MOVING FORWARD: NEW METHODS FOR CUSTOMER ENGAGEMENT

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Why Look Further?

- We require more of end users as energy and climate goals increase

- The energy landscape is changing dramatically

- To rise to these challenges, we need more sophisticated research techniques

- Increasingly, we need to move to a more one-to-one understanding of end-users

- Learnings from other fields can help get us there

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New Approaches for New Insight

- Consumer Product Marketing: Latent Class Discrete Choice Analysis (LCDC)

- Political Science: Micro-Targeting

- Human Development: Latent Growth Curve Analysis

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Consumer Product Marketing: LCDC

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- Latent Class Discrete Choice Modeling generates customer *segments* by identifying product attribute *preferences* through *trade-off analysis*

Consumer Product Marketing: LCDC

1 Online lighting-only store
Familiar brand

CFL Spiral — 40 Watt Equivalent
LASTS 8 YEARS
Save $40 over 10 years on your energy bills
Cool White

light output: 450 lumens
energy used: 8 watts
bulb life: 11,680 hours
beam angle: 180 degrees

ENERGY STAR

lighting facts

lighting facts	
Light Output (Lumens)	450
Watts	8
Lumens Per Watt (Efficacy)	60
Color Accuracy (Color Rendering Index (CRI))	87
Light Color (Correlated Color Temperature (CCT))	4100K (Cool White)

Warm White | Bright White | Daylight
2700K | 3000K | 4500K | 6000K

$30

2 Online retail store
Unfamiliar brand

Halogen A-Lamp Dimmable — 100 Watt Equivalent
LASTS 30 YEARS
Save $27 over 10 years on your energy bills
Cool White

light output: 1600 lumens
energy used: 94 watts
bulb life: 43,800 hours
beam angle: 270 degrees

ENERGY STAR

lighting facts

lighting facts	
Light Output (Lumens)	1600
Watts	94
Lumens Per Watt (Efficacy)	17
Color Accuracy (Color Rendering Index (CRI))	87
Light Color (Correlated Color Temperature (CCT))	4100K (Cool White)

Warm White | Bright White | Daylight
2700K | 3000K | 4500K | 6000K

$75

3 Lighting store
Familiar brand

Halogen A-Lamp Dimmable — 60 Watt Equivalent
LASTS 30 YEARS
Save $16 over 10 years on your energy bills
Cool White

light output: 800 lumens
energy used: 47 watts
bulb life: 43,800 hours
beam angle: 180 degrees

lighting facts

lighting facts	
Light Output (Lumens)	800
Watts	47
Lumens Per Watt (Efficacy)	17
Color Accuracy (Color Rendering Index (CRI))	87
Light Color (Correlated Color Temperature (CCT))	4100K (Cool White)

Warm White | Bright White | Daylight
2700K | 3000K | 4500K | 6000K

$15

4 Online lighting-only store
Unfamiliar brand

LED A-Lamp Dimmable — 75 Watt Equivalent
LASTS 2 YEARS
Save $77 over 10 years on your energy bills
Cool White

light output: 1100 lumens
energy used: 18 watts
bulb life: 2,920 hours
beam angle: 180 degrees

lighting facts

lighting facts	
Light Output (Lumens)	1100
Watts	18
Lumens Per Watt (Efficacy)	60
Color Accuracy (Color Rendering Index (CRI))	87
Light Color (Correlated Color Temperature (CCT))	4100K (Cool White)

Warm White | Bright White | Daylight
2700K | 3000K | 4500K | 6000K

$5

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StatWizards

LCDC: A-Line Segments

No Spend, LED

LED Interest

Spend, LED

Tech Lovers (25%)

Willing to Spend

Conventional Shoppers (30%)

On-the-Go Shoppers (14%)

Frugal DIY-ers (31%)

