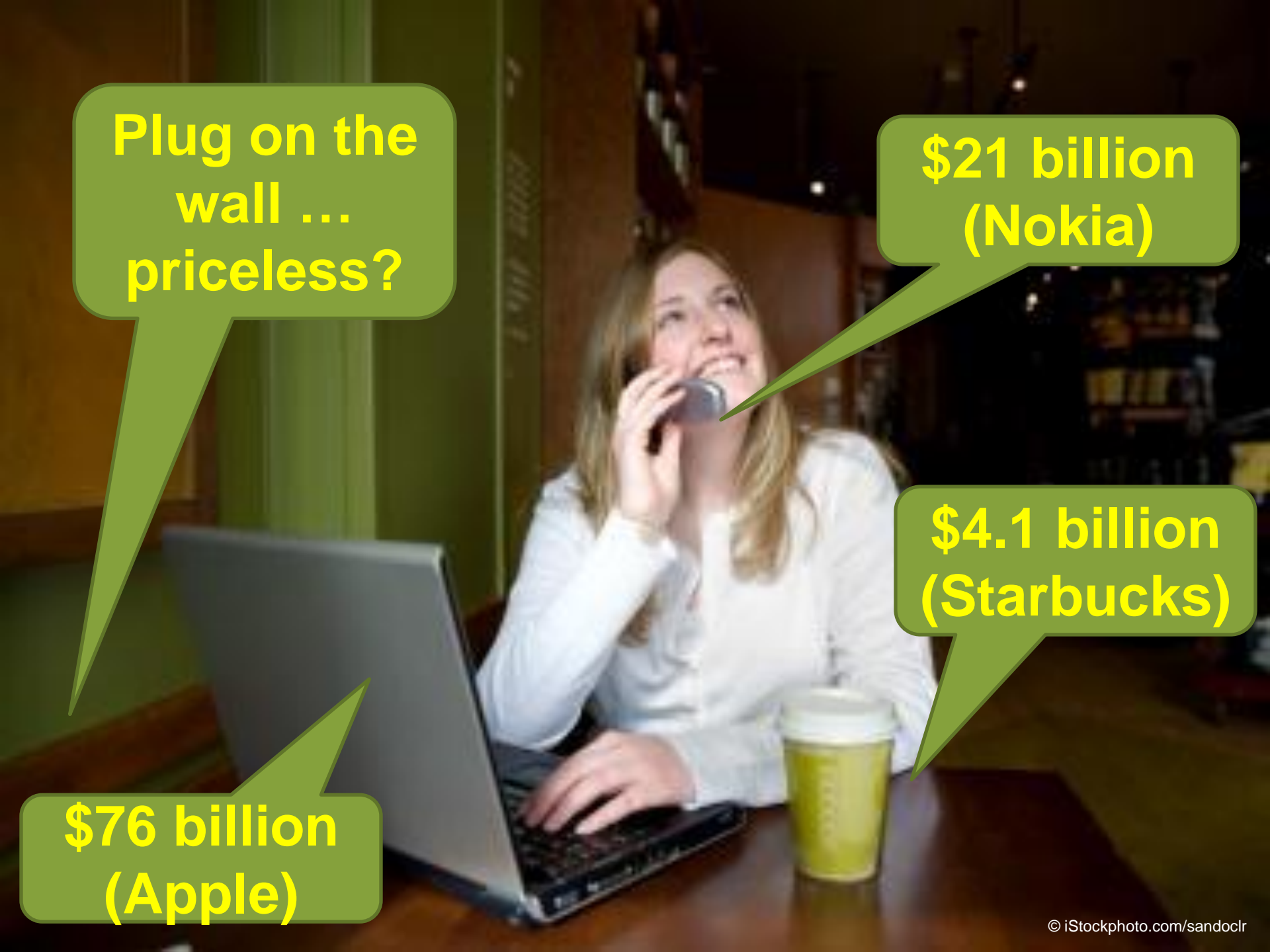
Based on typical 1,000 kwh residential customer bill



Source: [http://www.fpl.com/customer/efficiency/value.shtml?cid=aliasvalue:](http://www.fpl.com/customer/efficiency/value.shtml?cid=aliasvalue)



YOUR BRAND AND WHY IT MATTERS



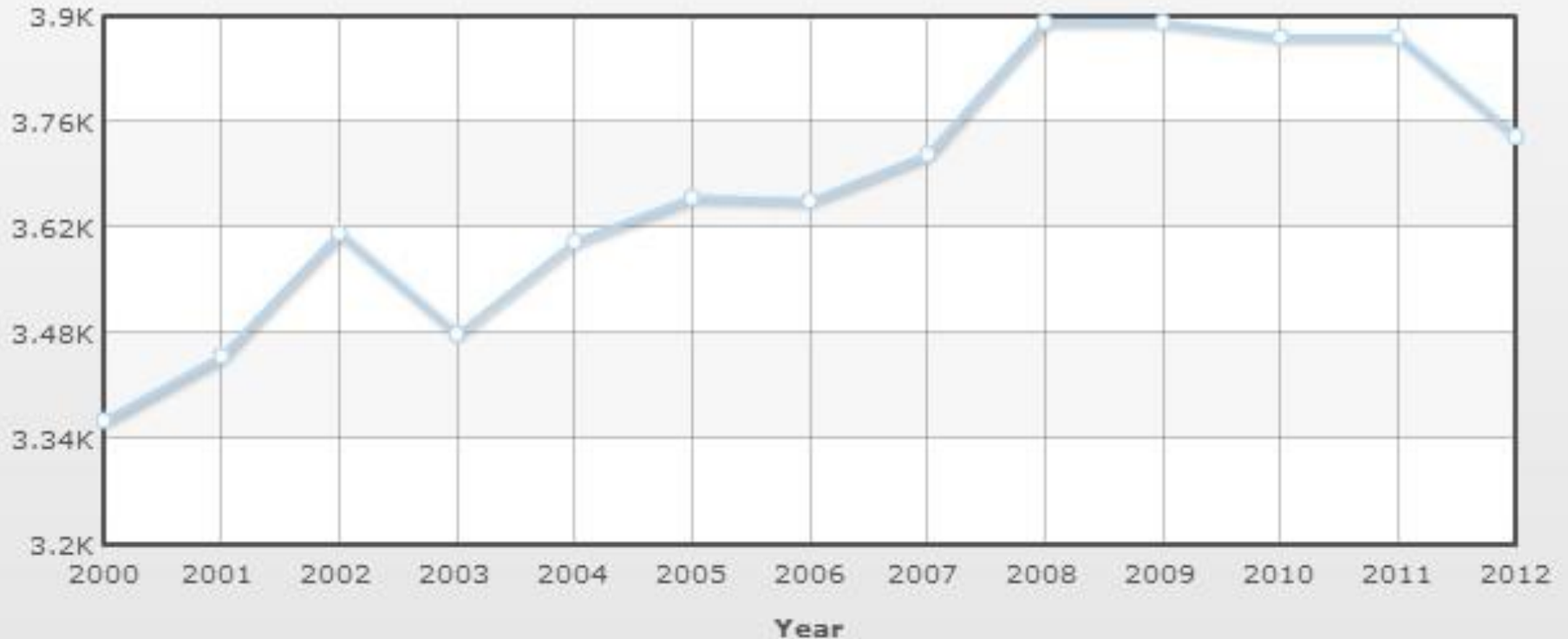
**Plug on the
wall ...
priceless?**

**\$21 billion
(Nokia)**

**\$4.1 billion
(Starbucks)**

**\$76 billion
(Apple)**

US Electricity Consumption (billion kWh)



Source: www.indexmundi.com/g/g.aspx?c=us&v=81



The OLD Utility Success Paradigm

**20th Century
Model**



Source: www.industcards.com/st-other-usa-oth.htm

**Increase
sales**

**Build and
spend**

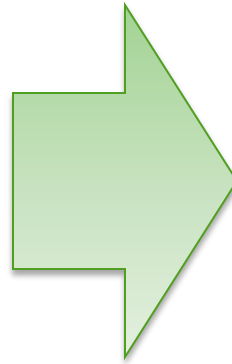
**Enhance
reliability**



The Utility Brand: How Did This Happen?



www.reddykilowatt.org



MATT GROENING

http://en.wikipedia.org/wiki/Mr._Burns





How many do you have in your house?

