



Center for
Sustainable Energy®

California Small Business Energy Decision-Maker Segmentation

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Research & Climate Change Programs



greenberg

What is Energy Upgrade California?



Energy Upgrade California® is a state initiative to educate residents and small business owners about energy management. We help Californians take action to save energy and conserve natural resources, reduce demand on the electricity grid, and make informed energy management choices at home and at work. It is supported by an alliance of the California Public Utilities Commission, the California Energy Commission, utilities, regional energy networks, local governments, businesses, and nonprofits to help communities meet state and local energy and climate action goals. Funding comes from investor-owned utility customers under the auspices of the California Public Utilities Commission

Our goal is to:

- Educate
- Motivate
- Activate



Promoters

Cautionaries



Why Needs-Based Segmentation?



Reactives

Stewards



Coasters



SBDM Research Objectives



Establish discrete small business audience segment profiles that are motivations-based, that **Energy Upgrade California** can prioritize for targeting, and to whom messaging and relevant offerings can be tailored.



Target and Methodology

Online Survey

(February 2015)



Throughout California

- 1,000 respondents

Interviews

(May 2015)



5 Markets

- 20 interviews
- Two hours each

Target Criteria

- Energy decision-maker
- \$500–\$5K monthly energy spend
- 5–200 employees at primary location
- Mix of building types and industries