No Spend, No LED

Sample Size: 252

Spend, No LED

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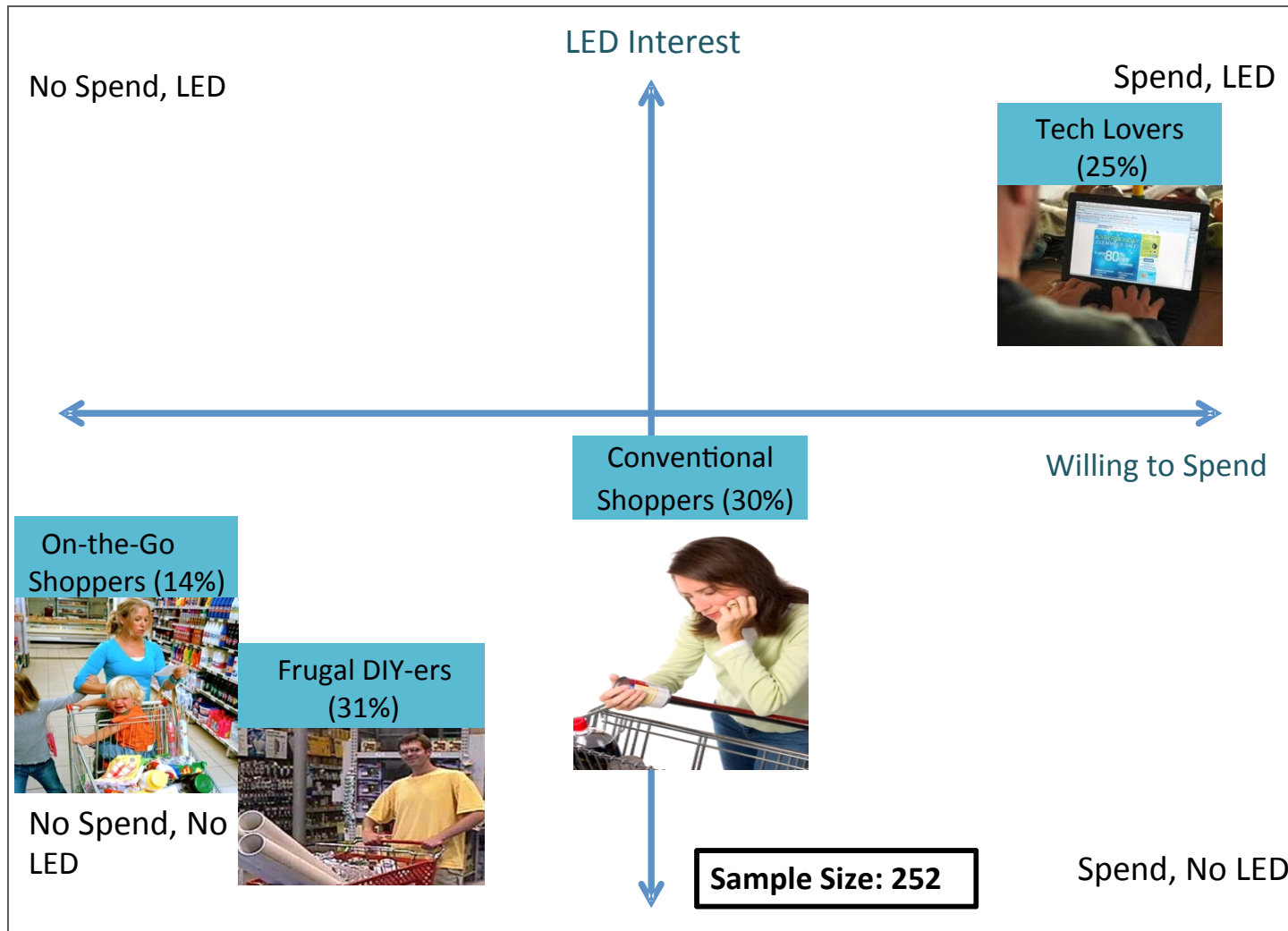
LCDC: Reflector Segments

LED Interest

No Spend, LED

Spend, LED

Energy Enthusiasts (49%)