Counting on your fingers is false. But first, make a quick guess: How many electric motors do your home-works for you? Would you say 3? 5? Maybe 10?

Now count 'em up. It's easier if you think of them room by room. How about the bedroom? Electric clocks and shavers each have a motor. So do the fans you use in summer.

A modern kitchen is a gold mine. There's a motor in the electric refrigerator, the food mixer, the ventilating fan. (The list at the right will remind you of others.) Don't skip any rooms. Even the basement and storeroom may be rich picking.

Finished? How does the count compare with

your guess? Most people guess way low. Actually, 10 motors per house is common—as is not unusual!

But, whatever the number, the point is true. We seldom realize how many jobs electricity does for us, because it does them so dependably, regularly and cheaply.

You've helped bring this about by taking advantage of so many electrical opportunities. And the men and women of the business-managed electric companies are always working to bring you better service at lower cost. That's why the price of electricity has gone down and down, while the price of almost everything else has gone up and up.

Here's a Partial List of Electrical Helpers— Each One Operated by an Electric Motor

Clocks	Disposal Units	Electric Trains
Fans	Ventilating Fans	Power Tools
Shavers	Food Mixers	Oil Burners
Washing Machines	Vacuum Cleaners	Coal Stokers
Refrigerators	Washing Machines	Heater Stoves
Record Players	Washers	Artic Fans
Refrigerators	Machines with Fans	Movie Projectors
Dishwashers	Food Freezers	Pumps
	Hair Dryers	

America's business-managed, tax-paying

ELECTRIC LIGHT AND POWER COMPANIES

Listed in the New Electric Year—
the HOUR OF ENLIGHTENMENT, Sunday, 9:30 P.M., EST, CDT.

Member of request from NBEI magazine.

Grow
Grow
Grow

LIVE THE CAREFREE ELECTRIC WAY

Flameless electric heat won't burn a hole in your pocket

Take it from these people who know.
They're typical of millions who
switched to flameless electric heat
from old-fashioned heating fuels.



"Electric heat costs us a few pennies extra a day,
and it's well worth it. When you add the time
and money we save on cleaning...well, electric heat
actually works out to be a bargain."

"Electric heat runs us just about the same
as our old system...almost to the dollar. But that's
not all we like about it. It's clean, gentle heat...
we never have cold spots or hot blasts."



Call your electric heating contractor or your electric light and power company.



"We actually save money with
electric heat. We figured
what we formerly paid for both fuel and electricity
during a year, then compared that with last year's
electric bills, which included electric heat.
We came out way ahead."

Live the carefree way with
Flameless Electric Heat



**Live Better
Electrically**

Edison Electric Institute
734 Third Ave., N.Y., N.Y. 10017

This Gold Medal identifies a home where
everything is electric, including the heat.



FUTURE HOMES will be able to face in any direction—turned from hour to hour or season to season by your electricity. Electrically operated climate-conditioned extensions will permit “spring or summer terraces” all year round—enjoy swimming, winter fun and gardening all at once, if you wish.

Power companies doubling electricity for new kind of living

Plenty of electricity can make your home of the future a house of marvels!

To help bring this new electric age, America's more than 400 independent electric light and power companies are doubling today's electric supply—building power plants and lines at a rate of \$2 billion a year.

In the future, you'll be able to flip switches

to raise or lower table and work surfaces to any height. Electricity will bring beds out of the walls in the evening—then “make” them and fold them into the walls in the morning. The power that controls your home's climate will even do the dusting.

You'll need much more electricity, and you'll get it—from America's independent

electric companies. And unlike federal electric systems, these companies don't depend on tax money to build for your future.

In the new electric age—as always—people will benefit most when served by companies like the ones bringing you this message—America's Independent Electric Light and Power Companies*. *As named on contract form this advertisement.



YOUR PERSONAL "FLYING CARPET" Step into it, press a button, and off you go to market, to a friend's home, or to your job. Take off and land anywhere; no parking problems. Plug in to any electric outlet for recharging. They're working on it!

MORE POWER TO YOU!

America's independent light and power companies build for your new electric living

Tomorrow's higher standard of living will put electricity to work for you in ways still unheard of!

The time isn't too far off, the experts say, when you'll wash your dishes without soap or water—ultrasonic waves will do the job. Your beds will be made at the touch of a button. The kids' homework

will be made interesting and even exciting when they are able to dial a library book, a lecture or a classroom demonstration right into your home—with sound. (Some of this is happening already.)

To enjoy all this, you'll want a lot more electric power, and the independent electric companies of America are already building

new plants and facilities to provide it. Right now these companies are building at the rate of \$5,000,000,000 a year, and planning to double the nation's supply of electricity in less than 10 years.

America has always had the best electric power service in the world. The electric companies are resolved to keep it that way.

AMERICA'S INDEPENDENT ELECTRIC LIGHT AND POWER COMPANIES

Company names on request through this magazine

What is the Utility Brand Today?



Who Do Customers Want to Deliver Their Energy Services?

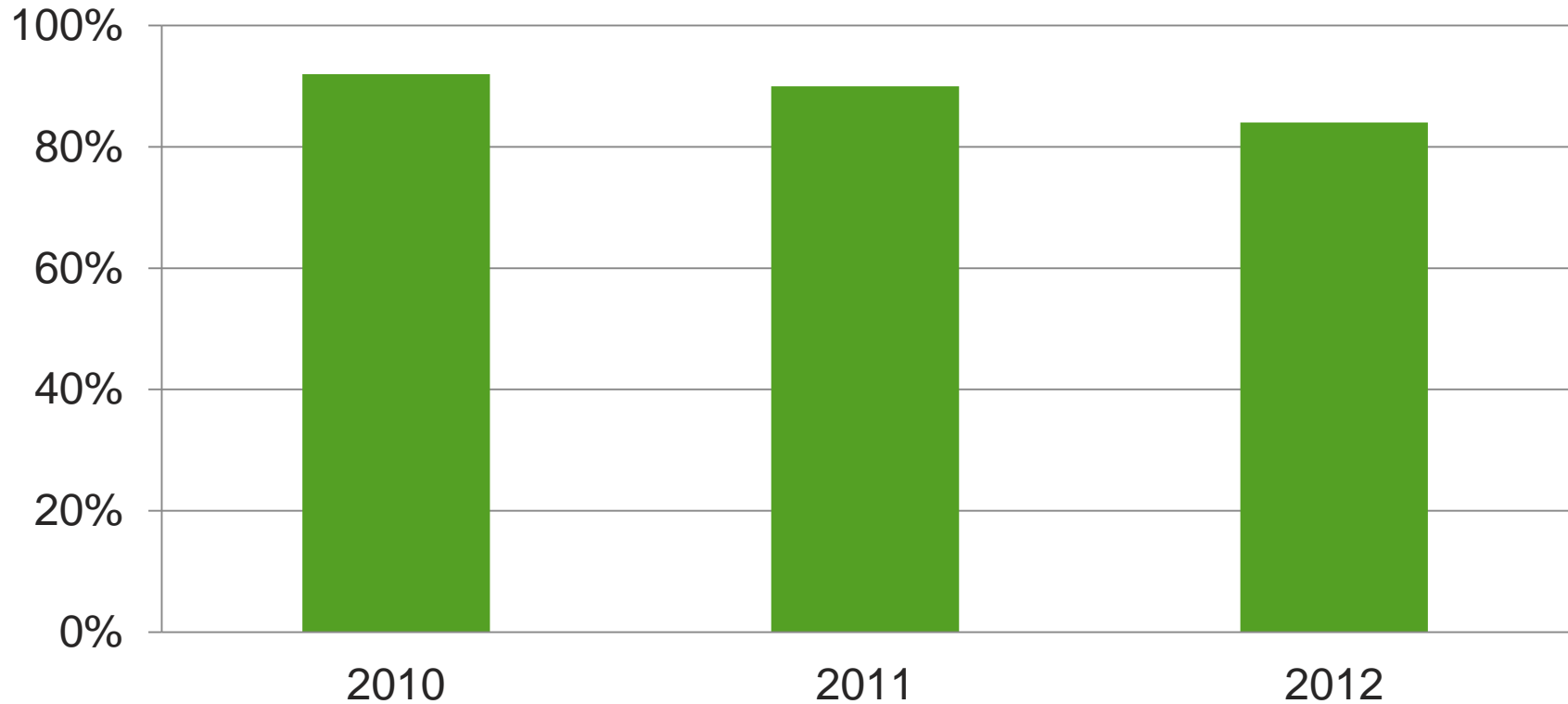
- 84%: Their electric utility
- 19%: Third-party energy management company
- 16%: Wireless phone company
- 15%: Cable company
- 11%: Landline phone company

