

Building Renewable Energy Markets: A Public Education Strategy For State Clean Energy Funds

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A Note from Clean Energy Group about this Public Education Report:

In the past year, a number of state public benefit funds have begun to actively work together on various issues through the Clean Energy Funds Network (CEFN) (www.cleanenergyfunds.org), a project of the Clean Energy Group. CEFN and these state clean energy funds are finding areas where coordinating their activities benefits their individual missions. One such project is the public education initiative.

This project is designed to explore whether additional joint or individual state efforts to educate the public about renewable and clean energy could help expand markets for these technologies.

Funding from these states allowed CEFN to retain Lyn Rosoff of Second Wind Enterprises and Richard Earle of Greenbranch Enterprises to develop a joint public education plan for the states to consider. Lyn and Richard are long time marketing experts with years of critical experience in the field. This report is the product of their investigation.

We believe it is the first such effort to critically assess the state of past public education efforts, but more importantly, to propose activities that, if done together, could be more effective in building the markets for renewable energy across many states. The value of this report, in our view, is that it draws on the strengths of the collective power of these funds to propose a fact-based approach to renewable energy education.

Also, it is the first report to address the new way citizens may view renewable energy following the attack of September 11 and the collapse of Enron. The report recommends that key research be done to assess the impact of these continuing events on how consumers view clean energy, energy independence and related issues.

The report's summary says it best:

Over the last several years, many efforts by many states and organizations have yet to achieve a renewable energy marketplace. Our view is that this was a consequence of three fundamental things:

- Not achieving the critical messages and motivators needed to affect business & consumer behavioral change.
- Not creating an "all surrounding" brand community that delivers and reinforces these messages.

- Not effectively leveraging the investment, learning and initiatives of other similarly tasked entities.

This project represents an opportunity to address these shortcomings and break through the barriers that are inhibiting the growth of green power markets. It is an opportunity for CEFN to do what no singular marketing entity has been able to do: overcome apathy and inertia, create momentum, and establish a clear foothold for the renewable energy proposition. It is a task riddled with complexity and challenge, but one that can be met via partnership and shared creativity.

It really is a task of integration and building *brand community*: working together to surround the target consumers and businesses with integrated symbols, hard hitting messaging, and reinforcement from familiar brands & relationships.

It is a task similar to the corporate "branding" efforts of successful marketers like Nike, the Milk Processors' Board, and, with objectives closer to ours, the Alliance to Save Energy on behalf of their "EnergyStar" program. It succeeds when our theming and logo become part of the community dialogue and culture, not just an interesting advertising slogan.

Because of the need for this campaign to be a strongly intrusive and pervasive part of media communications within our state communities, this task would be best accomplished by a well-constructed well funded "Umbrella Campaign." Because of the scope and staying power required to accomplish this, it is best served by a pooling of state resources and its assignment to a mainstream national advertising agency with the staffing and experience to do it right.

A well-constructed Umbrella Campaign will be consistent from state to state, and by using mass media tools including broadcast, print, outdoor, and public relations, will establish memorable and easily recognizable graphics, logos, and verbal theming that characterize the attitude and intent of the "Brand Community." Just like the accessory for which it is named, a good Umbrella Campaign spreads out over all individual efforts, and compliments them, supplements them, and keeps them together and comfortable. It will make the concept of renewable energy an accepted and acknowledged-to-be-beneficial part of the community's culture.

It will break the ice for, and support the campaigns of, individual state suppliers and when their messages appear, they will be recognized and trusted ("Oh, yeah, you're the -----guys.").

Each member state will then need to integrate their own specific tactics, such as grass roots outreach, direct mail, collateral, etc. and more specific messages that are relevant to their state's stage of market readiness. The umbrella campaign and state extensions to the campaign mentioned above should then be augmented by each CEFN member by leveraging relationships that will enhance market development. These relationships include partnering with employers, municipalities, religious institutions, and local environmental groups to add credibility and influence to the overall education effort. The combination of elements and associations will define and create the brand community.

In a way the concept of brand community is really both a means and an end. In order for the individual state members of the CEFN to succeed, they must think of the CEFN as a brand community itself, an entity that brings together resources, capabilities, and ideas to collectively address what is one of the most challenging marketing tasks today. Sharing this task makes profound economic sense, saving each state hundreds of thousands of dollars. It is a task that makes intellectual sense, giving each CEFN member the benefit of each other's investment, wisdom and learning. And it is a task that makes marketing sense in that the whole will be greater than the sum of its parts. Fundamentally it is a task that can only be accomplished together.

We must add that the structure of retail markets in many states can be a significant barrier to success. The default service and standard offer service features often work against development of robust competitive markets. They need to be reformed – a challenge outside this report but one that must be addressed in tandem with the work proposed here. While public education alone has enormous value, the best public education will be futile if there are no products to buy. It is incumbent of each state to work with power marketers, suppliers, and their state legislatures to insure that the public education investment is aligned with product availability and that every educating communication has with it a clear "call to action" for the prospect consumer to respond to.

Having underscored that, we would like to briefly summarize the key findings and recommendations of the project here, to give you a short roadmap to the report. We also propose a budget to get the job done. In the coming weeks and months, CEFN will be working with the state clean energy funds to determine how much of this plan we can work together to implement. As with all of the CEFN projects, we serve at the pleasure of the state funds. They may decide to fully implement these recommendations together, to act alone or not to act at all. Our strong preference is that we work together to develop joint activities that save money, work better and build larger markets for clean energy technologies and products.

Key Findings of this Report:

1. To date, the renewable energy message has not broken through to customers.
2. The consumer segment most likely to purchase the product is not the environmentalist but the Soccer mom.
3. There is much consumer confusion about the nomenclature used.
4. Consumers are apathetic and skeptical.
5. Inertia is the real enemy.
6. Consumers are influenced by their community and the community must be a marketing target.
7. There can be no markets without products – consumer investment must be aligned with product availability and market rules must be reformed to provide for more product availability.

Key Recommendations

The consumer and commercial conclusions drawn from the research summary suggests that the CEFN shared marketing effort can succeed if we do the following:

**Task 1.
Craft Motivating Messages/Create a Common Language/Define the Renewable Energy Brand.**

Craft messages that deliver sufficient pain/gain motivation and customer benefit to make renewable energy a compelling product to both business and consumer audiences.

Importantly, this should include addressing the impact of the attack of September 11, as well as the Enron collapse, on consumer attitudes and perceptions regarding renewable energy. We need to find the right nomenclature and icons that reduces the confusion, skepticism and misunderstanding while creating sustained, meaningful visibility.

**Task 2.
Campaign Planning and Development.**

Bring together the right combination of imagery, messaging, brand partners, community outreach, and traditional media to surround the target consumer and commercial segments with rationale, influence and reinforcement.

Task 2 will produce a full toolbox of materials, copy and media spots for the state funds to use. One of the decisions for the state funds is whether they want to proceed with the development of the entire range of Task 2 products or only with some subset of them. For example, the campaign scope could include a number of written materials but no television or radio advertisements. This would reduce the cost of Task 2 but also the scope and effectiveness of the campaign.

**Task 3.
Implement the Marketing Plan.**

Implement the plan message, products and strategies that were produced in Task 2.

As with Task 2, the scope of Task 3 will be decided by the state funds. The funds could push for significant joint media buys for the television and radio spots, or they could individually decide which of the materials developed in Task 2 they wish to publish or use.

Budget Recommendations

This report contains a budget of approximately \$1,267,000 for the first two tasks of this effort. How this cost will be allocated amongst the participating state funds must be negotiated by the participating funds. For purposes of the table below and all other budget tables that show the state fund share, we used the same formula that was used in the original MOU that funded this report. As shown on the table, there are significant savings to the state funds by joining together in this effort compared to the costs they would face if each undertook a similar quality effort alone. Developing the budget for the implementation task will be part of the campaign planning task, but we expect there will continue to be economies of scale from joint action in media buys and other implementation activities.

ESTIMATED BUDGET BY TASK

	<u>Total Budget</u>	<u>Large Fund Share</u>	<u>Med. Fund Share</u>	<u>Small Fund Share</u>	<u>State Alone</u>
TASK 1: CONSUMER RESEARCH AND CONCEPT TESTING					
<i>Task 1.A: Securing Professional Assistance</i>					
	\$40,000	\$7,311	\$4,370	\$2,017	\$37,500
<i>Task 1.B: Consumer Attitude Research and Analysis</i>					
	\$35,000	\$6,397	\$3,824	\$1,765	\$29,125
<i>Task 1.C: Concept Development and Testing</i>					
	\$41,000	\$7,494	\$4,479	\$2,067	\$37,000
<i>Task 1.D: Defining and Testing Nomenclature and Brand</i>					
	\$63,250	\$11,560	\$6,910	\$3,189	\$60,000
<i>Task 1 Management</i>					
	\$22,175	\$4,053	\$2,422	\$1,118	\$10,000
<i>Task 1 Total:</i>	\$201,425	\$36,815	\$22,004	\$10,156	\$173,625
TASK 2: CAMPAIGN PLANNING / DEVELOPMENT / PRODUCTION					
	\$1,066,000	\$194,836	\$116,454	\$53,748	\$450,000
Tasks 1-2 Total:	\$1,267,425	\$231,651	\$138,458	\$63,904	\$623,625
TASK 3: CAMPAIGN IMPLEMENTATION					
To be determined in Task 2 and by future state fund decisions.					

One of the decisions that must be made by the state clean energy funds is how many and which of the educational and marketing strategies do they wish to have developed in Tasks 1 & 2. While the full set of proposed activities would be most effective, one reasonable choice would be to limit the strategies. We will discuss these more limited funding alternatives at our meeting.

Conclusion

The report that follows is divided into two basic parts. The first section (pages 8 – 50) describes the findings of the work, and a clear set of recommendations, with a budget. The second section – a number of appendices – contains extremely valuable background material on issues such as cause marketing, planning educational campaigns, selecting an ad agency and public service announcements. That material alone should be a valuable contribution to your efforts.