Bay Area

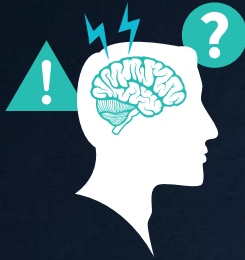
Bakersfield

Los Angeles

Riverside

San Diego

The Life of a Small Business Decision-Maker



TYPICAL EMOTIONAL STATE

- Stressed
- Vulnerable
- Alone



OPERATIONAL MODUS OPERANDI

- Low Resources
- Triage
- Reduce Costs

EM Is Low on the Totem Pole

Day-to-Day Fires

Marketing / Sales / Business Development

Staffing / Team Cohesion and Collaboration

Product Development / New Product Lines

Adjusting to Regulations

Controlling Expenses

Responding to Competitive Threats

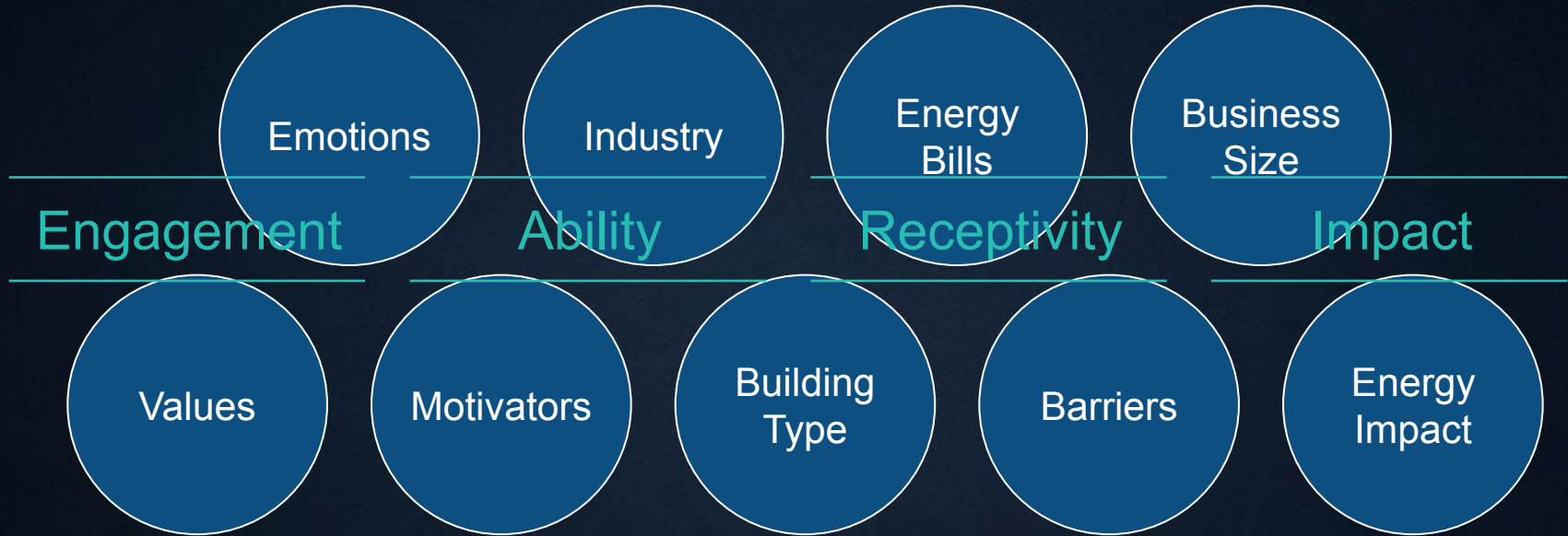
Cash Flow / Making Payroll

Energy Management / Carbon Footprint

Energy Is Vital, but Taken for Granted

- No control over energy costs due to structural / economic reasons
- Attitudinal barriers

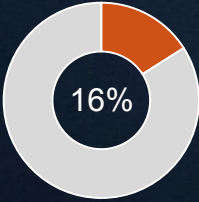
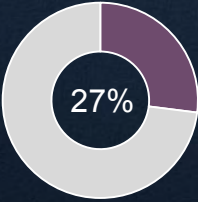
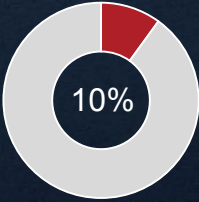
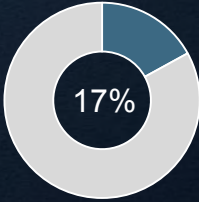
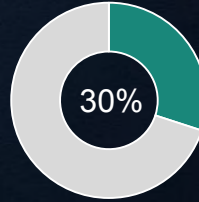
Which Factors Drive Segment Differences?



The 5 SBDM Segments



Comparing the SBDM Segments

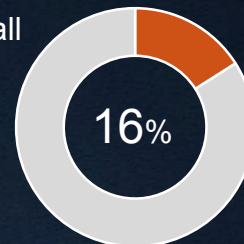
Segment	Promoters	Stewards	Coasters	Reactives	Cautionaries
Description	Optimists looking for opportunities	Progressives who want to preserve the planet	Risk-averse moderates not rocking the boat	Struggling SBDMs hoping to turn a corner	Cautious survivors trying to break even
Engagement/ Motivation to try EM	1. Save \$ 2. Promote business	1. Save \$ 2. Protect environment	1. Save \$ 2. Reduce waste	1. Save \$	1. Save \$ for rainy day/to fund operations
Impact	High	High	Moderate	Moderate	Low
Share of Sample* *Not equivalent to share of market	 16%	 27%	 10%	 17%	 30%

Optimists Looking for Opportunities



- Confident and savvy extroverts
- Looking for ways to grow their businesses
- Open to investments that pay off in the long term

% of Small
Business
Sample



Monthly Energy
Bill Above \$1K



Average: 26%

Energy Management Metrics

ENGAGEMENT



HIGH

ABILITY



HIGH


RECEPTIVITY



HIGH

Key Traits

- **Mindset:** Invest, expand
- **Motivator:** Save \$, promote my business
- **Barrier:** Think they've done all they can
- **Value:** Financial achievement
- **Business Size:** Highest revenue among SBs
- **More Likely to Be:** Coastal Southern CA



For Promoters
EM Decision-
Making Is Like...

ACCESSORIZING A NEW OUTFIT

Promoters see every decision as a possible way to help their business grow and will “try on” anything to see if it fits the need, with an eye on the longer term.