Source: Pike Research, via presentation *Smart Grid News/Pike Jan. 16th Webinar*, Part 2:
Customer Attitude Research, Bob Lockhart, Pike Research



Who Do Customers Want to Deliver Their Energy Services?

Favorability of Electric Utilities to Provide Energy Services



© E Source; data from Pike Research



The New Utility Success Paradigm

21st Century Model

20th Century Model



Source: www.industcards.com/st-other-usa-oth.htm



Source: monkeybusinessimages/Bigstock.com

Increase sales
Build and spend
Enhance reliability

Increase value
Products and services
Experience beyond reliability
and customer service



Where the Brand Lives: In the Mind of the Customer



Influences on the Brand Experience

**Decisions
primarily
controlled
by the
company**

**Features
indirectly
managed by
the company**

**Influences
beyond the
company's
control**



The Brand “Didn’t See It Coming” Award Winners

- Sears OWNED the retail—mail order space for over 100 years
- Sears was broad and deep, held the VALUE brand position
- What were they DOING and THINKING during their strategic discussions about Internet commerce?!?



Utility Lessons Learned from Sears



- Even if the change is **obvious** to the **world**, it may not be obvious to **your management**
- It takes time to move a ship; **start early**
- Think like an **entrepreneur**, create autonomous “**start-ups**” to compete with yourselves



The Brand “Didn’t See It Coming” Award Winners

- Blockbuster **OWNED** the **movie rental** space
- Netflix was a small **upstart** with a very different model
- Blockbuster underestimated the appeal of Netflix’s:
 - Self-service
 - No late fees!!
 - Web-suggestion software
 - Streaming movies



Utility Lessons Learned from Blockbuster



- Don't discount the appeal of **new business models**
- Seemingly small **start-ups** that are **nibbling** at the edges of your business are attractive to some **segments** ... why?
- Carefully take direction from companies that hold **consumer mindshare** such as Google and Facebook