We hope you find the report as informative as we do. We look forward to our discussions about how together we can build the markets for renewable energy by effective joint programs.

Lewis Milford and Roger Clark
Clean Energy Funds Network

February 2002

I. EXECUTIVE SUMMARY

A. Background

Over the last ten years, many states and organizations of every shape and size have invested significant resources in the task of understanding how best to market renewable energy through public education efforts. Renewable energy, viewed as a product, offers several significant challenges to even the most experienced marketer:

- First, the general public does not understand the term “renewable energy.” People may renew a magazine subscription but they do not readily think solar, wind, water or biomass when they see the words “renewable energy.”
- Second, despite widespread publicity and media coverage of the subject, most consumers are not aware of any compelling reason to choose renewable energy. They lack an understanding of the pollution caused by their current form of electricity generation and they generally find no fault with their current utility provider. In fact, what most people like about their utility is the total absence of having to think about it at all. For those who have an understanding of options, reliability is critical to the power consumer. Concern about a change to an unknown supplier or unfamiliar source represents a significant barrier to switching that must be addressed and overcome.
- Third, most available research suggests that price is still the single most important factor in selecting a utility provider and renewable energy (today) comes with a premium price. The “price to beat” of conventional energy is a function of market structure and rules that we cannot control. As we undertake a campaign to educate the public and build customer choice, such work must be accompanied by efforts to change the market structures so that customers can choose cleaner energy without significant financial penalty, and clean energy marketers can have a hope of making, not losing money. Without dismantling these barriers, all the public education in the world will not work. Public education and market reform are both needed.
- Fourth, the target audience is diverse and complex. Many renewable energy marketers have tended to focus largely on the residential market. But the state clean energy funds have responsibility for other markets and end users – distributed generation markets for fuel cells and solar, and for

larger commercial and industrial customers where the messages, market structures and price choices vary widely from the residential markets.

- Finally, renewable energy is largely invisible. Recycling has the advantage of boxes that sit curbside to remind us of our responsibility to participate, or demonstrate to our neighbors our decision to be "good citizens." Conversely, customers who simply switch to a green power provider receive no tangible evidence of their product selection, making the benefit basically invisible.

While the collective learning about these issues may have been significant, market penetration on a state-by-state basis has been negligible. While the figure varies greatly across different markets, the current penetration of "green" power in both regulated and restructured residential markets wallows at a median rate of .08%.¹ That fact is made even more perplexing when juxtaposed against the consistently determined statistic that 50% to 95% of Americans say they are willing to pay more for power derived from renewable sources.² This ongoing paradox implies one of several things:

- Individual initiatives are not learning from prior initiatives.
- The learning is not the right learning; i.e. the research and market simulations are not getting at the real issues that inhibit consumer purchase.
- The messaging and tactics being employed are not sufficiently motivating.
- The penetration expectation is unrealistic. Perhaps .08% is good progress after just five years of marketing effort, given the resources applied.
- Or more practically, the spread between the residential price of conventional energy and green energy is too great given the current market structures (standard offer and default service) at this time. Therefore, any public education campaign needs to take stock of the market that now exists and respond to that reality.

¹ *Forecasting the Growth of Green Power Markets*, National Renewable Energy Laboratory, October, 2001.

² *Forecasting the Growth of Green Power Markets*, National Renewable Energy Laboratory, October, 2001.

B. Project Rationale and Direction

Unfortunately, prior individual efforts by states and organizations have been unable to break through this tangled set of barriers and challenges. This report outlines the opportunity for the members of the Clean Energy Funds Network³ (CEFN) to work together in order to make real progress in expanding these new markets. By sharing strategic paths, gaining research economies of scale, leveraging each state fund's past learning and building a joint marketing model, we can cost-effectively address these fundamental barriers and issues over time.

Our view is that the success of such a joint marketing model will be predicated on the following specific steps:

1. Researching (and adjusting to) the new consumer/public attitudes towards energy following the terrorist attacks of September 11, 2001 and the Enron collapse and bankruptcy;
2. Developing an effective message platform that will overcome purchase barriers and identify and test common nomenclature for renewable energy: is it *green, clean, pollution-free?*;
3. Creating a plan for a multi-state shared *umbrella* campaign employing this learning; and,
4. Implementing that multi-state campaign.

If there is an emerging theme in this effort, it is the idea of integration and building what has been called *brand community*.⁴ Briefly, the concept of a brand community is recognition that markets are made - and consumers are motivated - by a combination of influences. To change societal behavior, one must "infiltrate" social, business and community structures to affect influence, incentive, and impact. By surrounding the consumer and business targets with integrated symbols, messages and reinforcement from familiar brands and relationships, we stand a chance of changing their views and actions. To date, renewable energy public education efforts have been approached as a discrete, non-integrated task, dominated by traditional media outreach and public relations. And the results of that limited approach have been subsequently limited.

³ The Clean Energy Funds Network is a project of the Clean Energy Group, Inc. CEFN works with the clean energy funds of fifteen states that have implemented such funds to facilitate the sharing of information and the coordination of joint projects, of which this report is one example.

⁴ For a discussion of this and related concepts, see Lynn B. Upshaw and Earl L. Taylor, *The Masterbrand Mandate* (John Wiley & Sons, 2000).

A successful strategy for marketing renewable energy will require creation of a brand community within which renewable energy will be the preferred (and socially reinforced) choice. The only way we can effectively build such a brand community is for CEFN and its members to work together and to share their knowledge, their ideas and their resources.

Such a shared model should also extend to proposing different market structures that could be used to support customer choice. This could involve variations on the default service offerings or other partnering options with green power markets and utilities. While this report was not commissioned to explore those options, we will take account of those possibilities, and would expect that the CEFN staff and the state funds will address those issues in connection with these public education proposals. In the end, a viable brand community must incorporate these needed market structure changes.

The task of building a brand community must begin with CEFN's creation of an "umbrella campaign", an overarching branding effort delivered via mass media, e.g. broadcast and public relations, to establish the overall tone and message across our nine states. Each member will then need to integrate other educational tactics, e.g. grass roots outreach, direct mail, collateral, etc. and more specific messages that are relevant to their state's stage of market readiness. This tactical integration should then be augmented by each CEFN member leveraging the brand relationships that their target audiences already have: church, employer, and municipality, to add credibility and influence to the education effort.

It is our hope that the proposal that follows will clearly show how we can approach the task of marketing renewable energy together and convert a perplexing, reluctant market into a high growth market that offers significant rewards for consumers, businesses, suppliers, the country and the environment.

II. RESEARCH REVIEW - A SYNTHESIS OF KEY FINDINGS

A. Primary Sources

This report undertook to summarize preexisting public education and green marketing efforts fielded so far in restructured markets. We first describe these research sources, and then propose our own independent conclusions about the key research lessons and findings from those efforts.

1) Prior Environmental Group Marketing Assessments

Over the past several years there has been a great deal of research on consumer and, to a lesser extent, commercial attitudes about renewable energy. Beginning with early deregulation efforts The Pew Charitable Trusts and The John Merck Fund collaborated on the development and distribution of marketing materials designed to educate environmental organizations' membership on the benefits of renewable energy. Focus groups comprised of members of these organizations provided insights into awareness and attitudes about renewable energy.⁵ Several non-governmental organizations (NGOs) conducted their own research after mailings were completed.⁶ These studies support what we continue to observe today. There is a lack of familiarity with the term "renewable energy." Neither "green power" nor "clean energy" are familiar terms as well. Consumers are unaware of the polluting effects of their electricity generation and are often unaware of the source of their electricity.

2) Connecticut Fund Findings

At a meeting called by the Connecticut Clean Energy Fund, the Connecticut Energy Cooperative shared insights into their real market experience with renewable energy. They found business and residential customers expected deregulation to lead to lower prices, not the higher priced offering of a renewable energy product. The Connecticut Co-op found their biggest challenge besides expectations of lower prices was "apathy and indifference."

⁵ These focus groups were conducted by Ogilvy Public Relations in 1999 and helped shape the materials developed by that agency. Those materials can be found on the Renewable Energy Policy Project web site (www.repp.org) and are available to all nongovernmental organizations through a grant from The Pew Charitable Trusts.

⁶ Save the Bay in Rhode Island conducted a quantitative study following two mailings to its membership. The Appalachian Mountain Club did informal research based on emails from its members.

3) Restructuring Pilot Experiences

Early pilot studies in New Hampshire and Massachusetts, conducted prior to deregulation, demonstrated willingness by consumers to pay a small surcharge for renewable energy, approximately \$5 per month. On the other hand, real market evidence suggests that consumers are much more price sensitive than those studies revealed. As Bentham Paulos points out in an article on Green Power Marketing, what consumers say they will do (or pay) and what they will actually do are often quite different.⁷ A recent NREL report summarizing consumer research over the past 20 years of polling from more than 600 surveys showed 56% to 80% of Americans express willingness to pay more for environmental protection and for renewable electricity. More recently, a condensation of 14 surveys found that 52%-95% of residential customers said they were willing to pay more on their electric bill for power from renewables. And yet real market activity lingers at less than 1%.⁸ Price continues to be the single most influencing factor when selecting an energy supplier.

4) Green Mountain Energy's Research

Green Mountain Energy, arguably the country's leading marketer of renewable energy, has a six-year history of investing in a wide variety of research methodologies against a range of target segments and has been generous in sharing their insights and learning in real market situations. They have determined that the customer for renewable energy is not the environmentally oriented consumer we expected, but more likely the consumer who is willing to take risks, less change-averse, more educated and an older homeowner. A detailed description of their findings is found in the Target Audience Definition section of this report.

Green Mountain also concluded that messaging strategies that attempted to educate consumers regarding the negative polluting affects of electricity created guilt and negative associations, resulting in a "turn-off" by prospective customers. Their customers (those who actually switched) responded better to positive messages, such as "choosing electricity from natural sources such as wind, sun, or water are better for the environment."

⁷ Bentham Paulos, "Green Power in Perspective: Lessons from Green Marketing of Consumer Goods, *The Electricity Journal*, Jan/Feb., 1998.