Key Promoter Traits

THE MOST ENGAGED / MOTIVATED SEGMENT

- EM seen as a possible way to grow the business

HAVE THE HIGHEST ABILITY

- The EM glass is always half full

THE MOST RECEPTIVE

- Available on all channels

ENERGY MATTERS

- EM actions by Promoters will have strong impact

60%^(H)▲
Plan to increase future
energy investment

60%^(H)▲
See EM as a way
to promote the
business

60%^(H)▲
Say energy has a
large/noticeable
impact on the
bottom line

25%^(H)▲
Have participated in
energy management
program

Spreading Purpose Through Business

- Company culture of purpose and mission
- Self-effacing and visionary
- Want to elevate their communities

Energy Management Metrics

ENGAGEMENT



HIGH

ABILITY



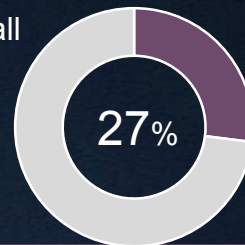
HIGH

RECEPTIVITY



MEDIUM

% of Small
Business
Sample




Monthly Energy
Bill Above \$1K



Average: 26%

Key Traits

- **Mindset:** Invest, sustain, grow
- **Motivator:** Save \$, protect the environment
- **Barrier:** Already conserve
- **Value:** Doing what's right, Equity
- **Business Size:** Moderate revenue among SBs
- **More Likely to Be:** South Coast

A photograph of a potluck table filled with various dishes and fresh fruit. In the background, there are bowls of oranges, pomegranates, and persimmons. A bowl of sliced apples and pears is in the center. To the right, there's a bowl of orange soup, a bowl of caramel drink, and a bowl of spiced tofu. In the foreground, there's a bowl of apple-pear-quince galette, a bowl of cranberry pudding, and a plate of spiced rubbed tofu. A large pie is also visible. Handwritten labels identify several of the dishes.

For Stewards
EM Decision-
Making Is Like...

HOSTING A COMMUNITY POTLUCK

Stewards value other things in addition to profits, including doing what's right for others and nature, and creating community.

Key Steward Traits

ENGAGED SBDMS

- Strongly driven by personal values

ABLE AND OPEN TO EM

- Seek sustainable solutions versus temporary

HIGHLY RECEPTIVE TO NEW CHANNELS

- Stay connected with community

HIGH IMPACT

- Motivated to seek energy efficiency

52%▲
Plan to increase future
energy investment

62%^(H)▲
Strongly believe
that people should
care for nature

36%▲
Use social media

60%^(H)
Say energy is 5%
or more of their
overhead cost

Don't Rock the Boat

- Value comfort and stability
- Don't want to change the status quo
- Care about saving money, but not keen to research options

Energy Management Metrics

ENGAGEMENT



MEDIUM

ABILITY



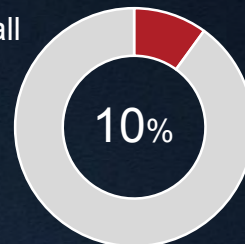
LOW

RECEPTIVITY



MEDIUM

% of Small
Business
Sample




Monthly Energy
Bill Above \$1K



Average: 26%

Key Traits

- **Mindset:** Stay the course
- **Motivator:** Save \$, avoid waste
- **Barrier:** Don't know what EM options are available
- **Value:** Stability, Comfort, Independence
- **Business Size:** Lowest revenue among SBs
- **More Likely to Be:** Northern CA

A photograph of a pilot in a cockpit. The pilot is wearing a light blue shirt, a blue harness, a red cap, and sunglasses. He has a mustache and is looking towards the camera. His left hand is on the control yoke, and he is wearing a black digital watch with a yellow strap. The cockpit instruments and controls are visible on the left. The background shows a vast landscape with green fields and a blue sky with white clouds.

For Coasters
EM Decision-
Making Is Like...

REROUTING THE PLANE WHILE ON AUTOPILOT

Coasters do not want to deviate from their comfort zone. If the business is functioning well enough, don't fiddle with the controls.