Value-Seekers (14%)

Deal-Driven (13%)

Product Experimenters (24%)

Willing to Spend

No Spend, No LED

Sample Size: 224

Spend, No LED

LCDC: Short-term Targets

No Spend, LED

LED Interest

Energy Enthusiasts (49%)

Deal-Driven (13%)

Value Seekers (14%)

Spend, LED

Tech Lovers (25%)

Product Experimenters (24%)

Willing to Spend

Conventional Shoppers (30%)

On-the-Go Shoppers (14%)

Frugal DIY-ers (31%)

Reflector groups
A-line groups

No Spend, No LED

Spend, No LED

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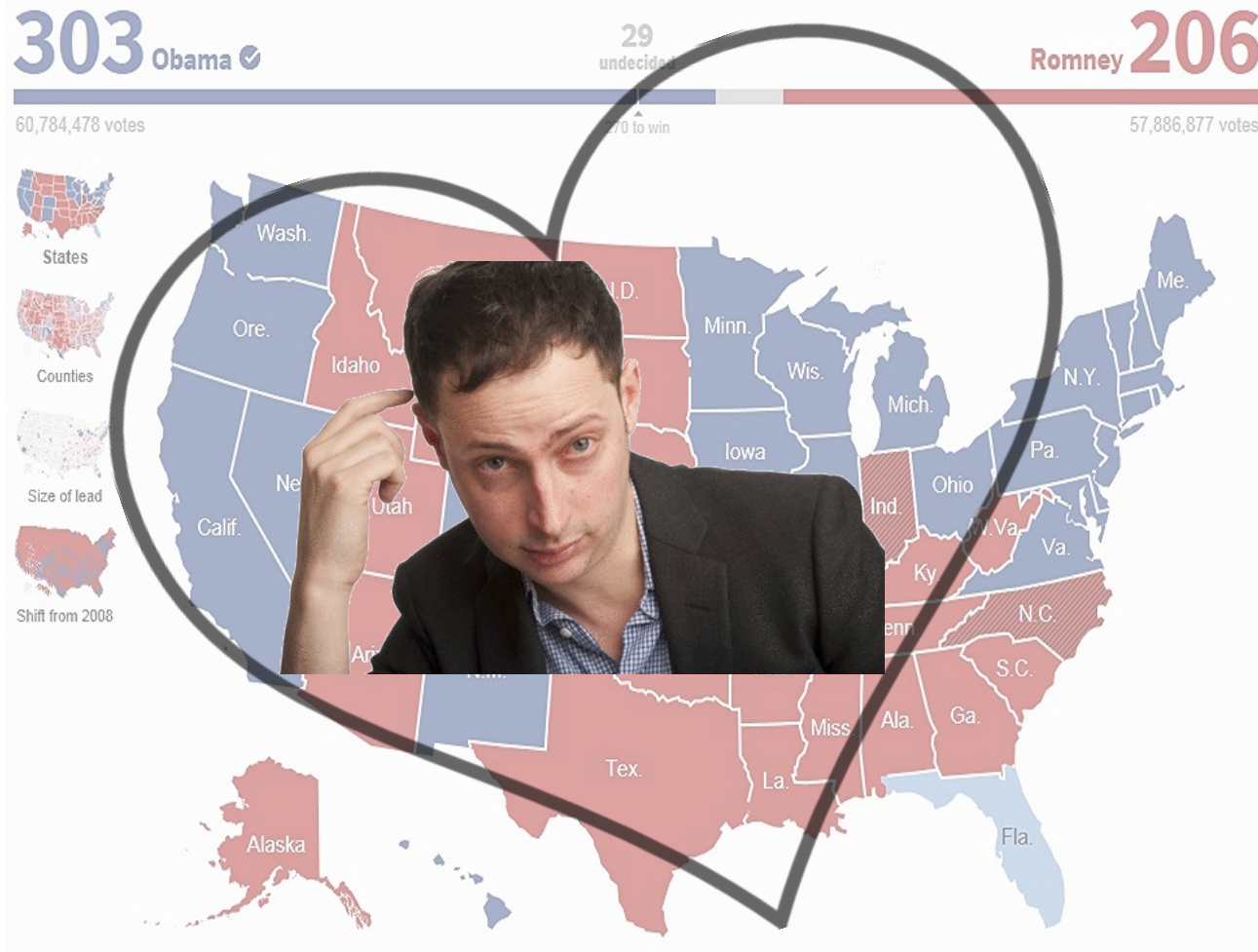
StatWizards®