⁸ *Forecasting the Growth of Green Power Markets*, National Renewable Energy Laboratory, October, 2001

5) NREL's Research

The National Renewable Energy Laboratory (NREL) has an entire research staff focused on understanding and projecting the demand/supply curve for renewable energy in the future and their in-depth analysis of market conditions has been useful in understanding the challenge ahead. They compare the slow evolution of the renewable energy market to other analogous industries including bottled water, telecommunications, organic food and compact fluorescent light bulbs. These categories ultimately responded to continued market promotion and public education efforts, but also benefited from social or political crises; e.g. demand for compact fluorescent light bulbs spiked during the California electricity crisis and the rise in organic food and bottled water has paralleled increasing concerns about food and water safety. Regardless of the category, NREL concludes that patience and commitment is required in creating wholly new markets.

Lastly, and perhaps most importantly, the NREL analysis points to public education efforts as essential to achieving their high-growth green power market projections, and indicates that green power marketers cannot alone bear the burden of educating consumers about the benefits of green power.⁹

6) The MAREC experience

The Mid-Atlantic Renewable Energy Coalition (MAREC) is a association of green power markers, renewable energy companies, environmental and public interest groups that have come together to educate the public about the benefits of renewable energy. MAREC has raised over \$700,000 for an education campaign in Pennsylvania and has hired Elkman-Alexander and Partners to develop the campaign. E-A has conducted focus groups, developed and tested a variety of messages, and will begin airing television commercials in February 2002.

7) Other Sources Assessed

- Illinois Clean Energy Fund consumer research, August, 2001.
- Connecticut Clean Energy Fund's market research prepared by Booz-Allen & Hamilton.
- Maine PUC survey findings.
- US Department of Energy, *Understanding Non-Residential Demand for Green Power*, Ed Holt, 2000.
- PollingReport.com.
- National Wind Coordinating Committee, *Understanding Consumer Demand for Green Power*, Ed Holt, Ryan Wiser, 1999.

⁹ *Forecasting the Growth of Green Power Markets*, NREL, October, 2001

- National Wind Coordinating Committee, *New Markets for Wind*, Jan Hamrin, Ryan Wiser, Katie McCormack and Ed Holt, 1999.

B. Conclusions Drawn: The Consumer Market

Of the consumer work done, there are seven “categorical” conclusions that are key to understanding the renewable energy markets and that, if ignored, will undermine any public education campaign:

1) *Insufficient Pain or Gain*

Consumer behavior studies have long revealed that consumers will only change their behavior for one of two reasons: to mitigate pain and/or realize gain, or to phrase it a bit differently, the “What’s In It For Me?” factor. To date the renewable energy message has lacked sufficient recognition of pain or promise of gain. The message has not broken through the emotional Richter scale.

2) *The Consumer Target is Next Door*

The research reveals the consumer segment most likely to purchase renewable energy: Soccer Moms -- white collar, educated households with children, involved in their communities, active, open to change.¹⁰ In fact, Green Mountain Energy had the greatest conversion success targeting such households that had switched their telecom providers (open to change). This contradicts the assumption that the “environmentalist” segment is most apt to switch. Several studies confirm that an individual’s “environmental conscience” does not correlate with renewable energy purchase behavior. Add to it that the term “environmentalism” is far less a positive than it was 15 years ago, and the entire segment/association should be handled carefully.¹¹

3) *Confusing Nomenclature*

There is significant misunderstanding regarding:

- Nomenclature (*What does renewable, green or clean mean? What energy sources are included?*)
- Current sources of electricity generation (*Where does my electricity come from?*)

¹⁰ Green Mountain Energy, *Research Guidance for Renewable Energy Campaigns*, 2001

¹¹ Polling.com, September 2001. Fifteen years ago, 75% of the population described themselves as environmentalists. Today it is slightly over 50%.

- Relationship between generation and air pollution (*I cannot see any pollution from electricity.*)
- De-regulation and its track record to date (*How does the new market work and are these changes good for me or just another hassle?*)
- What “switching” entails (*Will there be a new set of wires to my house?*)

4) Consumers are Apathetic and Skeptical

Consumers are not driven to learn about these issues:

- a very low involvement category
- energy is seen as a commodity that is always there
- don’t want to “work” to get it
- question the reliability (*of a new supplier*)
- doubt the ease of purchase (*concern over “switching” pain*)
- wonder about the actual impact (*what difference does it really make?*)

5) Inertia is the Enemy

There are insufficient motivating differences between renewable energy and conventional generation:

- a competitive (i.e. lowest) price is most important switching factor, followed by:
- known, stable brand/corporate entity
- reassurance regarding reliability of a new supplier
- customer service
- ease of sign up

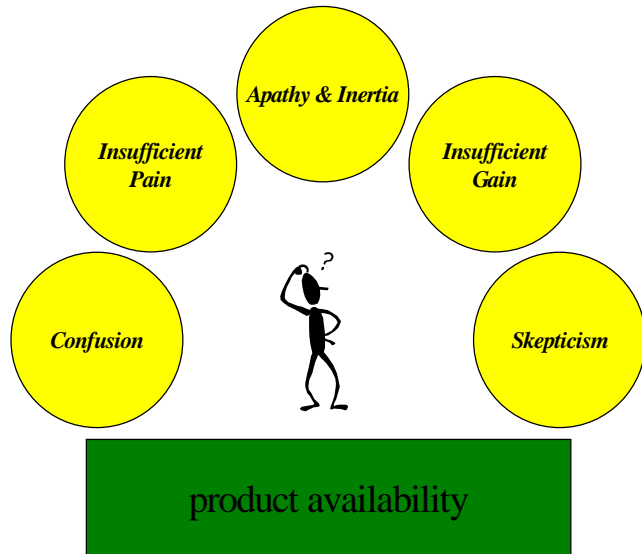
6) Community Context is Critical

Consumers are significantly influenced by the actions and opinions of the leadership in their community, as defined by neighborhood, employer, church, government or other opinion influencers. Recycling, the United Way and the American Red Cross are but three examples of cause brands that have achieved virtual ubiquity and acceptance by creating leadership connections and affecting influence at all levels within the communities they serve.

7) *No Markets Without Products*

Any public education investment must be aligned with product availability. Educating consumers about the benefits of renewables without the opportunity to purchase green products will, at best, be a waste of financial resources, and, at worst, create a frustrated consumer. Therefore, it is imperative that any public education campaign be conducted in conjunction with efforts to expand market offerings, as noted in other parts of this report.

In summary, we see a sizable challenge before us, dealing with consumer attitudes, ignorance and lack of interest. These hurdles can be addressed by focusing on nomenclature and the pain/gain message break through, delivered with concentrated media strength.



C. **Conclusions Drawn: The Commercial Market**

Some believe that more immediate opportunities for market penetration exist in the commercial, industrial, municipal and institutional sectors than in the residential sector. In Connecticut for example, the Episcopal Diocese was Green Mountain Energy's first customer, and recently Connecticut College became a customer of the Connecticut Energy Cooperative. In New York, the Governor has mandated that all state buildings include a percentage of renewable energy. Our analysis of past research on this customer group similarly resulted in seven categorical conclusions that should be applied to future research and objective setting:

1) *Focus on Large Group Buys*

The commercial or non-residential market should not get short shrifted in resources or effort. The CEFN effort must fight the tendency to focus solely on the mass consumer market. A renewable energy sale to one non-residential customer can be the equivalent of the power purchases of 10, 100 or 1,000 homes. The cost to acquire a non-residential customer on a kilowatt-hour (kWh) basis can be much lower than for mass marketing to residential customers. And

lastly, research shows that large customers purchasing renewable energy have marketing or marquee value. The promotion or recognition of a large customer purchasing renewable energy can raise a public awareness of the option, legitimize the choice and encourage residential and other non-residential customers to buy. This finding is but one that informs our referenced recommendation around creating "brand communities."¹²

2) *Senior Level Champions are the Key*

In every business that purchases a share of their overall power requirements from renewable energy, there is a CEO or other champion that is driving the purchase decision. Without supportive leaders at the highest levels of the organizations, commercial acceptance will stall.

3) *Common Commercial Barriers Exist*

Differences do emerge among commercial customers in regulated versus de-regulated markets regarding inclination and selection criteria, yet the barriers remain largely the same. Declared barriers, for a cross-section of businesses, in priority were revealed as follows:¹³

- extra cost
- incomplete information
- internal resistance
- difficulty meeting needs
- state regulations
- fear of increased scrutiny

4) *Differences Exist As Well*

In regulated markets, where the source of renewable energy is the current utility, there is far less concern regarding reputation, financial stability and social responsibility. New "contenders" in competitive markets must be more concerned with building reputation quickly, being easy to do business with, perceived financial strength and commitment to the community. Business size also correlates with differences. Smaller commercial customers' needs and motivations around renewable energy align more directly with consumer profiles,

¹² *Understanding Non-residential Demand for Green Power*, Ed Holt & Associates, January 2001.

¹³ *Understanding Non-residential Demand for Green Power*, Ed Holt & Associates, January 2001.

as the small business owner/CEO has more “personal” influence on the organization’s actions and philosophies. Subsequently, small businesses may be less price sensitive.¹⁴

5) *Cost Matters More*

While consumers have consistently declared a willingness to pay “extra” for renewable energy (even though they have not acted on the claim), commercial customers have been consistently pointed about requiring cost savings to prompt a switch to renewable sources.

6) *There is Strength in Numbers*

Some large commercial customers who have an interest in renewable energy are working with non-profit partnerships such as the World Resource Institute’s Green Group. Clearly these individual companies feel protected by their association with others, while looking to improve brand/corporate perceptions. They are in a sense creating small brand communities to reinforce their position and decisions and may be convinced to engage in shared promotional activities publicizing their switching decision as good “corporate citizenship” (“Cause-Related Marketing”).

7) *Businesses are Consumers Too*

The issues of confusion, skepticism, and a fundamental lack of pain/gain motivation appear in the examination of the commercial segment as well. While the tactical approaches and specific messaging will need to differ when we communicate with business audiences, the underlying story, of why renewable energy “works” must come through.