Key Coaster Traits

MODERATELY ENGAGED

- Motivated by savings, but skeptical about value of EM

WILLING, BUT NOT ABLE

- Held back by business performance and apathy

MODERATELY RECEPTIVE

- But expect difficulty

AVERAGE IMPACT

- Potential for EM results is limited

100%^(H)▲
Don't know what
options are available

100%^(H)▲
Feel the point of EM is
financial savings

35%^(L)
Browse the Internet
for information

20%▼
Spend more than \$1K
monthly on energy

Hoping to Turn a Corner

- Often in startup or recovery mode
- Main point of EM is saving money
- But they think they've already done all they can, and have no bandwidth

Energy Management Metrics

ENGAGEMENT



LOW

ABILITY



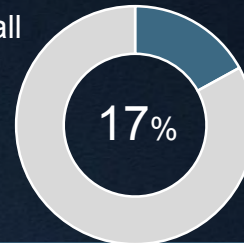
LOW

RECEPTIVITY



MEDIUM

% of Small
Business
Sample




Monthly Energy
Bill Above \$1K



Average: 26%

Key Traits

- **Mindset:** Reach stability
- **Motivator:** Save \$, reduce waste
- **Barrier:** Think they've done all they can
- **Value:** Financial achievement
- **Business Size:** Moderate revenue among SBs
- **More Likely to Be:** Coastal Southern CA

A close-up, low-angle shot of the rear side of a purple car. The car is parked on a light-colored paved surface. The rear wheel is clearly visible and appears to be flat. The car's body is a deep purple color. In the background, there are some green plants and a white fence or wall.

For Reactives
EM Decision-
Making Is Like...

GETTING A TUNE-UP WHEN YOUR CAR HAS A FLAT TIRE

Reactives just want to get back on the road. Until they gain (or regain) momentum, they can only focus on top priorities.

Key Reactive Traits

EM MAY BE IN THEIR FUTURE

- But it's not a priority in their daily struggle

LOW ABILITY

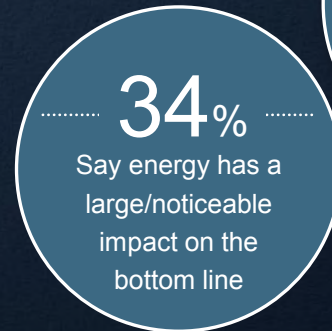
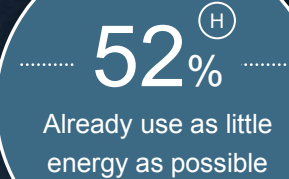
- Energy management is not relevant

NOT RECEPTIVE

- Not partaking in EM and don't trust sources of info

ONLY MODERATE IMPACT

- Energy is just a necessary evil

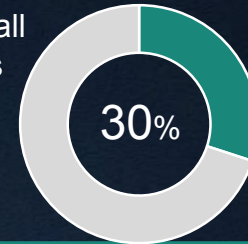


Cautious Survivors Focused on Breaking Even



- Survived the Great Recession, but not thriving
- Manage conservatively, constant triage
- Spend only when unavoidable

% of Small
Business
Sample



Monthly Energy
Bill Above \$1K



Average: 26%

Energy Management Metrics

ENGAGEMENT



LOW

ABILITY



LOW


RECEPTIVITY



LOW

Key Traits

- **Mindset:** Cautious, every \$ counts
- **Motivator:** Save \$, fund day-to-day operations
- **Barrier:** Expect little savings from EM
- **Value:** Control
- **Business Size:** Moderate revenue among SBs
- **More Likely to Be:** Coastal Northern CA



For Cautionaries
EM Decision
Making Is Like...

TREADING WATER

Cautionaries are cautious and skeptical of any unnecessary investment, focusing on keeping their businesses afloat.

Key Cautionary Traits

EM IS A VERY LOW PRIORITY

- They have bigger problems

TOO CAUTIOUS TO ENGAGE IN EM

- Don't see the value in EM

NOT AT ALL RECEPTIVE

- Wary of most information sources

EM IS NOT AN OPERATIONAL PRIORITY

- They make do with what they have



Energy Upgrade CA Marketing Focus

STEWARDS

PROMOTERS

COASTERS

Strategy

- Provide a high-touch way for Small Businesses to receive free, simple, customized support from EUC to help them save energy, save money, help the environment, and be sustainable.
- We are focusing on the Southern California target area:
 - LA
 - Orange County
 - San Diego
 - San Luis Obispo
 - Santa Barbara
 - Ventura