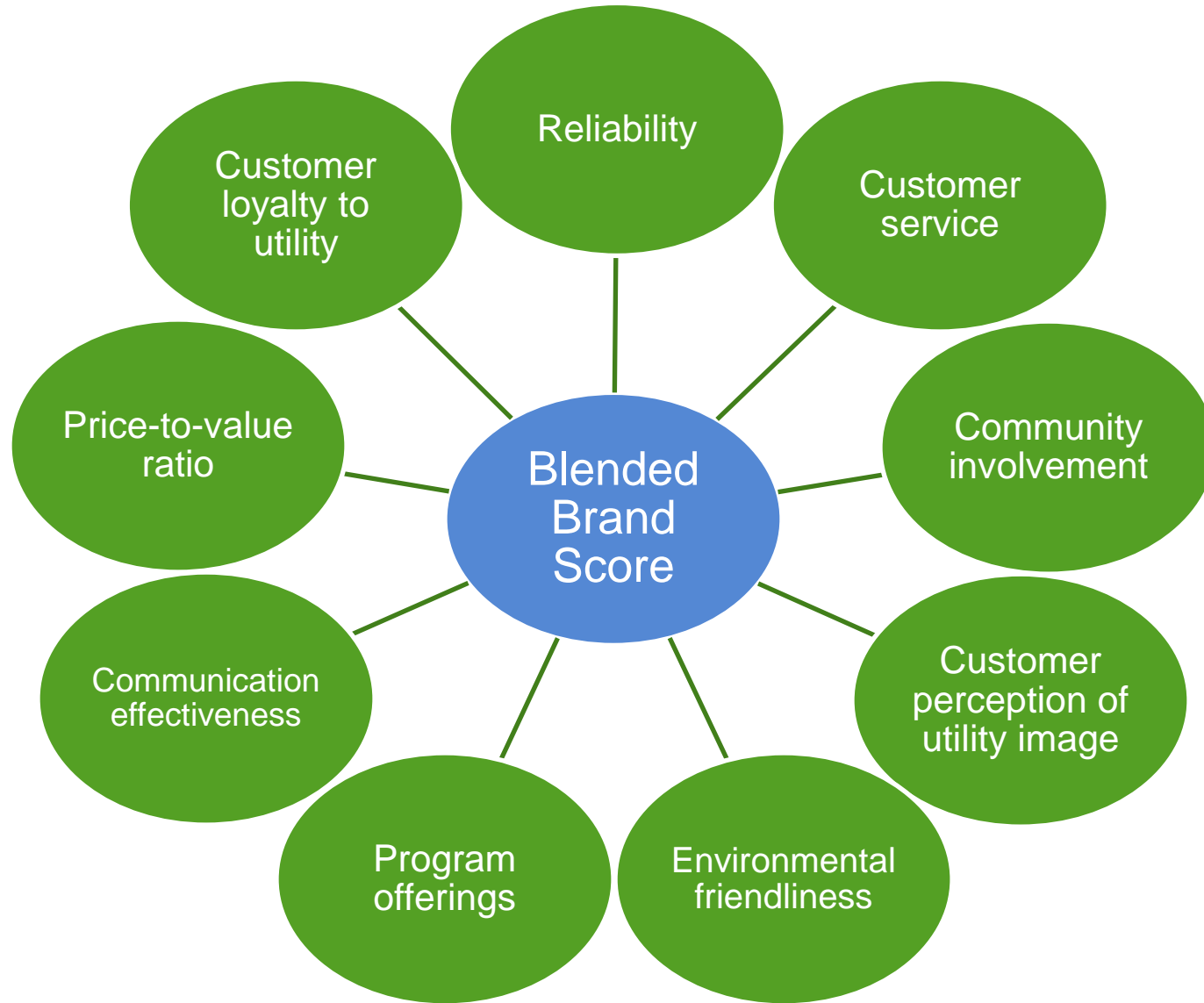


The E Source Brand Scores for Utilities

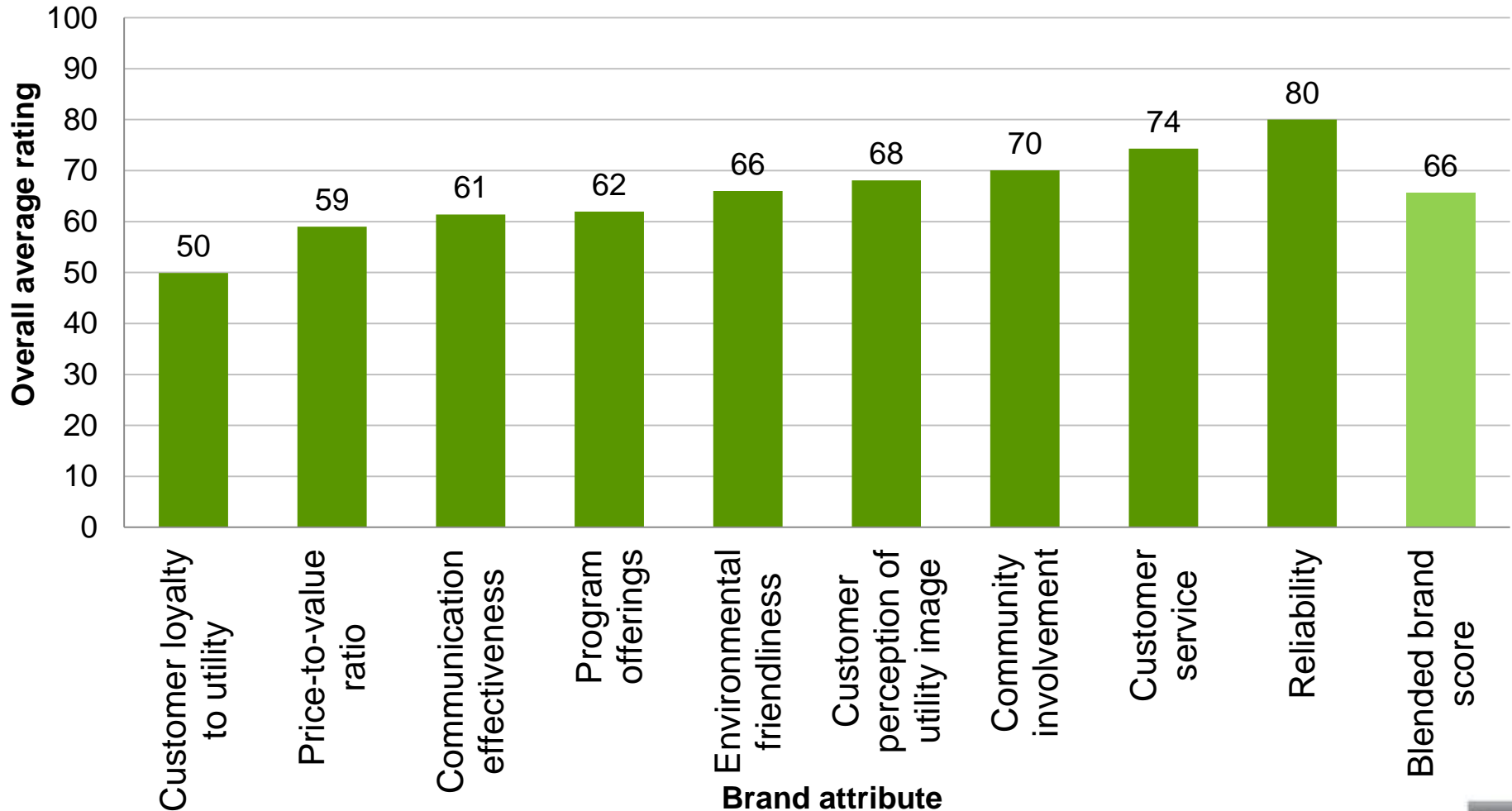
- Partnership with Nielsen to survey utility customers
- Over 32,000 responses, allows granularity of analysis nationally
- Series of brand related questions
- E Source's brand rankings



E Source Blended Brand Score



Average Ratings: Brand Attributes and Blended Brand



© E Source; data from The Nielsen Company's 2011 Energy Audit Survey



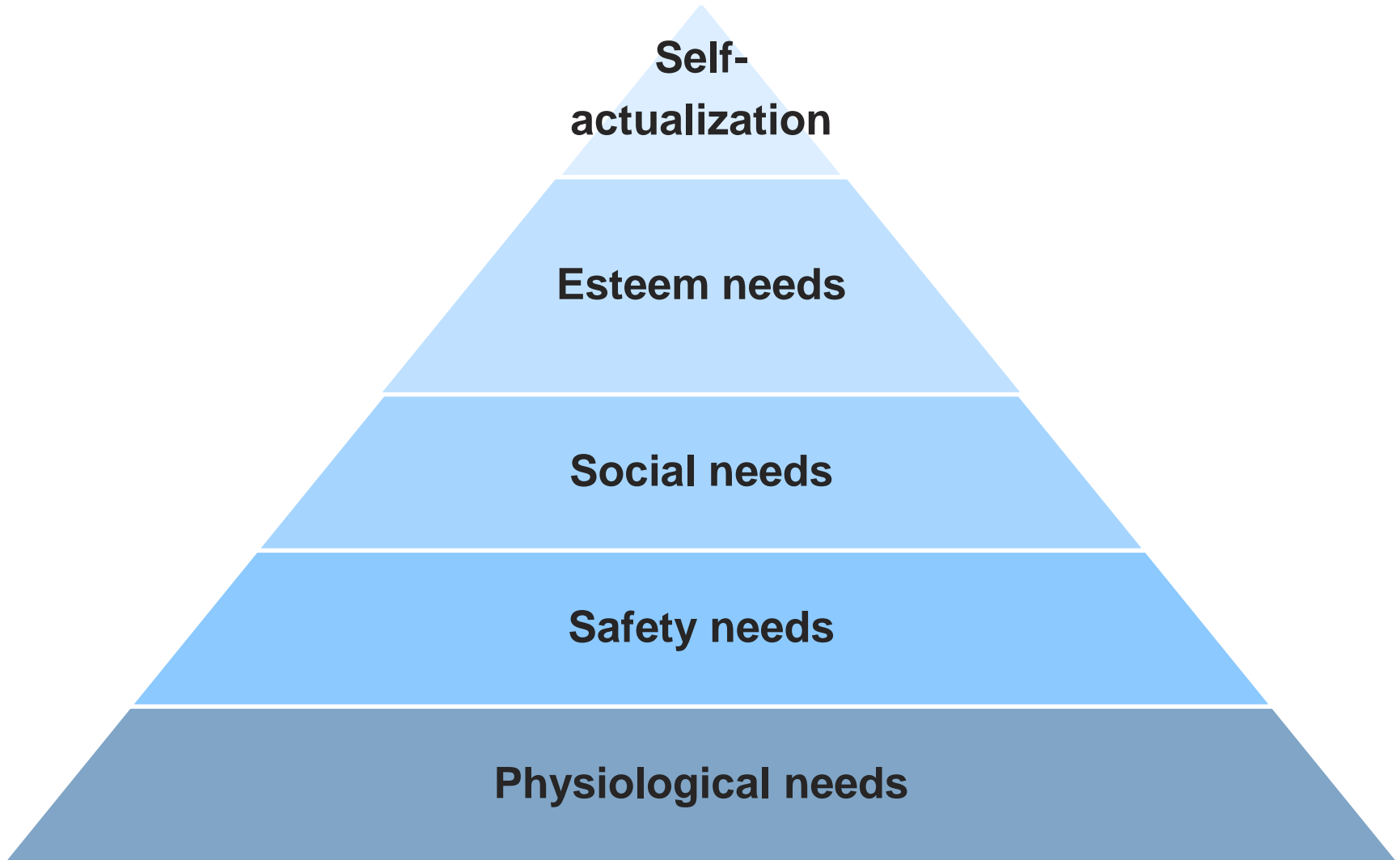
How the Top Companies Do It: *Create a Product and Service Portfolio to Support the Chosen Brand*