¹⁴ *Clean Energy Market Assessment of Southern New England*, Booz, Allen, & Hamilton, June 25, 2001.

III. RECOMMENDED WORKPLAN

The goal of a public education marketing campaign is to increase public awareness leading to increased purchases of renewable energy among diverse target populations. Underlying that goal are objectives that reflect an understanding of the elements necessary to meet the goal. The consumer and commercial conclusions drawn from the research summary suggest that the CEFN shared marketing effort will succeed if we do the following:

- 1. Craft Motivating Messages.** Craft messages that deliver sufficient pain/gain motivation and customer benefit to make renewable energy a compelling product to both business and consumer audiences.
- 2. Create a Common Language/Define the Renewable Energy Brand.** Find the right nomenclature and icons that reduce the confusion, skepticism, and misunderstanding while creating sustained, meaningful visibility.
- 3. Develop the Plan to Build the Brand Community.** Bring together the right combination of imagery, messaging, brand partners, community outreach, and traditional media to surround the target consumer and commercial segments with rationale, influence, and reinforcement.
- 4. Implementing the Marketing Plan.** Identify specific ways in which CEFN members can share research, resources, and costs, to create efficiencies that lead to both budget savings and greater impact.

It is our belief that this approach to the marketing of renewable energy has no precedent. It will be the first plan that will deeply examine the issues and messaging opportunities involving September 11th and the collapse of Enron. It is the first plan that acknowledges the need to craft messages against specific and real pain or gain motivators versus just the standard “hurdles” of and reliability. It is the first plan that emphasizes the importance of icons and imagery to affect visibility and recall. And it is the first plan that introduces the concept of brand community as critical to achieving success instead of relying solely on mass media to accomplish the task. But perhaps most importantly it is one of the first efforts that bring together multiple states that share a common cause, reflecting our greatest learning: *that a marketing challenge of this complexity requires collaboration and partnership.*

What follows is an examination of the first three tasks: why they are important and how we would approach meeting them. From this discussion flow our recommendations regarding implementation: where and how the clean energy funds should work together and share in the investment, task and outcome. We

believe it to be the right model, with clear benefit to each participating state fund, and greater impact for all as a result.

Task 1: Crafting Motivating Messages

It is clear that the right messaging is critical. It is also clear that there are myriad of parties involved who can or will be communicating about renewable energy to the marketplace at any point in time. The question then becomes not just what is the right message, but how best to coordinate its delivery so as not to confuse the target audience even more.

A. The Messaging Model

In discussions with Green Mountain Energy, they shared a selling process that presents a linear, common sense way to think about the information gaps that exist and the role the clean energy funds can play in the selling/communications effort. It suggests specifically the various roles that private companies can and should play to educate potential customers, and the roles that public entities need to play in the overall education effort.

Green Mountain breaks down their sales process in the following stages, identifying what barriers (and information needs) have to be addressed in order to acquire a customer:

Awareness (deregulation, cleaner electricity, company brand)



Psychological Barriers (confusion, reliability, skepticism)



Practical Barriers (how to sign up, cost, billing options)



Inertia (why bother, why now)



Customer

In the absence of any public education efforts, green power marketers have to move the customer through all of these stages on their own. They have to create awareness of the broad issues, educate regarding the terms, validate their brand, prove reliability, overcome the price issues, deliver an easy switch methodology, and along the way battle inertia and confusion. And do so on a limited budget. With this perspective, renewable energy's nominal penetration is not a surprise. The green power marketers have been playing the role of advocate, educator, brand builder, marketer, seller and fulfiller.

B. The Funds' Role Versus that of Private Marketers

Green Mountain's process suggests a fair division of labor between public and private messaging responsibilities. The public role seems appropriately limited to the first two areas: building awareness (deregulation and cleaner energy) and addressing the psychological barriers to purchase, as these are essential messaging needs for consumers before they are willing to become renewable energy customers. Paramount among these is cost and reliability. When Green Mountain polled its customers about what they needed to know to consider making a choice, three out of the four top issues related to reliability. The single biggest opportunity to overcome that concern is to borrow on the trust and confidence that consumers have with their current utility. The fact that renewable energy is delivered to the customer's home/business by their current utility is a substantial benefit, providing the security and confidence that consumers fear will come with "switching." This may be an important part of the public education message that the CEFN can provide, and enable the private marketers to do what they are supposed to do: educate customers to make private choices to buy their products.

With this model, CEFN would be responsible for creating the "renewable energy" brand by way of a multi-state umbrella campaign, designed to work in tandem with individual state efforts and generating broad awareness of the need (and availability) of cleaner energy. Secondly, we would have responsibility for determining what messages have the potential to get consumers and businesses over the critical barriers to purchase. This complex task will require advertising messages that are much more carefully crafted than those created for the usual product or service advertising campaign. Selling an "invisible" product to uninformed and uncommitted populations requires the additional skills and preparation inherent in most successful Social Marketing or Cause Marketing campaigns.

In addition, the messages that are created as a result of this marketing effort should ideally possess many of the same characteristics of messages in support of product "Branding," an increasingly popular but difficult-to-execute advertising

technique. This is consistent with the goal of a marketing plan that seeks to create a “Brand Community,” mentioned above and discussed in more detail in Appendix B. Once this campaign has penetrated a market, the selling effort by the power providers in each state will be far more effective.

The network’s messages must deal with the difficult tasks of educating the public about renewable energy, generating awareness of its advantages, and reassuring reliability. The campaign should be intrusive and persuasive enough to create ready-made openness to switching messages from the power providers. Both Cause Marketing and Branding are discussed in more detail in the Appendix B.

C. Task 1 Recommended Activities

With these message objectives and the above model in mind, we recommend the CEFN membership first begin the search for an advertising agency and public relations agency to develop this campaign and then undertake shared research to specifically explore two areas:

- the impact of September 11th and the Enron collapse on consumer attitudes and perceptions regarding renewable energy and motivating pain/gain scenarios;
- positioning, messages and tactics to make both the functional and psychological benefits more explicit; potential strategic influencers/affinity group/brand community participants; and, the most motivating advertising, promotions, and incentives.

The methodologies and overall approach are the combined recommendations of two prominent research firms, Research International and Wallace & Washburn. Both firms have extensive backgrounds in energy related investigation. Their recommendation involves a melding of qualitative and quantitative work. The costs represented are estimates only and subject to further project specification. We have also included a cost for project management and ongoing marketing counsel reflecting our belief that the CEFN marketing effort needs consistent marketing leadership.

In the description below, each research task is priced out as if performed for each state acting alone. However, given that previous market research work finds no significant difference among consumer attitudes from state to state (except around awareness of choice), we have priced the work on a “CEFN” basis, reflecting a collapsed sample size and a shared cost. The savings to each state is also delineated and is significant.

1) Task 1.A Secure Professional Assistance

We strongly recommend that CEFN and the clean energy funds immediately secure the services of an advertising agency and a public relations agency for the work of this task and beyond. Each of these services will be addressed in turn.

(a) Advertising Agency Services

The complexity of this proposed shared umbrella campaign strongly suggests that the CEFN should contract with a national advertising agency to develop potential messages for testing and translate the findings into effective advertising.

While different CEFN members may want to eventually contract with their own advertising agencies, we strongly recommend the sharing of an initial lead agency to establish the core messaging, icon, and brand personality for renewable energy. The messaging model reinforces the importance of establishing an overarching platform and identity for renewable energy, one that works across states, and for both consumers and businesses. This lead agency will work closely with the CEFN, our research partner and the marketing strategists to craft a singular creative strategy for the CEFN effort and the renewable energy brand; create a logo and tagline, create brand advertising for broad, cross-state media, e.g. television, print, outdoor, and work with the CEFN marketing team to design the overall brand community strategy.

Such collaboration will save each state tremendous costs and result in a more powerful, singular message platform on which all can work.

The hiring of a lead agency has several costs associated with it: the cost to hire a consultant team who would work with CEFN to accurately screen, interview, critique and select the final partner; the selected agency's cost (fees), and the creative production costs (what it takes to produce TV, radio, print, etc.). The process of selection is outlined in detail in Appendix D. The agency's fees are broken out by phase/task, however it should be recognized that most agencies are not willing to work on a project basis. So agency involvement will require a commitment to the total fee at the outset.

(b) Public Relations Agency Services

Public Relations (earned media) is as critical to the success of the CEFN's effort as is television (paid media). In fact, given its ability to warrant immediate trust and stimulate word-of-mouth, it may prove to be the most potent marketing element in the mix. The results of the research around the impact of September 11th and Enron on consumer's attitudes about the environment, energy, etc. will provide ample public relations messaging opportunities, as will what we learn regarding naming, brand associations, etc. Green Mountain research indicated that almost half of its customers learned about deregulation from news sources, a clear indication that placing stories in news vehicles is a critical part of educating the public.

While most states may chose to do their own public relations, the plan described within this document creates many opportunities for joint public relations efforts, and should be considered once mutually agreed upon ventures have been established. Particularly relevant may be opportunities for publicity surrounding the building of a network of commercial renewable energy businesses. We know that many companies are willing to make specific purchases because of the public relations value they hold and the marketing impact they may have with their customers. One public relations firm that represents the needs of the CEFN can maximize publicity efforts across state lines and support interstate activities.

As with hiring a lead advertising agency, there are significant strategic and economic gains to be gotten from hiring a lead public relations agency. There are again several costs involved: the cost to screen and hire the best partner, and the cost to retain the firm for twelve months and the marketing supervision from consultant team. In this situation, because each state will already have in-state public relations services, this cost will be additional to each state and there will not be savings in this category. Like the advertising agency, the public relations agency's fees are also broken out by phase/task, even though most agencies are not willing to work on a project basis. So public relations and advertising agency involvement will require a commitment to the total fee at the outset.

(c) Recommended Task 1.A Activities

Recommended Task 1.A: Securing Professional Assistance

Activities:

- Conduct the RFP process to identify and select an advertising firm and a public relations firm to develop the campaign.