Latent Class Discrete Choice Modeling

It's Best to Use it When:

- You have a new product or offering to take to market

- You need clear direction for design and merchandising

- You need to prioritize marketing efforts in competitive channels to target customers

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Political Science: Micro-Targeting
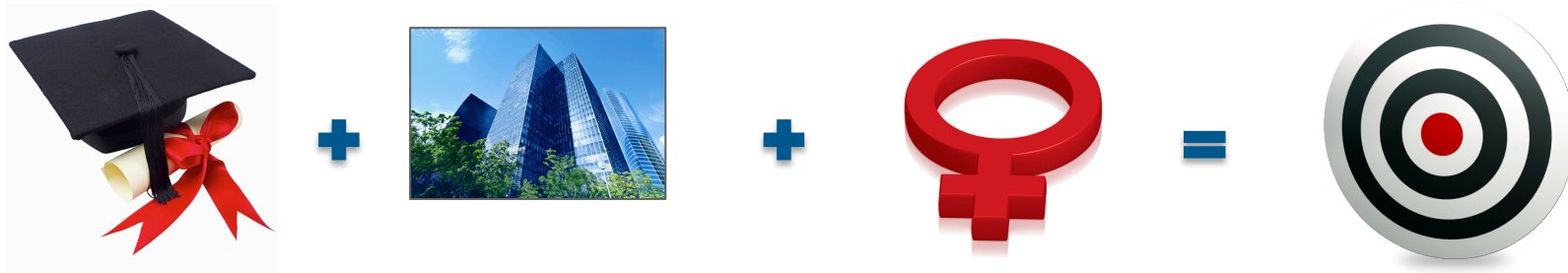
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Political Science: Micro-Targeting

Political Science: Micro-Targeting

- Traditional segmentation defines and divide a large homogenous population into *identifiable groups* based on *similar characteristics*

- Micro-targeting identifies *individual* household *propensities to act*

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Political Science: Micro-Targeting

The Obama 2012 campaign was the first in history to successfully leverage Facebook as a tool for mobilizing voter turnout on a mass scale

Applying Micro-Targeting to Program Offers

1. Develop Core Database

2. Surveys to Obtain APS-specific Behavioral & Psychographic Data

3. Intermediate Segment Variables

4. Populate Customer Database with New Variables

5. Develop Program-specific Propensity Models

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Applying Micro-Targeting to Program Offers

1%

4%

5.7%

Micro-targeting

It's Best to Use it When:

- You have access to multiple data sources

- Transactional or behavioral data is available

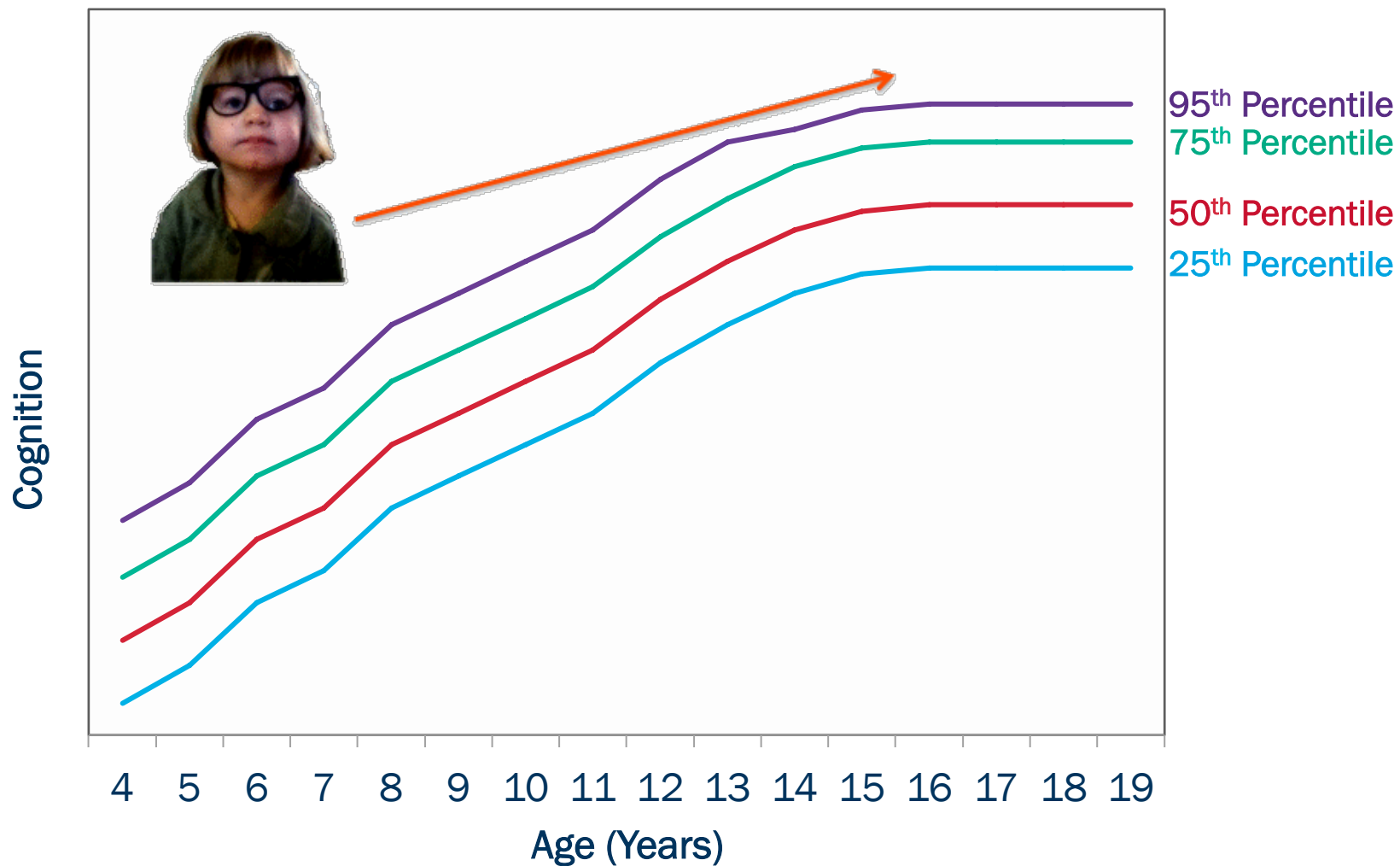- You have teams willing and able to collaborate and to share knowledge