*“A brand is **no longer defined** only by **advertising-driven** perception. Rather it is defined by the **customer’s experience** in **buying** the product; satisfaction in **using** the product; and the **services wrapped** around the product with positive consequences.”*

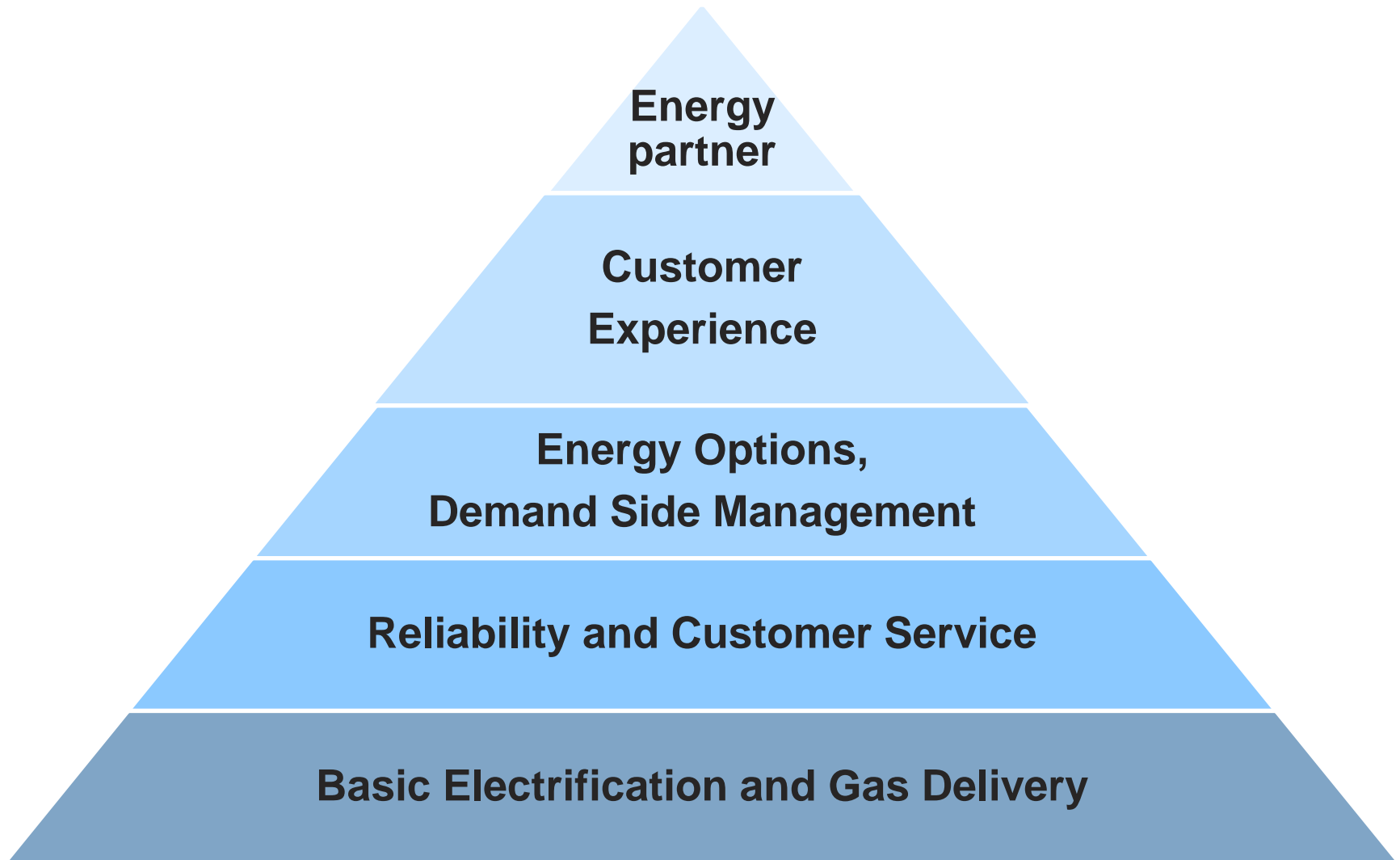
—Andrew Cohen, Founder, Exposed Brick



Maslow's Hierarchy



Brand Attribute Evolution



Time for a Quiz!

- How well do you know your customers??



E Source/Nielsen National Residential Survey of 32,000 Households

- Energy Characteristics of Households by Segment
- Saturation of Appliances and Equipment
- Potential for Energy Savings, Program Participation
- Best Targets for Highest Savings
- Interest in New Product Concepts (EVs, Smart Meter services)



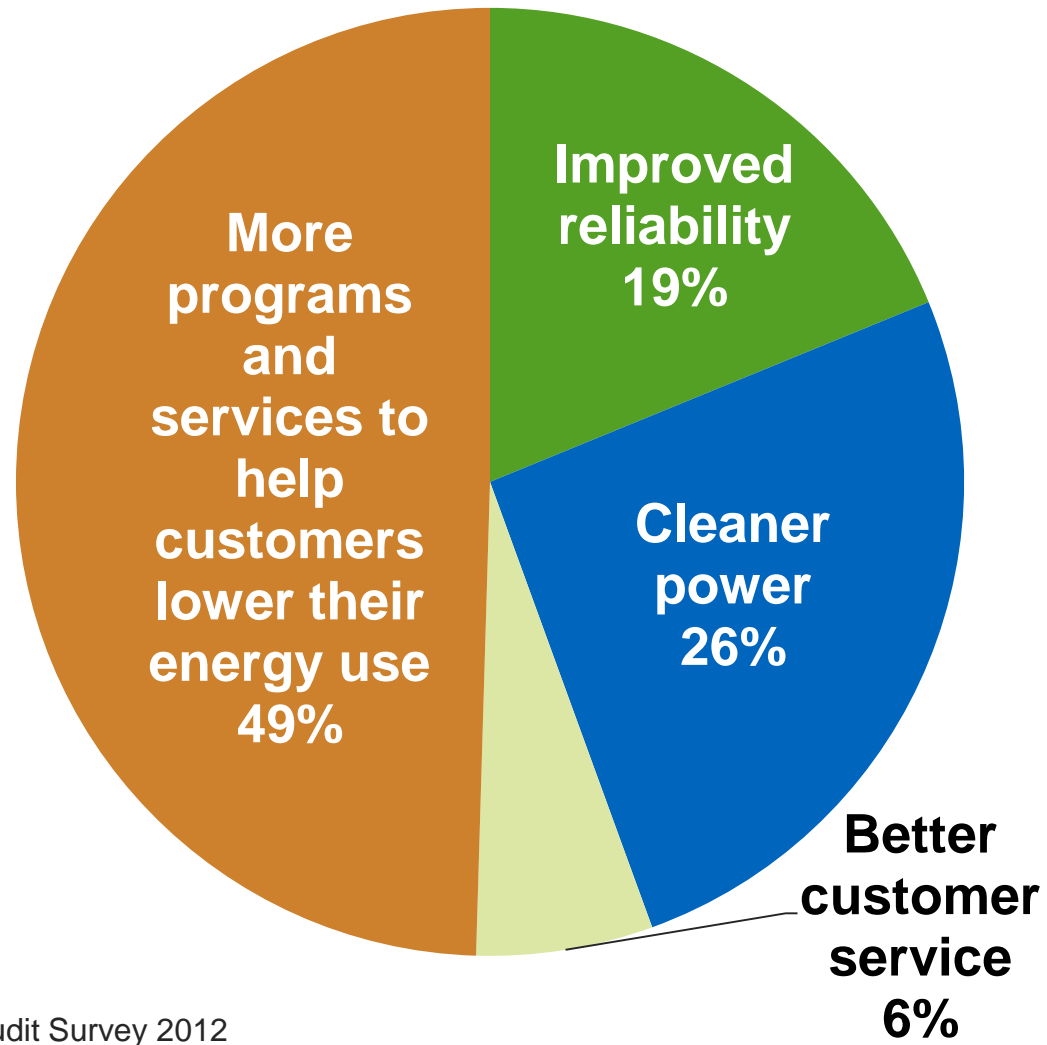
If your electric utility was given a grant to improve part of their business, which would you most like to see them invest in?