Method: Request for Proposal, interviews, negotiated contracts

Deliverables:

- Advertising agency scope of work, contract and fee schedule
- Public relations agency scope of work, contract and fee schedule

(d) Proposed Task 1.A Timelines

We project that this task would require between 6 to 8 weeks to complete.

(e) Estimated Task 1.A Budget

The formula that will be used to allocate the costs of the joint educational work amongst the participating state funds must be negotiated by the participating funds. For purposes of this and all other budget tables that show the state fund share, we used the same formula that was used in the original MOU that funded this report.¹⁵

¹⁵ The formula has two parts. The first part would be a base level of support for each activity. In the tables, we have set the base share to be 25% of the cost of each activity, divided equally amongst the participating funds. For illustration purposes, we have assumed the seven state funds that were in the initial MOU would continue to fund the public education work. The second part of the formula takes the remaining 75% of each activity cost and allocates it based on the relative size of the participating funds. As in the original MOU, the factors used are 1.0 for the large funds (CT, MA, NJ and NY), 0.5 for the medium funds (PA and OH) and 0.1 for the small fund (RI). As noted at the beginning of this note, this formula must be negotiated by the funds and is used in this report for illustrative purposes.

Task 1.A: Securing Professional Assistance Estimated Budget

	<u>Total Budget</u>	<u>Large Fund Share</u>	<u>Med. Fund Share</u>	<u>Small Fund Share</u>	<u>State Alone</u>
Agency Searches	\$35,000	\$6,379	\$3,824	\$1,765	\$35,000
Mgmt. Consulting	\$ 5,000	\$ 914	\$ 546	\$ 252	\$ 2,500
Subtotal:	\$40,000	\$7,311	\$4,370	\$2,017	\$37,500

2) Task 1.B: Understanding Consumer's Current Attitudes

(a) Introduction

As previously shared, consumers (and businesses) only buy new things for one of two reasons: to mitigate pain and/or realize gain. The renewable energy "sell" has lacked sufficient recognition of pain or promise of gain. It has to date been based on broad interest in air pollution and/or global warming. The Illinois Clean Energy Fund research found that most people were skeptical of others' good intentions in supporting positive environmental steps voluntarily, which would clearly inhibit individual efforts.

Sadly, the tragic events of September 11th present both a pain/gain opportunity. American consumers and businesses have seemingly united around the importance of "protecting our homeland" from future pain, and are donating their time and money to help the collective American cause, the "gain". For the first time, we hear concern about our dependence on foreign oil. The Land and Water Fund of Colorado, a leading green-pricing organization, reports that 9 out of 10 recent consumer conversations focused on renewable energy as a way to reduce our dependency on foreign oil. Prior to September 11th those discussions focused exclusively on clean air and the environment. This is not to suggest that messages to promote renewable energy now wrap themselves in the American flag. It does suggest, however, that Americans are feeling differently since September 11th, and some of those differences may work in our favor (and others may not).

Green Mountain reports since September 11th, consumers concerns about making changes have increased and popular wisdom bears this out. Consumers are cocooning, seeking safety and avoiding change. This mindset seemingly makes the renewable energy marketer's task all the more difficult. On the other hand, Americans are looking for opportunities to take action. The American ideal of self-reliance is the "gain" we may seek in helping customers understand why a

premium product in a price sensitive category is worth the investment. Renewable energy has the dual benefit of cleaning the air while avoiding the dependence on other sources of energy and fuel. However, these are very sensitive issues that if used inappropriately, will be perceived as exploitative and result in the opposite effect.

Similarly, the collapse of energy giant Enron represents new messaging territory to explore, with consumers seemingly reeling from the shock and the confusion around who or what to trust. The 2/28/02 cover of Time Magazine underscores the point: " So many choices and no one to trust. In today's world...You're on your own baby..." Clearly the sudden demise of a trusted brand places even more importance on establishing credibility and legitimacy for renewable energy and the power marketers who make it available.

Consequently, a critical task in identifying effective messages is to understand how the events of September 11th and the Enron collapse have changed consumer and business attitudes regarding:

- protecting our environment/country;
- energy in general;
- oil dependency;
- the role of renewable energy in reducing dependency;
- pricing – the willingness to pay more; and
- branding – the importance of familiarity.

Clearly it is critical that we understand what shifts if any are "moments in time" versus wholesale corrections to how Americans will think and act over the next ten years.

(b) Recommended Task 1.B Activities

Recommended Task 1.B: Consumer Attitude Research and Analysis

Activities:

- Examine consumer primal motivators of behavior, particularly *vis-a-vis* 9/11 and Enron
- Explore pain/gain scenarios
- Address key issues of interest and concern re: renewable energy, e.g. environmental stewardship

Method: Quantitative, via Strategic Probe Interviews and ThoughtScans

Per State Sample Size: 150 Consumers, 75 Businesses

Deliverables:

- Clear direction for brand positioning and messaging tracks contained within a research summary and recommendation
- Identification of major similarities and differences between consumer and businesses

(c) Proposed Task 1.B Timelines

We project that this task would require between 6 to 8 weeks to complete.

(d) Estimated Task 1.B Budget

Task 1.B: Consumer Attitude Research and Analysis Estimated Budget					
	<u>Total Budget</u>	<u>Large Fund Share</u>	<u>Med. Fund Share</u>	<u>Small Fund Share</u>	<u>State Alone</u>
Ad Agency	\$ 5,000	\$ 914	\$ 546	\$ 252	\$ 5,000
PR Agency	\$ 2,500	\$ 457	\$ 273	\$ 126	\$ 2,500
Consumer Groups	\$15,000	\$2,742	\$1,639	\$ 756	\$12,750
Business Groups	\$ 7,500	\$1,371	\$ 819	\$ 378	\$ 6,375
Mgmt. Consulting	\$ 5,000	\$ 914	\$ 546	\$ 252	\$ 2,500
Subtotal:	\$35,000	\$6,397	\$3,824	\$1,765	\$29,125

3) Task 1.C: The Message Development Process

(a) Introduction

Our examination of the impact of September 11th, Enron, potential pain/gain motivators, and broad issues around renewable energy will provide direction to the subsequent phases of research. It will identify the motivating factors which can be used to guide Task 1.C, an examination of possible positionings, messages, tactics, and affiliations. That phase will then inform the last, which will be an assessment of what we believe to be the best approaches (names, icons, messages) to convey the renewable energy proposition, testing actual creative executions for effectiveness.

The methodologies and overall approach are the combined recommendations of two prominent research firms, Research International and Wallace & Washburn. Both firms have extensive backgrounds in energy related investigation. Their recommendation involves a melding of qualitative and quantitative work. The costs represented are estimates only and subject to further project specification. We have also included a cost for project management and ongoing marketing counsel reflecting our belief that the CEFN marketing effort needs consistent marketing leadership.

In the description below, each research task is priced out as if performed for each state acting alone. However, given that previous market research work finds no significant difference among consumer attitudes from state to state (except around awareness of choice), we have priced the work on a "CEFN" basis, reflecting a collapsed sample size and a shared cost. The savings to each state is also delineated and is significant.

(b) Recommended Task 1.C Activities

Recommended Task 1C: Concept Development Research

Activities:

- Explore positioning, messages and tactics to make both the functional and psychological benefits more explicit
- Identify potential strategic influencers/brand community participants
- Examine relationships between affinity groups and interest in renewable energy

Method: Qualitative, via Design Workshops

Per State Sample Size: 1 Consumer, 1 Business, 1 Strategic Influencers (6-8 Participants per Workshop)

Deliverables:

- The compilation of the most relevant, motivating, positioning, messaging, and tactics to guide concept development for testing
- An understanding of the affiliations that consumers and businesses would find most relevant and reassuring

(c) Proposed Task 1.C Timelines

We estimate that this task will require between 4 to 5 weeks to complete.

(d) Estimated Task 1.C Budget

	<u>Total Budget</u>	<u>Large Fund Share</u>	<u>Med. Fund Share</u>	<u>Small Fund Share</u>	<u>State Alone</u>
Ad Agency	\$10,000	\$1,828	\$1,092	\$ 504	\$10,000
PR Agency	\$ 5,000	\$ 914	\$ 546	\$ 252	\$ 5,000
Consumer Groups	\$ 6,000	\$1,097	\$ 655	\$ 303	\$ 5,500
Business Groups	\$ 7,500	\$1,371	\$ 819	\$ 378	\$ 7,000
Strategic Influencer	\$ 7,500	\$1,371	\$ 819	\$ 378	\$ 7,000
Mgmt. Consulting	\$ 5,000	\$ 914	\$ 546	\$ 252	\$ 2,500
Subtotal:	\$41,000	\$7,494	\$4,479	\$2,067	\$37,000

4) Task 1.D: Defining and Testing the Nomenclature and Brand

(a) Introduction

The issue of nomenclature is critical in the shaping of motivating messaging. We know that the term “renewable” does not mean anything to most people. Equally confusing or meaningless is the term “green” (although it is appealing from a marketing perspective in that it colors the colorless, and is supported by the Green-e). The use of “clean” or “cleaner” may be right, and is currently being adopted by MAREC.

Additionally, are we talking about power, energy or electricity? Is energy understood by consumers to be electricity? These are critical issues that need to be further tested and explored. Additional hypotheses to test are ideas of “sustainable” or “recycled” energy (electricity).” Sustainability implies a limitless source and the phrase recycling benefits from the consumer’s pre-existing association with the purpose and benefit of recycling while implying the cyclical nature of most renewable energy sources, e.g. wind, water, biomass.

A third area for exploration is the right visual and brand associations. To sell the invisible we must create visibility. The question is what words, icons, colors, are most impactful and approachable? What brands or entities are most influential to the messaging cause, e.g. what is the relative impact of an endorsement from the American Lung Association, celebrities, schools, or organizations. And what role should the Green-e play in these efforts?

The opportunity here is not just to achieve clarity and eliminate confusion. It is really to create a brand platform: message, icon, color, and association, that can serve as an integrating element of each state’s marketing efforts, that creates a perceptual critical mass, that becomes a symbol of both the “why” and the “what” of renewable energy.