Communication Plan

Marketing & Outreach

Activation

Output/Result



Messaging Aimed at Stewards

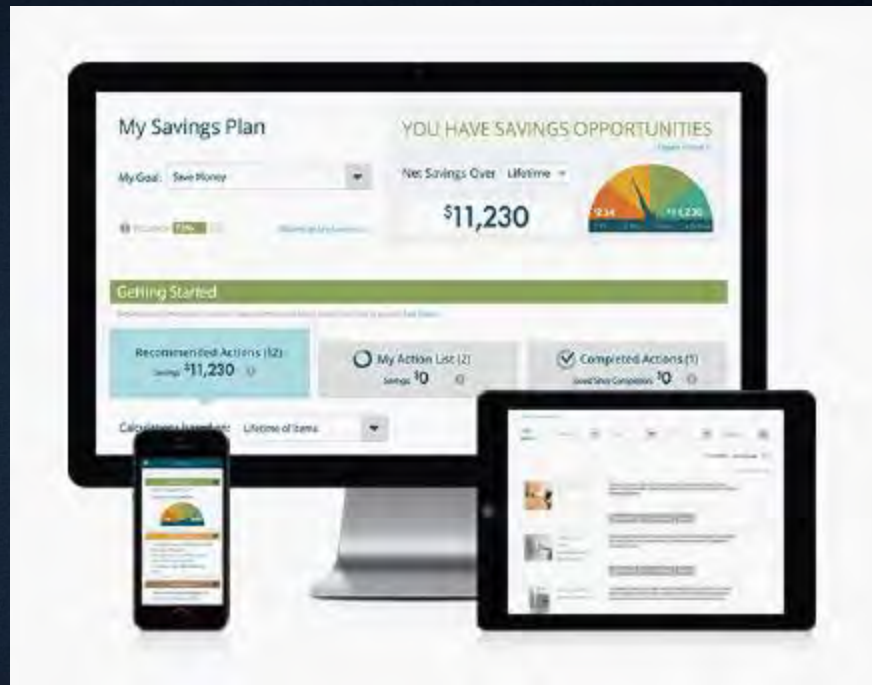
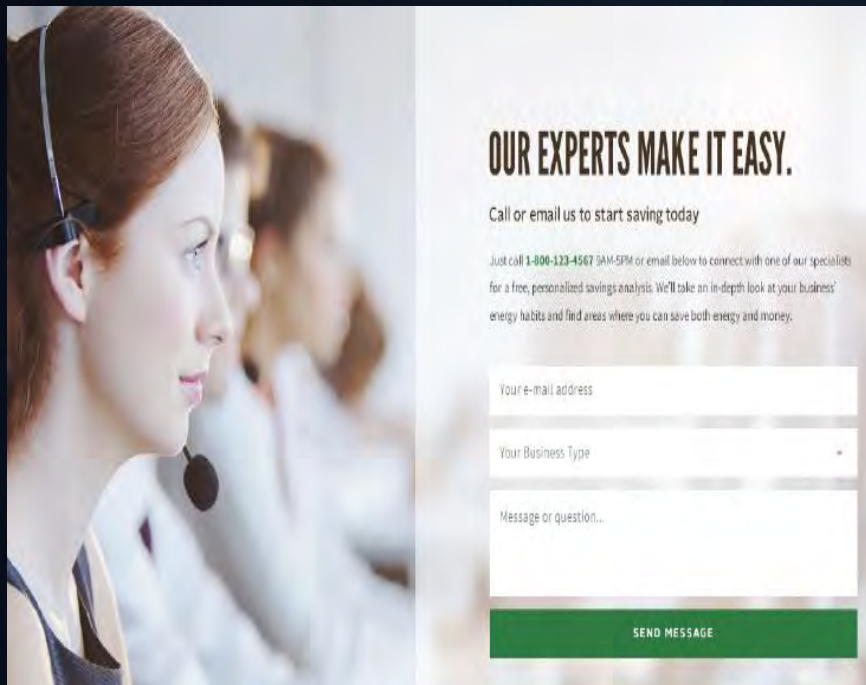
Banner



Appealing to Promoters



Call Centers and Personalized Recommendations



Thank you!

Download report: <http://bit.ly/1jweDZO>

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