- 1. Improved reliability** (reducing outages, quicker outage response)
- 2. Cleaner power** (more pollution controls, more renewable energy)
- 3. Better customer service** (better phone service, better website, better billing information)
- 4. More programs and services** to help customers lower their energy use (appliance rebates, weatherization services, energy savings info)

Source: E Source/Nielsen Energy Audit Survey 2012



If your electric utility was given a grant to improve part of their business, which would you most like to see them invest in?



Source: E Source/Nielsen Energy Audit Survey 2012

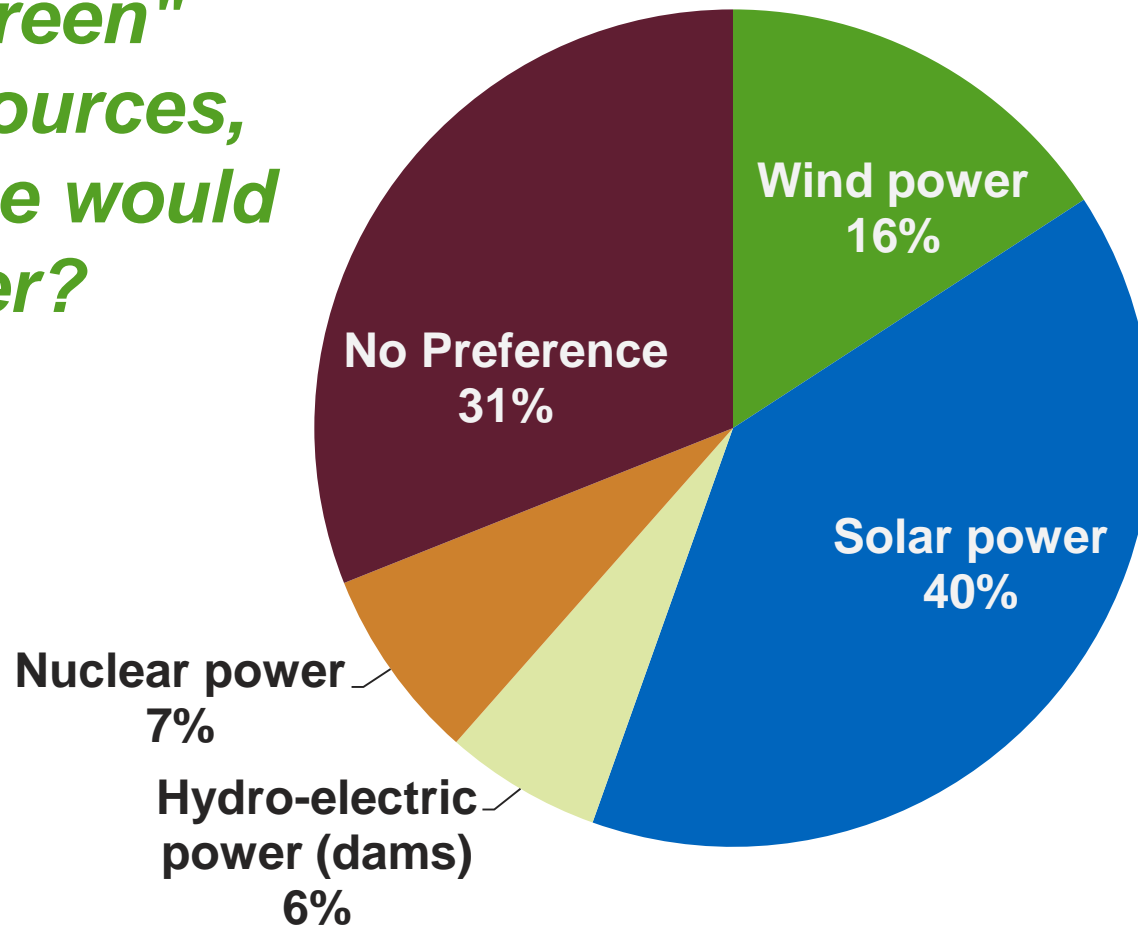


If all or part of your electricity could be provided by "carbon neutral/green" energy sources, which one would you prefer?

- Wind power
- Solar power
- Hydro-electric power (dams)
- Nuclear power
- Do not have a preference



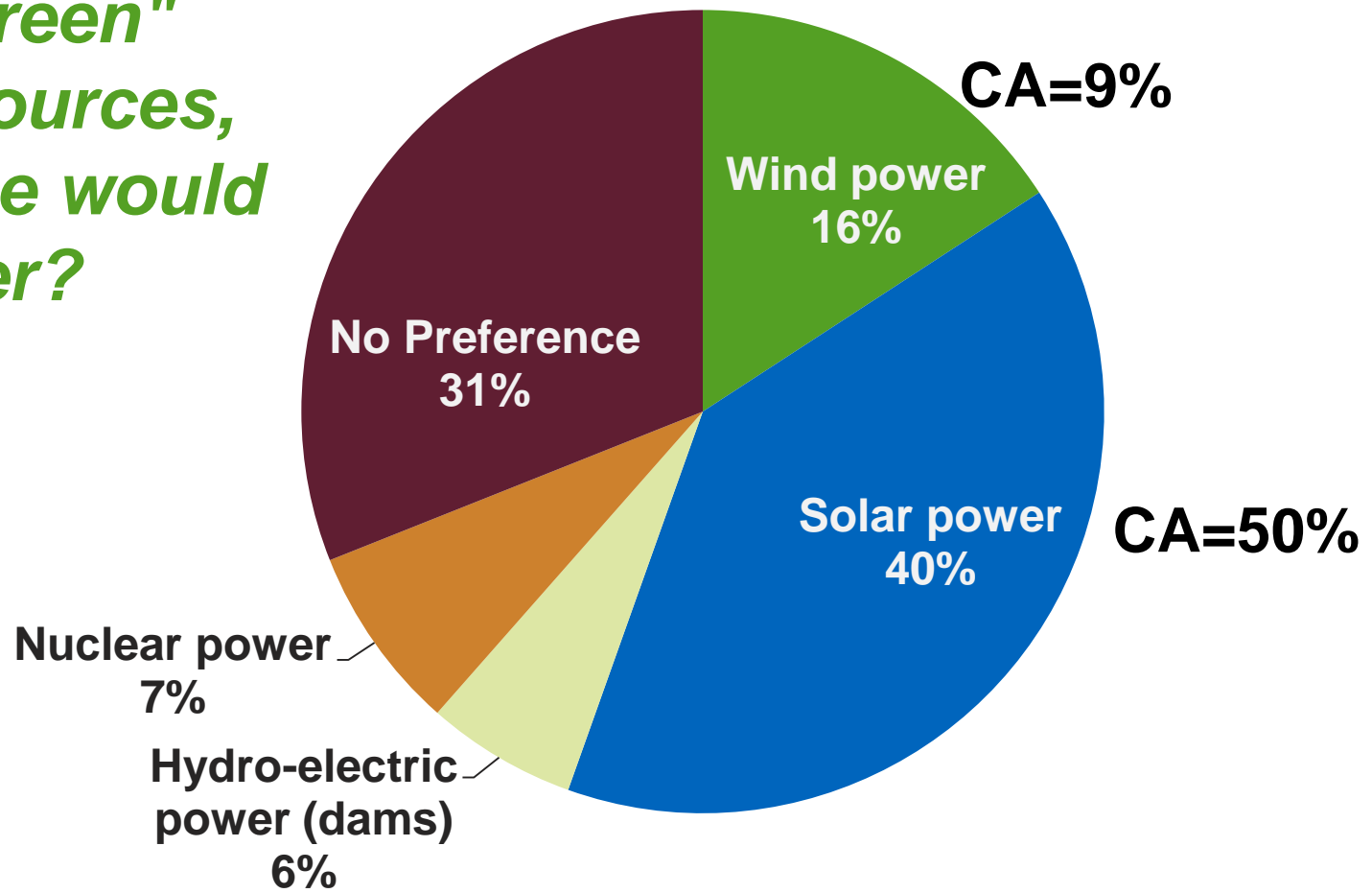
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If all or part of your electricity could be provided by "carbon neutral/green" energy sources, which one would you prefer?