(b) Recommended Task 1.D Activities

Recommended Task 1.D: Name/Message/Tactic Testing

Activities:

- Evaluate specific names, positionings, messages, and tactics
- Identify most motivating icons, symbols, and imagery
- Identify most motivating promotions and incentives
- Gauge advertising appeal

Method: Quantitative, via Strategic Probe Interviews, ThoughtScans, & MAP Testing

Per State Sample Size: 50 consumers, 50 businesses

Deliverables:

- Clear determination of the most appealing name, position, messaging, tactics, icons, symbols, promotions, incentives, and advertising

(c) Proposed Task 1.D Timelines

We estimate that this task will require between 6 to 8 weeks to complete.

(d) Estimated Task 1.D Budget

Task 1.D: Name/Message/Tactic Testing Estimated Budget

	<u>Total Budget</u>	<u>Large Fund Share</u>	<u>Med. Fund Share</u>	<u>Small Fund Share</u>	<u>State Alone</u>
Consumer Groups	\$14,500	\$ 2,650	\$1,584	\$ 731	\$12,500
Business Groups	\$15,750	\$ 2,879	\$1,721	\$ 794	\$15,000
Ad Agency	\$25,000	\$ 4,569	\$2,731	\$1,261	\$ 25,000
PR Agency	\$ 5,000	\$ 914	\$ 546	\$ 252	\$ 5,000
Mgmt. Consulting	\$ 3,000	\$ 548	\$ 328	\$ 151	\$ 2,500
Subtotal:	\$63,250	\$11,560	\$6,910	\$3,184	\$60,000

D. Task 1 Management Services

The budgets for the four subtasks of Task 1 each contain a line item for management consulting. A marketing expert selected by CEFN staff to oversee the work of each subtask will perform the management consulting.

In addition, the Task 1 budget needs a line item for project management that consists of two items:

1. CEFN staff time to supervise the project and to communicate with each of the participating funds.
2. The management consulting work of communicating with each of the participating funds.

	<u>Total Budget</u>	<u>Large Fund Share</u>	<u>Med. Fund Share</u>	<u>Small Fund Share</u>	<u>State Alone</u>
CEFN staff	\$12,175	\$2,225	\$1,330	\$ 614	\$ 0
Mgmt. Consulting	\$10,000	\$1,828	\$1,092	\$ 504	\$10,000
Subtotal:	\$22,175	\$4,053	\$2,422	\$1,118	\$10,000

Task 2: Campaign Planning and Development

A. Introduction

Our recommendation is that the CEFN and the lead agency will work together to establish a singular icon, standard messaging, and craft an effective creative strategy and advertising campaign for the renewable energy brand. With this foundation shared and in place and agreement on the target audience, the next step is for the states to work together to design both a collective and state specific brand community model. This brand model would integrate the four cornerstones:

- Use of the icon and imagery to affect visibility
- Partner brands that deliver credibility
- Venues and locales that reinforce relevance
- Traditional media that reaches the target audiences

The collective modeling will focus on how to best advertise the brand across the CEFN geography, what partner brands are represented in that geography, and what outreach tactics can be deployed across all markets. The CEFN plan will develop a large number of education and outreach strategies as well as mass media and will proactively integrate the existing education efforts of each of the CEFN members and the clean energy funds.

One of the decisions that must be made by the state clean energy funds is how many and which of the educational and marketing strategies do they wish to have developed in Task 2. While the full set of proposed activities would be most effective, one reasonable choice would be to limit the strategies. This will have to be worked out in the negotiation of the agreement to fund Task 2.

B. Task 2 Professional Services

1) Advertising Agency Services

The advertising agency retained during Task 1 will be responsible for designing an integrated branding campaign based on the learning from the research effort. That campaign will most likely consist of television, radio, outdoor, and print executions, along with graphic standards and imagery for the renewable energy brand.

Task 2: Advertising Agency Estimated Budget *

	<u>Total Budget</u>	<u>Large Fund Share</u>	<u>Medium Fund Share</u>	<u>Small Fund Share</u>	<u>State Alone</u>
Ad Agency Fees	\$225,000	\$ 41,124	\$24,580	\$11,345	\$ 75,000
Creative Production	\$600,000	\$109,664	\$65,546	\$30,252	\$300,000
Mgmt. Consultant	\$ 40,000	\$ 7,311	\$ 4,370	\$ 2,017	\$ 0
Subtotal:	\$865,000	\$158,099	\$94,496	\$43,613	\$375,000

*These costs are exclusive of any placement or paid media costs, which are addressed in Task 3.

2) Public Relations Agency Services

Similar to the advertising agency, the role of the public relations partner in Task 2 will be to design and develop a public relations plan, one that aligns with the brand campaign and that is considerate of the regional characteristics of the CEFN membership.

The costs below are to develop and plan (but not implement) a regional public relations effort:

Task 2: Public Relations Agency Estimated Budget

	<u>Total Budget</u>	<u>Large Fund Share</u>	<u>Med. Fund Share</u>	<u>Small Fund Share</u>	<u>State Alone</u>
PR Agency Fees	\$50,000	\$ 9,139	\$5,462	\$2,521	\$50,000
Mgmt. Consulting	\$25,000	\$ 4,569	\$2,731	\$1,261	\$ 0
Subtotal:	\$75,000	\$13,708	\$8,193	\$3,782	\$50,000

3) Management

As with Task 1, the budgets for the ad agency and the public relations agency work each contain a line item for management consulting. A marketing expert selected by CEFN staff to oversee the work of each subtask will perform the management consulting.

In addition, the Task 2 budget needs a line item for project management that consists to two items:

- CEFN staff time to supervise the project and to communicate with each of the participating funds.
- The management consulting work of communicating with each of the participating funds.

Task 2 Management Estimated Budget					
	<u>Total Budget</u>	<u>Large Fund Share</u>	<u>Medium Fund Share</u>	<u>Small Fund Share</u>	<u>State Alone</u>
CEFN staff	\$101,000	\$18,460	\$11,034	\$5,092	\$ 0
Mgmt. Consulting	\$ 25,000	\$ 4,569	\$ 2,731	\$1,261	\$25,000
Subtotal:	\$126,000	\$23,029	\$13,765	\$6,353	\$25,000

C. Recommended Task 2 Activities

As a result of the work undertaken in Task 2, the funds will have the following:

<i>Task 2: Campaign Planning and Development</i>
<p><i>Activities:</i></p> <ul style="list-style-type: none"> • Develop a detailed strategy for reaching commercial and residential customers; • Build a tool kit of advertising materials: television spot, radio spots, print executions, outdoor executions; able to be customized to individual states, reflecting the lessons learned from research and testing; • Develop a regional public relations campaign that targets broader publications (<i>NY Times, Wall Street Journal, Time, Newsweek, etc.</i>) and focuses on the larger commercial customer with multi-state sites; • Build a website which hyperlinks to each individual state and an extranet that can be used for CEFN communications and campaign management; • Develop a strategy in place to begin to engage commercial customers in supporting renewable energy acquisitions and communicating that support to their customers. • Draft a plan for paid media

D. Proposed Task 2 Deliverables

Task 2: Campaign Planning and Development

Deliverables

- An integrated communications plan that includes
 - Media plan and budget
 - Creative strategy and execution
 - Logo/identity
 - Broadcast
 - Outdoor
 - Print
 - Website & Extranet Site
 - Graphic Standards
 - Public Relations
- Integration strategy and tactical alignment with each state
- Defined and agreed upon campaign metrics and measurement approaches

E. Proposed Task 2 Timelines

We estimate that the entire work of Task 2 will be completed within 12 months of the start of Task 1.

The development of the themes and message will take will take approximately 10 to 12 weeks to complete.

The production of the media spots and other campaign materials will take approximately 12 to 16 weeks to complete.

E. Estimated Task 2 Budget

Task 2 (Campaign Planning and Development) Estimated Budget					
	<u>Total Budget</u>	<u>Large Fund Share</u>	<u>Medium Fund Share</u>	<u>Small Fund Share</u>	<u>State Alone</u>
Advertising Agency	\$ 865,000	\$ 158,099	\$ 94,496	\$43,613	\$375,000
Public Relations Agency	\$ 75,000	\$ 13,708	\$ 8,193	\$ 3,782	\$ 50,000
Management	\$ 126,000	\$ 23,029	\$ 13,765	\$ 6,353	\$ 25,000
Subtotal:	\$1,066,000	\$194,836	\$116,454	\$53,748	\$450,000

Task 3: Implementing of the Marketing Plan

A. Recommended Task 3 Activities and Process – The Next Steps

In Task 2, we will develop a tool kit of advertising materials and copy, but the distribution and use of those materials and the paid placement of those media messages are the core work of Task 3.

B. A Prototype Spending Strategy

Goal:

- Achieve sufficient reach and frequency to generate double digit increases in awareness and consideration of renewable energy among target consumers, businesses, and institutions.

Assumptions:

- The Task 3 shared CEFN effort will consist of placing the following media
 - Broadcast (Television & Radio)
 - Outdoor (Billboards & Transit)
 - Print (Magazine & Newspaper)
 - Non—paid media via PSAs & Public Relations
- Each state will then integrate tactics specific to their market conditions into the overall brand campaign. Likely tactics include:
 - Direct Mail
 - Collateral
 - Event Support
 - Co-branding promotions

As reflected below, the media desire is always to reach the majority of the target audience with regularity over an extended period of time (frequency) to insure that the message is received, registered, considered, and ideally, acted upon. But the greater the reach and frequency desire the greater the cost. And that cost can be significant, in many cases well beyond the current budget allocations of CEFN states. Therefore, we are recommending an initial “test” media approach of leveraging the resources of our advertising and public relations agencies to secure an Ad Council Endorsed Campaign status, with the goal of securing sufficient public service announcements (PSAs) in each market to deliver adequate awareness levels. Initial inquiries suggest our campaign would qualify for PSA status, however these decisions are made on a case-by-case basis. Details of the Ad Council Endorsed Campaign status can be found in the Appendix.