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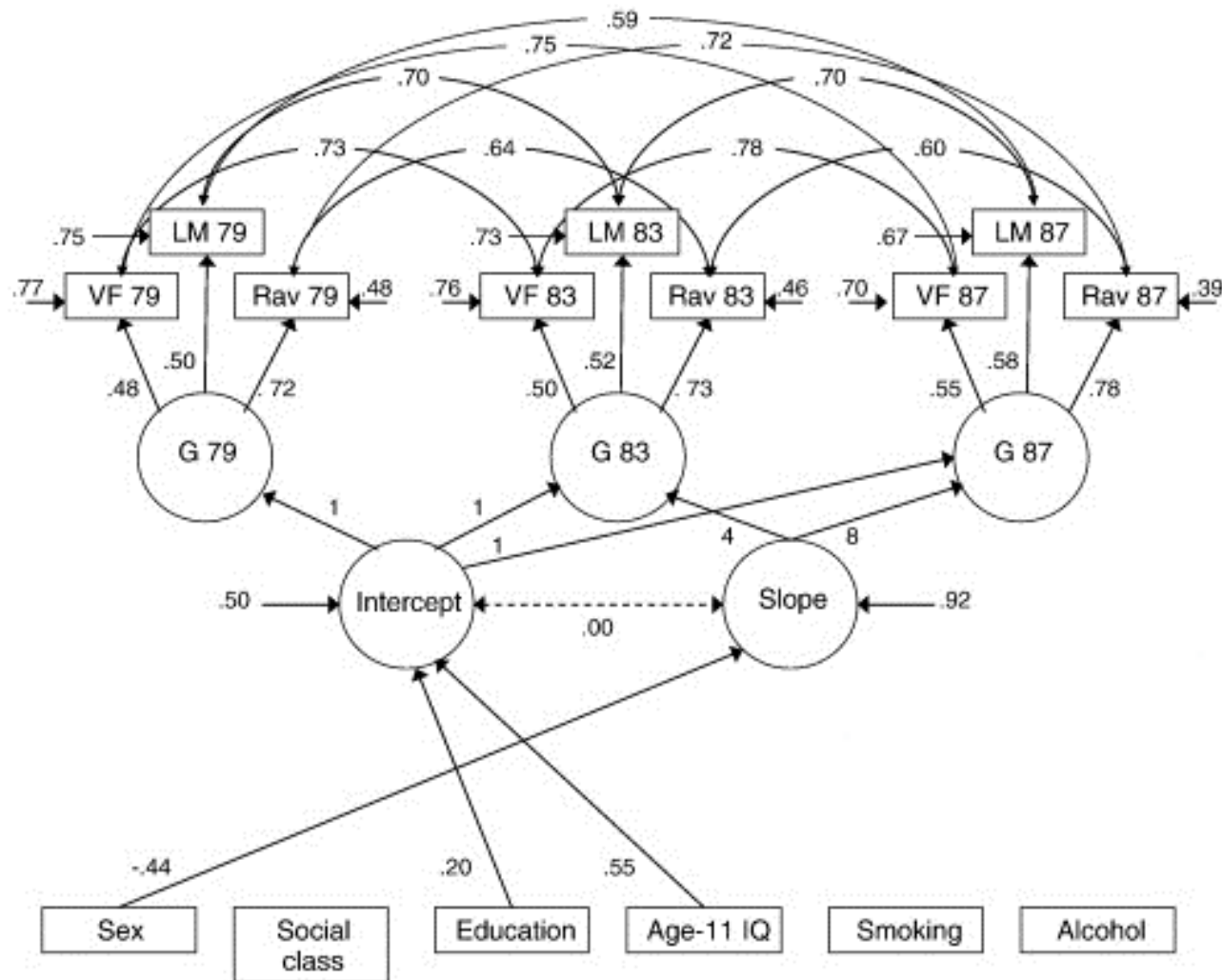
Human Development: Latent Growth Curve Analysis