Source: E Source/Nielsen Energy Audit Survey 2012



Male vs. Female on Generation Selection?

	Male	Female
Wind power		
Solar power		
Hydro-electric power (dams)		
Nuclear power		
Other		
Do not have a preference		

Source: E Source/Nielsen Energy Audit Survey 2012



Male vs. Female on Generation Selection?

	Male	Female
Wind power	8.8%	9.4%
Solar power	48.2%	53.6%
Hydro-electric power (dams)	7.0%	3.5%
Nuclear power	13.2%	3.0%
Other	.5%	.7%
Do not have a preference	22.4%	29.7%



Source: E Source/Nielsen Energy Audit Survey 2012



Quiz: (answers were similar for central AC)

<i>What level of efficiency did you purchase when you replaced your primary heating system?</i>	Normal or base efficiency	
	High efficiency	
	Don't know	

Source: E Source/Nielsen Energy Audit Survey 2012



People *think* they are buying high efficiency appliances!

What level of efficiency did you purchase when you replaced your primary heating system?

**Normal or
base
efficiency**

29.5%

**High
efficiency**

56.8%

Don't know 13.7%

Source: E Source/Nielsen Energy Audit Survey 2012



Quiz: *What percent setback their thermostat setting in summer, and what's the trend over the past 3 years?*

		Survey year		
		2010	2011	2012
Programmed it in the summer to go to a higher temperature when people are out of the house	No			
	Yes			

Source: E Source/Nielsen Energy Audit Survey 2012



Programming thermostats are going in the wrong direction...

		Survey year		
		2010	2011	2012
Programmed it in the summer to go to a higher temperature when people are out of the house	No	47.3%	53.7%	56.3%
	Yes	52.7%	46.3%	43.7%

Source: E Source/Nielsen Energy Audit Survey 2012



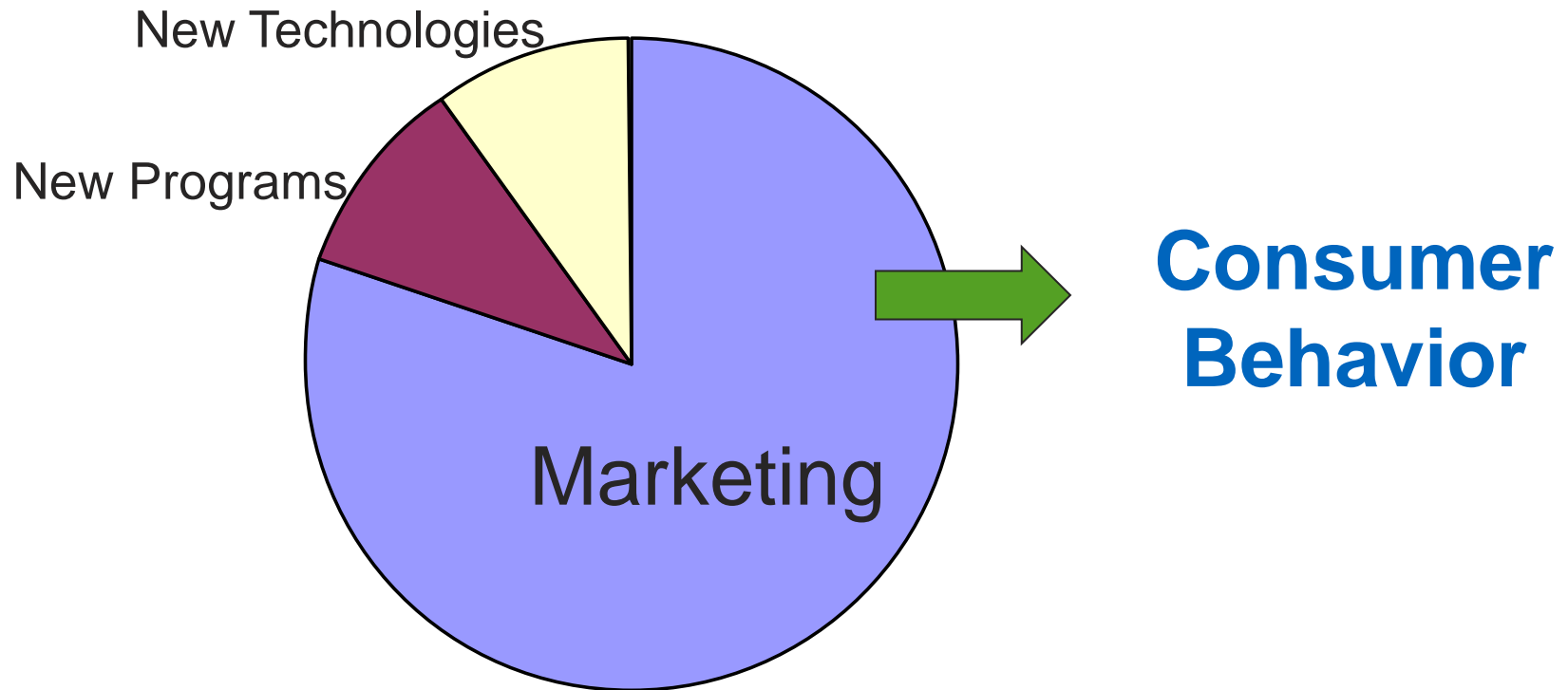
And MANY people have investigated solar panels, but few convert...

<i>What type of research/investigation, if any, have you or anyone in your household ever done about installing solar electric panels in your home?</i>	Survey year 2012
Read a few articles about it online or in print	25%
Looked online for some general prices and options	13%
Talked to a few vendors about prices and options	6%
Worked with a vendor to scope out installation plans and options for your house	1%

Source: E Source/Nielsen Energy Audit Survey 2012



How Will We Influence Customers?