After six months to one year of evaluating the effectiveness of this media approach, we recommend reviewing the effectiveness of this strategy. If we determine that we have failed to achieve adequate levels of awareness, we suggest moving to a paid media status with a strategic spending approach.

Our prototype spending strategy looks to align the media mix in a way that delivers impact and sustainability while being as cost effective as possible. It also proposes a market test to determine the relative impact of the umbrella campaign versus a grass roots only effort.

It should be recognized that this approach is not ideal; that trade offs in impact are being made to accommodate the limited budgets available from CEFN states. Each state fund should recognize that the more media spending invested in each state, the larger the return.

Our Prototype Approach:

- Consider two waves of investment during a twelve month period: January/February and July/August when energy usage is at its highest
- Assume 8 weeks of “advertising” during each of these two periods, with on/off the air radio buys spreading the cost, i.e. 5 weeks of actual radio time during the 8-week period. Supplement buys with PSA effort (See below).
- Use television to “launch” the campaign during the first two weeks of each 8-week period and then replace with radio. Supplement buys with PSA effort (See below).
- Run outdoor billboards and transit signage throughout both periods.
- Select two major metros to focus on: one to receive the full complement of brand and grass roots communication, the other to receive only grass roots and direct marketing investment.

C. Task 3 Budget Estimates

It is premature to give any specific figures for the Task 3 budget. The cost of the implementation activities varies greatly based on the quantity and timing of the media placements and a large number of other variables (See below for more detail). Specifically estimating these costs would be part of the planning work that would be undertaken in Task 2. With that said, we recognize the importance of framing the potential investment required. To that end we have crafted a “spending strategy” that looks to balance the need for impact and ongoing presence with the reality that our individual and collective coffers are

not bottomless. Given the vastly differing cost of media from one state/major metropolis to another, we then estimate the cost of that strategy in three market scenarios.

Prototype Budget	Market Scenarios		
	Low <i>(Albany, Syracuse)</i>	Medium <i>(Cleveland, Cincinnati)</i>	High <i>(New York, Chicago)</i>
Components			
Media Buying	\$400,000	\$600,000	\$1,000,000
Advertising Fees	\$100,000	\$100,000	\$ 100,000
Public Relations Fees	\$ 85,000	\$ 85,000	\$ 85,000
Miscellaneous Production	\$ 40,000	\$ 40,000	\$ 40,000
Total Cost:	\$625,000	\$825,000	\$1,225,000

It is helpful to discuss in general terms the other categories of costs reflected above that would make up the Task 3 budget:

1) Advertising agency fixed costs.

The agency is paid a fee to negotiate the media buying, actually schedule and place the advertising and maintain the website. These costs should be under \$100,000.

2) Public relations agency fixed costs.

While the PR plan has been developed, the plan must now be implemented. Approximately \$85,000 in fees is required to work with publications to gain placements/coverage and an additional \$40,000 will be utilized to develop press packages and other related materials. Public relations is critical to the concept of building brand community and insuring that the CEFN effort has support from our state governors, public officials, and key opinion leaders. As the success of our public education effort is predicated on product availability, and competitive pricing, so too does it require explicit support from the leadership community.

3) An explanation of PSAs, Broadcast and other media placements

The use of Public Service Announcements (PSAs) is the least costly dissemination technique but it carries the disadvantage of losing any ability to reach a precise market target when and where we wish. To accomplish that, we must use a paid media schedule. To plan and buy such a schedule we need experienced media specialists. Their role will be to identify the most effective and efficient media (TV, radio, print, magazine, outdoor, transit, interactive) and to place messages for greatest impact at the most efficient price.

There are a number of factors that impact how much to spend in media. The first is target demographics. A good media analyst knows fairly predictably when, for example, the 30-50 year old married middle-income college-educated female sits in front of her TV set and what she will be most likely to watch. This is based upon data collected mainly by three large media research firms, Neilson for TV, Arbitron for radio, Simmons for magazines, and Scarborough for local newspapers.

Having defined our target demographic, the next step is to estimate how many times he or she will see your message. CPM or cost per thousand is the first thing your media buyer will determine. It is a gauge of the relative efficiency of a certain placement. But it is only a starting point. It is the cost of *potentially* reaching a thousand homes. If you paid \$500 for the spot and it reaches half a million homes, your CPM is \$1.00 (\$500 divided by 500). But you could be reaching a thousand dogs and cats, lying in front of the glowing but unattended TV. Cost per thousand only measures cost, not effectiveness.

Next, we must start to narrow the definitions to start to look for our target. *Reach* is the number of homes that have the opportunity to be exposed to our message at least once. It is sometimes expressed as a "*cume*" or unduplicated audience. A plan that gets to 8 out of 10 homes has a reach of 80.

Frequency is the number of potential exposures to the message by your target. It is usually expressed as an average (heavy viewers will see it more often, light viewers less) and reach and frequency are generally measured over a defined period of time (usually four weeks).

The next thing to take into consideration is the *rating* of the program in which your spot is run. It is usually reported on a quarter-hour basis. If four out of ten homes are tuned to that particular program, it has a 40 rating.

Gross Rating Points (GRPs) are the total of all rating points for a given campaign schedule. It is also a component of reach and frequency. The formula is:

$$R \times F = GRP$$

A plan that delivers an 80 reach and a frequency of 16 (for four weeks) achieves a GRP of 320 per week (actually a pretty good number for effectively reaching our target).

What that means is that 80% of our target audience has a good chance of seeing our spot four times a week over the course of a month.

If we have a strong, intrusive spot, 150 GRPs is probably the minimum viable plan, and 300-350 GRPs should be more than adequate. The “spending strategy” shared above is estimated at the former level.

Convincing the media rep of the important public benefits of our cause can often produce some miracles at the end of the trade. Careful dealing can also extend the scope of our campaign with bonus spots. These are additional free placements, usually on a “one for two” or “one for three” ratio, with an extra free spot thrown in for each two or three purchased. A good media specialist will identify (and stay away from) “sweeps” weeks, when TV stations are heavily promoting their shows, and of course, political season, during which stations are required to make space available at the lowest rate, leaving very little inventory for your media buyer to try and strike a deal for.

Another important factor for CEFN states to consider is the significant spillage of media messages from neighboring markets. Rhode Island, for example, receives 25% of its media from the Boston TV market. Springfield, on the other hand, is heavily penetrated by Hartford and New Jersey is a state surrounded by other TV markets. For these reasons, jointly planning and buying media allows each state to achieve equal levels of message penetration but at varying costs.

Other significant variables include:

- Size of state – media, as we have noted is purchased by how many people it reaches. The larger the state, the more expensive the cost. In the case of media, Rhode Island will not need to contribute as much to a media plan as, say New York or Pennsylvania, with much larger populations.
- Seasonality - Focusing on seasons where the product is most likely acquired is important. Power marketers believe that spring and summer are most important seasons for their sales cycle. A media plan will need to anticipate how best to take advantage of key seasons for the product as well as utilizing

the least expensive media quarters (fourth quarter, for example, is the most expensive, when back-to-school and holiday advertising is at its peak, along with new fall seasons).

- Programming – When reaching a commercial customer, high-educated populations, and key influencers, rather than the general public, a media plan might emphasize news and information programming rather than expensive prime time programming.
- Frequency – An important determination (how often the target needs to see the message over the course of a year to penetrate.) Because this is a low interest subject matter, frequency will be important, and this raises the cost of the media investment. On the other hand, flighting the message (on air, than off air) can help sustain awareness while saving money.

In addition, a balanced media plan might very well include use of radio, outdoor, and print to reach its target audience. Green Mountain and the Connecticut Energy Co-op both found success with NPR and Oldies radio. Selected regional print vehicles may be very effective in reaching a news-oriented commercial and highly educated audience.

These are key issues that a professional media planner will consider in developing an overall plan for CEFN. Ultimately each state will have to invest differing amounts of money, by virtue of their size and population. Nevertheless, as a practical guideline, over the course of a year small states such as Rhode Island and Connecticut can expect to invest no less than \$400,000 in media expenditures, while larger states like New York and Illinois will need to spend well over \$1,000,000.

4) Direct mail

Direct Mail will have limited impact in organizing a regional campaign, but may play a role in targeting members of environmental organizations. There is an organization called The Partnership Project that manages the mailing lists of 20 national environmental organization's memberships. Access to that list would allow CEFN to promote renewable energy to its members. However, this strategy should be employed in a limited test market, as Green Mountain has determined that environmental attitudes have not yet led to actual customers.

5) Website

While each state must have its own website, any CEFN joint effort should direct consumers to one central website which can then hyperlink to individual states' sites. A consumer in New Jersey viewing a New York station must be able to

find relevant information pertaining to their needs. Similarly, a Rhode Island resident must understand that information coming from a Massachusetts station has relevance to those local needs. In this way, consumers in bordering communities can still find the information relevant to their specific needs, but without the false starts that come from logging into the wrong state information. Icons, art, typestyle and language developed for the umbrella campaign should be used and prominently displayed on the site for maximum synergistic effect.

6) Other implementation costs (home show displays, museum exhibits about renewable energy, speakers' bureaus, etc.)

There are multiple venues that allow each CEFN member to utilize customer traffic from high visibility venues to create visibility and educational opportunities for renewable energy. Placing renewable energy education messages or interactive displays in museums (aquariums and children's museums for example) and environmental centers is an effective way to build brand community. Home Shows and malls are equally useful venues for displaying and promoting renewable energy. While each state must identify its own opportunities, joint efforts can include creating booths, interactive displays and education materials to accompany these events.

IV. SUMMARY AND NEXT STEPS

A. Summary

Over the last several years, many efforts by many states and organizations have yet to achieve a renewable energy marketplace. Our view is that this was a consequence of three fundamental things:

- Not achieving the critical messages and motivators needed to affect business & consumer behavioral change.
- Not creating an “all surrounding” brand community that delivers and reinforces these messages.
- Not effectively leveraging the investment, learning and initiatives of other similarly tasked entities.

