Consumer Response Within Targeted Campaigns

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Our Strategic Partners and Funders

Accelerating energy efficiency in partnership with Northwest utilities
Tracking program/consumer response

- Annual evaluation reports
- Purchase funnel research
- Market research
- Measurement strategies for campaigns, isolating marketing tactic impact
- Key performance indicators

= Insights
Northern Climate Heat Pump Water Heaters (HPWHs)

- High societal benefit (energy savings)
- Perform more efficiently in colder climates
- Been in the market since 2009
  - 2009-2013 market test
  - 2014 full market deployment
The perfect storm of marketing barriers
The perfect storm of marketing barriers

- Wide potential audience
- Low consumer awareness and demand
- High upfront cost
- Limited non-energy savings benefits
- Few market partners promoting the product
- Limited product investment for mass marketing
- Installation of product varies across product and housing type
Casting too wide a net is not a new problem for marketers.
Let’s drill down then shall we…

Consumer profile:
- Follows traditional product innovation curve profile
- Is motivated by financial and energy savings, but is willing to pay a little more for a quality product
- Is turned off by connotation that product is cutting edge, smart or new
- Wants reliable, proven and high-quality products when it comes to water heaters
NEEA 2014 marketing strategies

- Influence and facilitate development of promotions with limited time offerings with the supply chain
- Amplify promotions via paid advertising & in-store merchandizing
- Coordinate & align supply chain promotions with utility partners promotions
- Build contractor awareness, demand and alignment with national promotions
- Target likely to purchase consumers
Segmentation – Propensity Models

Created segments based on

- % electric heating fuel
- % owner occupied
- % 1 unit structures
- Median house value
- Mean income
GE Promotions

- Spring and Fall promotions
- Each had 2 flight of every door direct mail (EDDM)
- Each ran online ads
  - AdWords
  - Behavioral
  - Retargeting—Just for Fall
Spring EDDM

May 5 EDDM
Cut Your Water Heating Expenses in Half

May 19 EDDM
Cut Your Water Heating Expenses in Half

HURRY – Offer ends soon!
EDDM Results

- ~25 percent increase in sales within targeted zip codes compared to control group
- Higher increase in sales after 2\textsuperscript{nd} EDDM drop
Online advertising

SAVE $300 INSTANTLY
Slash water heating costs by up to 50% with a GE GeoSpring water heater.

Act now for $300 instant savings ▶
Limited time offer: 5/1-5/28

SAVE UP TO $400 INSTANTLY
Slash water heating costs by up to 50% with a GE GeoSpring water heater.

Act now for instant savings ▶
Offer ends: 12/3

Ads ran for 1 month

Ads ran for 4 months
Online advertising

- Spring promotion **did not** use propensity models
- Fall promotion **did** use models
- Both promotions used same demo criteria and core messaging with focus on financial benefits

<table>
<thead>
<tr>
<th></th>
<th>Spring Promotion CTR*</th>
<th>Spring Promotion Impressions</th>
<th>Fall Promotion CTR*</th>
<th>Fall Promotion Impressions</th>
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<tbody>
<tr>
<td>Behavioral Ads</td>
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* CTR = Click Through Rates
Key Take-Aways

- Initial results showed segmentation increased sales and consumer response to advertising.
- Segmentation with online advertising proved good for driving qualified consumers to act but not in generating campaign awareness.
- Segmentation can be helpful in driving action when there isn’t a strong sense of urgency.
- Retargeting CTRs during Fall campaign were higher than NEEA’s seen on other campaigns.