Source: LeBlanc, based on prediction of future opportunities for energy efficiency

How Do We Know This Stuff Works?



www.dasani.com



www.flickr.com

And They Turn Water Into....



www.dasani.com



“But now we have to deal with people...and they don’t act ‘normal’”

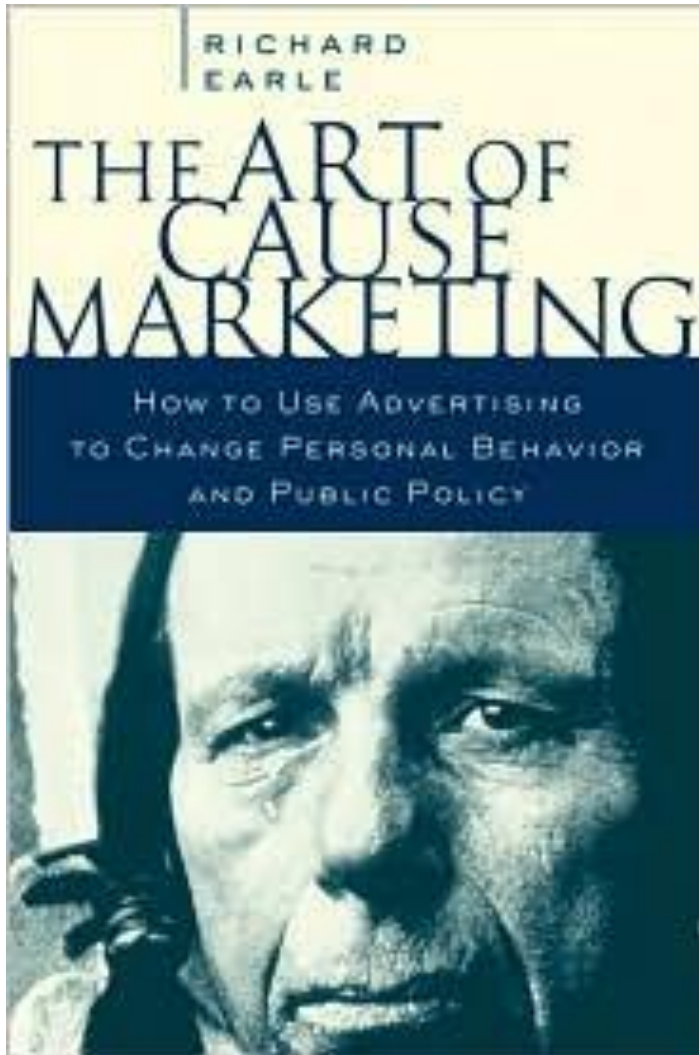


<http://www.flickr.com/photos/mrtopf/280873980/>

What are some Customer Trends for the Future?



We All Know of Famous Campaigns



The Incredible Power of Social Norms



“Yes, I look ridiculous to you, but in my milieu, I would be an outcast if I didn’t wear skin tight fluorescent lycra bikewear.”

http://www.procyclegear.com/2008_half_zip_pro_cycling_jerseys.htm

The Incredible Power of Social Norms



The yellow top is a “prompt”



“I recycle because my neighbors do, so it must not be that hard.”

www.teawamutu.co.nz/news/2007/07/03-bins.shtml

Remember This Part: ***Social Norms*** are Powerful and often Undetected

- People **SAY** they do things for **rational**, or benevolent, or personal reasons
- People **DO** things because they see it (or think they see it) **done by others**
- *People throw trash on the ground when others do it*
- *People park illegally when others do it*
- **Norms** make actions **OKAY**

Montana Seatbelt/Social Norms Experiment and Campaign

- Drivers thought that MANY other drivers did not wear seatbelts
- Radio/print/billboard ads: “Most Montanans Wear Seatbelts!”

Source: <http://www.socialnorms.org/index.php>



Why did the Prius win the battle?



Honda Civic Hybrid



Toyota Prius



Types of Behavior Change Programs

- Energy Use Feedback
- Home Energy Reports
- Social and business norms
- Pledges
- Contests
- Neighborhood blitzes
- Energy use comparisons/feedback
- Tailored tips



Old News: Energy Feedback Devices

- 3-7% savings found
- Is it long lasting?
- Adding prompts, pledges, reminders, tools can help boost results
- MPower program is PrePaid and saves 12% on average



Commitment/Pledges

Boulder, Colorado

**10 FOR
CHANGE**
WWW.10FORCHANGE.NET

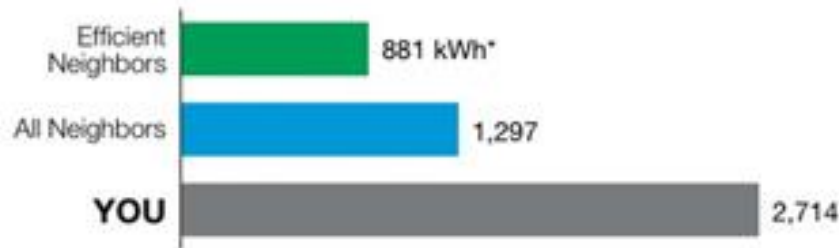
A new climate for business

	Member Businesses	Total kWh Reduction (Electricity)	ThermS (Natural Gas)	Total \$ Saved	Greenhouse Gas Reduction (Tons)	Energy Use Percent Reduction
2009	65	1,318,345	29,287	\$159,425	1,371	7%
2010	110	2,953,728	24,069	\$260,367	1,191	4%

Norms and Feedback: OPower

Last 2 Months Neighbor Comparison

You used **109% MORE** electricity than your neighbors.



HOW YOU'RE DOING:

You used more
than average

Turn the report over
to find ways to save

* kWh: A 100-Watt bulb burning for 10 hours uses 1 kilowatt-hour.

Who are your Neighbors?

All Neighbors

Approximately 100 occupied, nearby homes that are similar in size to yours (avg 1,827 sq ft)

Efficient Neighbors

The most efficient 20 percent from the "All Neighbors" group

Tailored Tips: NOT THIS!

Details for: 100 Ways to Save Energy

How do we reduce our electric usage 30% by 2010? Here are some examples;

Electricity:

1. Change **all light bulbs** to energy efficient kinds that use less power and last longer and make less heat (you save twice), the Lights, LED and low voltage lighting using 20watt halogen bulbs, all use less electricity.
2. Replace those aging fire hazards the Halogen torch lamps with Energy Star lamps from Efficiency Vermont. Encourage all of your friends to do similar things at home or at work. Changing even one large bulb can make all the difference in your energy usage.
3. Replace old computer equipment with energy star rated SMALL footprint energy efficient PC's - laptops are the best. But the LCD monitors are a great energy saver. A 19" LCD monitor uses less than a 15" CRT and gives you so much more room on the desktop and in your closet.
4. Replace all CRT based TV sets with LCD screens. Some of these will perform dual functions - TV and computer screen and then some will be HiDef.
5. Replace external compressors for refrigeration in retail space (like the Putney Coop is doing). Use single efficient compressors that are available for residential and commercial usage.
- 6 Replace that old refrigerator or freezer with a super energy efficient unit.
7. Replace your washer with a front loader and opt for a gas dryer or use the cloths line in the sun, which really makes your cloths smell better.
8. Invest in Geothermal heating and cooling systems, yes even in Vermont these things are more efficient and worth the investment.
9. Invest in solar photovoltaic systems. Like **Google** and Microsoft are doing. These can be connected to the energy grid to off set your electric usage or even to sell electricity back to the power company.
10. Install motion sensors in bathrooms and hallways, the lights will magically turn on when needed and off when not needed, save energy and make your home or business safer. Replacing wall switches with motion sensor enabled switches will save the cost of the item in the first year.
11. Turn off your lights and other things when they are not in use, get motion sensors for outdoor lights that need to be on for security.
12. Close the windows if you use an air conditioner.
13. Insulate Your Existing Water Heater. If your electric water heater was installed before 2004, installing an insulating jacket is one of the easiest and most yourself energy-saving projects, especially if your water heater is in an unheated space. The insulating jacket will reduce standby heat loss.

The Main Story Line

- Recognize and **embrace** the consumer's **irrationality**
- We need to learn how to make it **stupidly simple**
- People **do** and **act like** the people they **hang out** with
- **Marketing is more powerful** than technology, products, and programs: Harness the power



For More Information

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For E Source Videos!!

www.esource.com/videos

to see PowerWalking, PowerTalking, and
Stuff Utility Customers Never Say

Have a question? Ask our experts: www.esource.com/question