- LGCA uses cross-sectional, time-series analysis

- Identifies consumption curves and how they differ

- *Predicts* and describes the shape of *consumption curves*

- Identifies which *factors mediate consumption* growth (or decay)
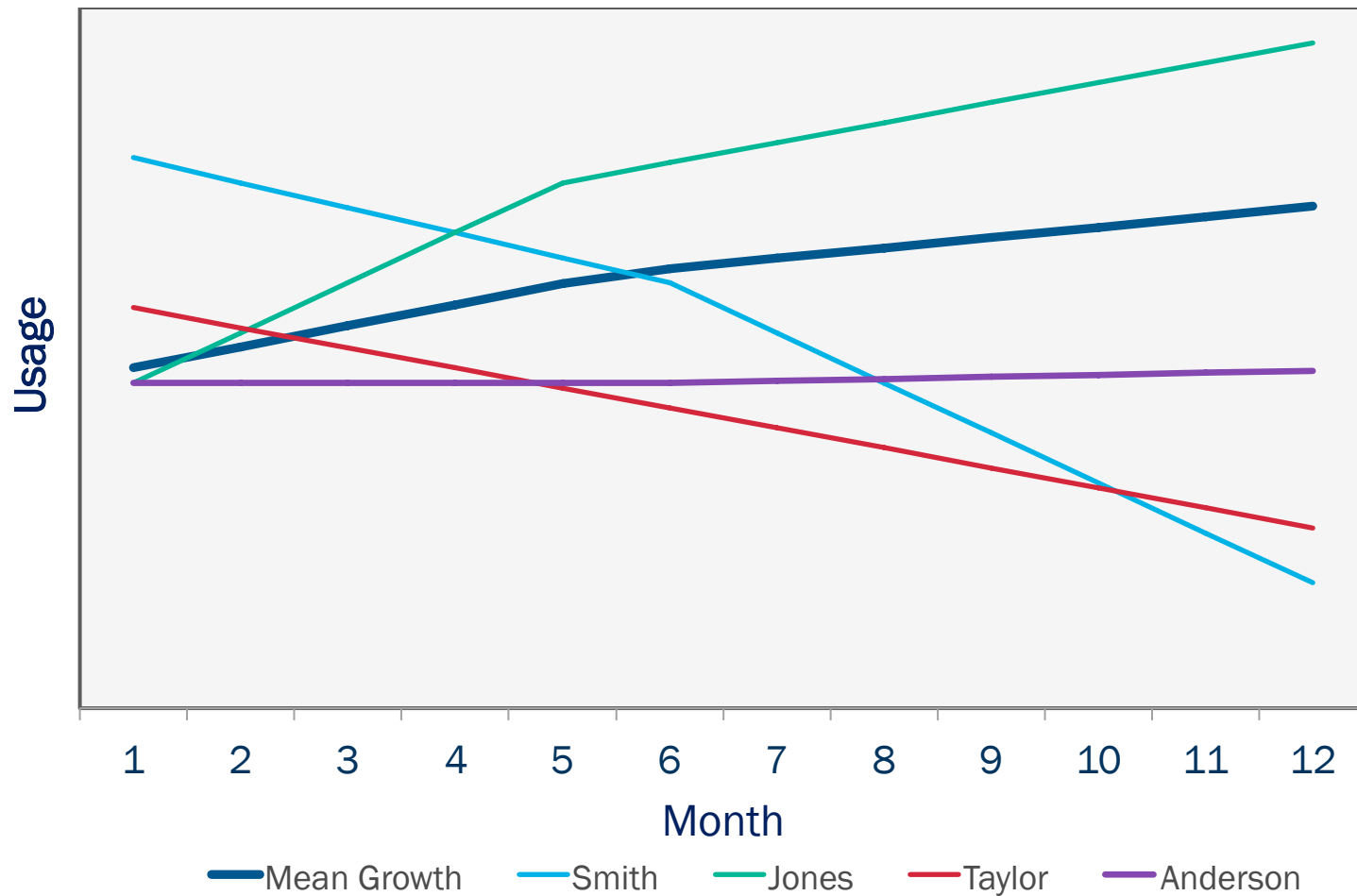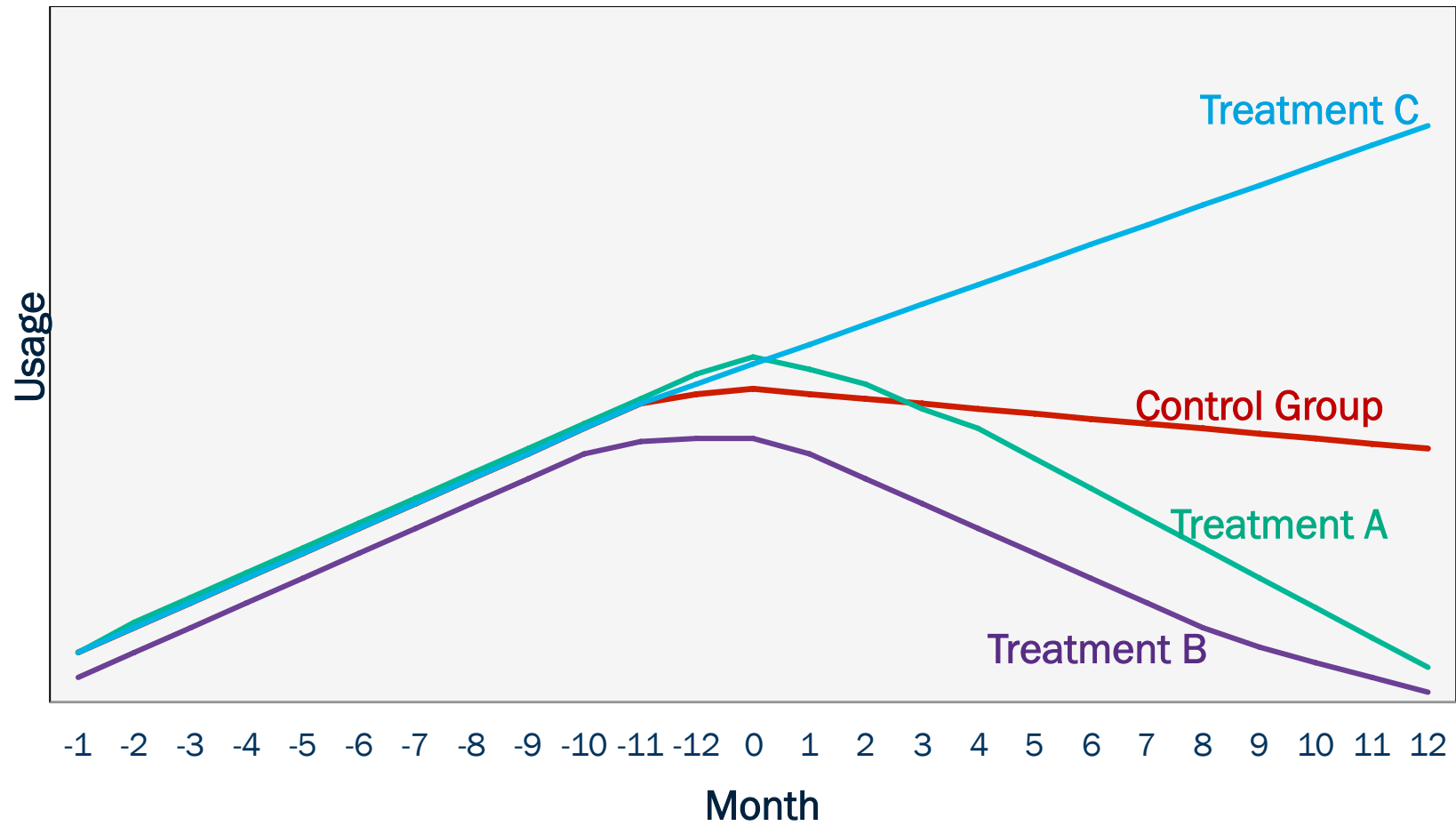
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Human Development: Latent Growth Curve Analysis

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Legend: Mean Growth, Smith, Jones, Taylor, Anderson

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Human Development: Latent Growth Curve Analysis

Latent Growth Curve Analysis

It's Best to Use it When:

- You are working with a heterogeneous population
- You expect wide variation in response to stimulus
- You have to identify customer groups for targeting

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Closing Points

- Other disciplines offer field-tested methods

- Greater granularity provides a finer point for targeting

- Expand programs by aligning offerings with:

  - Customer needs and wants

  - Customer-specific messaging

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QUESTIONS?

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