This project represents an opportunity to address these shortcomings and breakthrough the barriers that are inhibiting the growth of green power markets. It is an opportunity for CEFN to do what no singular marketing entity has been able to do: overcome apathy and inertia, create momentum, and establish a clear foothold for the renewable energy proposition. It is a task riddled with complexity and challenge, but one that can be met via partnership and shared creativity.

It really is a task of integration and building brand community: working together to surround the target consumer and businesses with integrated symbols, hard hitting messaging, and reinforcement from familiar brands & relationships. In a way the concept of brand community is really both a means and an end. In order for the individual state members of CEFN to succeed, they must think of CEFN as a brand community itself, an entity that brings together resources, capabilities, and ideas to collectively address what is one of the most challenging marketing tasks today. Sharing this task makes profound economic sense, saving each state hundreds of thousands of dollars. It is a task that makes intellectual sense, giving each CEFN member the benefit of each other’s investment, wisdom and learning. And it is a task that makes marketing sense in that the whole will be greater than the sum of its parts. Fundamentally it is a task that can only be accomplished together.

It must be recognized that the task of creating a renewable energy marketplace is a multi-year proposition that requires ongoing investment and outreach. We have proposed a two-year program for the clean energy funds to consider undertaking together.

Year One carries much of the learning and development need, and with that a significant amount of one-time costs: primary research, the creation of an umbrella advertising campaign, the design of a brand community, and identification of partner brands, etc. For that shared investment and effort, the participating clean energy funds will realize the following by year's end:

1. The identification of the most effective nomenclature, utilized consistently by each of the state funds;
2. The determination of the most effective renewable energy message to appeal to the broad public, incorporating the impact of the events of 9/11 and the collapse of Enron;
3. A detailed strategy for reaching commercial and residential customers;
4. A tool kit of advertising and public relations materials, able to be customized to individual states, reflecting the learning's from research and testing;
5. A website which hyperlinks to each individual state;
6. A strategy in place to begin to engage commercial customers in supporting renewable energy acquisitions and communicating that support to their customers.

In Year Two, the Task 3 implementation phase would begin. Media placement will become the primary costs and the level and the allocation formula of these costs will be determined by the participating funds as they develop the campaign. The media work will be accompanied by progress in consumer awareness and understanding, business interest and further collaboration among members of the brand community.

While there is much to consider here, there is still much to work to be done. We hope this document is a solid first step in helping the state clean energy funds and CEFN build a shared and ultimately effective marketing approach together.

B. Budget Summary

The following are general guidelines on costs related to each proposed element of the public education effort. A true cost will depend upon the specific needs and specifications of each participating state, and could dramatically affect these expenses.

	<u>Total Budget</u>	<u>Large Fund Share</u>	<u>Med. Fund Share</u>	<u>Small Fund Share</u>	<u>State Alone</u>
TASK 1: CONSUMER RESEARCH AND CONCEPT TESTING					
<i>Task 1.A: Securing Professional Assistance</i>					
	\$40,000	\$7,311	\$4,370	\$2,017	\$37,500
<i>Task 1.B: Consumer Attitude Research and Analysis</i>					
	\$35,000	\$6,397	\$3,824	\$1,765	\$29,125
<i>Task 1.C: Concept Development and Testing</i>					
	\$41,000	\$7,494	\$4,479	\$2,067	\$37,000
<i>Task 1.D: Defining and Testing Nomenclature and Brand</i>					
	\$63,250	\$11,560	\$6,910	\$3,189	\$60,000
<i>Task 1 Management</i>					
	\$22,175	\$4,053	\$2,422	\$1,118	\$10,000
<i>Task 1 Total:</i>	\$201,425	\$36,815	\$22,004	\$10,156	\$173,625
TASK 2: CAMPAIGN PLANNING / DEVELOPMENT / PRODUCTION					
	\$1,066,000	\$194,836	\$116,454	\$53,748	\$450,000
<i>Tasks 1-2 Total:</i>	\$1,267,425	\$231,651	\$138,458	\$63,904	\$623,625
TASK 3: CAMPAIGN IMPLEMENTATION					
To be determined in Task 2 and by future state fund decisions.					

C. Next Steps – Questions for the Clean Energy Funds

- 1) How many of the clean energy funds are interested in proceeding with Task 1? Are there changes to the Task 1 workplan that the funds want?
- 2) How many of the clean energy funds are interested in proceeding with Task 2? Are there changes to the Task 2 workplan that the funds want?
- 3) How do we apportion the costs amongst the participating funds?
- 4) How many of the clean energy funds would consider participating in Task 3? What process and information do you need before committing to participate?

Appendix A. CEFN Member Funds Public Education Budgets

Together, the nine states that participated in this report have a five-year budget for public education that exceeds \$ 25 million dollars. The individual energy education budgets of these funds is shown on the following table:

<u>State</u>	<u>Funding Level</u>	<u>Scope of Mandate</u>
Connecticut	\$1,250,000/year for 5 years; Total of \$6.5 million	market Connecticut CARES, support grass-roots efforts and school-based programs
Illinois	\$500,000 - \$2,000,000/year for 5 years	general education
Massachusetts	to be determined	aggregation, public education
New Jersey	\$1,500,000/year for 3 years; Total of \$4.5 million	general grid support
New York	\$1,500,000 over 5 years (more funds avail)	public education/ outreach/technical training
	\$1,750,000	50 solar schools
	\$400,000-\$500,000 for 5 years; Total of \$12-15 million	PV's on energy star homes, Green power marketing including public education
Ohio	\$50,000/year for 5 years; Total of \$250,000	renewable energy and clean energy public education
Pennsylvania	\$500,000/year for 5 years Total of \$2.5 million	technical, economic and environmental aspects of renewable energy technologies
Rhode Island	\$350,000 in 2001 budget; '02 budget in development	customer aggregation and marketing

Appendix B. Cause Marketing and Branding

1) A Primer on Cause Marketing and Branding

Cause marketing consists of using the skills of advertising to effect social change; to benefit individuals or society at large. To re-state the classic definition, it is "advertising in the service of the public."

Cause marketing seeks to impact personal behavior in a number of ways. It can also help to create or change public policy. In short, when properly employed, cause marketing informs about, and creates action on behalf of a cause. What makes the difference in most public service advertising is the complex psychological makeup of the target "consumer" for these messages.

To change deeply held public attitudes, one needs a thorough understanding of the belief systems and motivations of the targets of that effort. And this requires sophisticated research, plus some very finely honed strategic and creative skills.

For example, most good product selling lines or slogans are fairly simple and straightforward. They generally present factual evidence of a product's superiority in language that is hopefully mind-opening and memorable. But product selling lines usually don't come with deep psychological underpinnings. Cause advertising almost always does. When cause campaign themes or slogans fail, it is more than likely because they contain no psychological or emotional "hook." The goal of most commercial advertising is simply that of changing purchasing patterns. The cause marketing campaign seeks to change *strongly ingrained behavior or firmly held beliefs*.¹⁶

Branding is an advertising technique that also very often has very little to do with a product or service's advantages, or even its specific attributes. Branding promises a much deeper thing. It promises that the simple act of purchasing and using this product enrolls you in a lifestyle; it bestows upon you a membership in a "cool" club.

The teen at the highway rest stop ostentatiously palming the Pepsi, the kid lounging at the Mall with the Nike "swoosh" on his turned-around baseball cap, the girl on the steps outside her office dragging on a Camel; the dudes at the bar at TGIF's nursing a Bud or a more upscale Corona, or a Michelob or an Amstel Light; even the shopper in the Gap, or K-Mart, or Trader Joe's all are specifically labeled ("Branded") as if their demographics were stitched on their jacket. And

¹⁶ Richard Earle, *The Art of Cause Marketing: How to Use Advertising to Change Personal Behavior and Public Policy*, (NTC/Contemporary 2000)

these virtual demographics may not even be technically accurate. You "became" them by buying the product. This is of course a lot easier to accomplish with a product or service that is not "invisible" as ours clearly is.

In an article in the New York Times Magazine on the use of pop music in advertising, author John Leland quoted Boston Agency Modernista's principal Lance Jensen: "Is a brand products? I think it's a set of ideals, an aesthetic sensibility. Branding advertising is not about 'come on down, on sale now.'" To this apt quote, Leland added: "To establish a brand is to establish a tribe around the brand, a tingle of shared pleasure."¹⁷

Visual and musical imagery can be crucial to a branding campaign. So is language. Establish a memorable phrase that moves into your target group's daily vocabulary, and you're more than half way there. Once "Just do it," or "Got Milk," start to show up in greeting cards, sitcom dialogue, films, your branding effort is on its way to success.

Ron Lawner, Chief creative officer of Arnold Worldwide, creators of the successful "Drivers wanted" branding campaign for Volkswagen, said in a trade ad for Advertising Age, "we are inviting consumers to join a club." When they asked people in research groups how many wanted to be members of a "passengers" group, no hands went up. But when they asked for "drivers" they got them all to apply!

In many ways, it is more than just joining a club. It's more like surrendering to a movement. Buy a generic product or service and you're a generic person. Buy a brand and you belong.

Also, because successful branding requires sophisticated research and planning, and very deep pockets to be successfully implemented, it is largely the province of huge corporate entities. As we will see, it is hard to do. But do it properly, and you have gone far beyond just selling. And when it comes to an invisible product such as renewable energy, intrusive branding may just be what is required. Done properly, it will not only make it visible, it will create a culture of ready consumers.

Arnold Worldwide, which employs branding for a number of its clients such as Volkswagen, Verizon, and Talbot's, promotes a technique that they call developing "Brand Essence." There are two key components to Brand Essence: the rational (what the brand stands for that makes it unique) and the emotional (personality: what the brand must look like and feel like to connect with consumers in the most compelling way). The most memorable branding

¹⁷ *New York Times Magazine*, March 11, 2001.

generally relies more upon the emotional component, and here again, this may have a singular application to the CEFN's effort. The rational aspect should explain in a very basic way what renewable energy is, but the emotional component is more important in that properly done, it can make the category intrusive and important. Most of the individual rational sales points can then be made by the individual suppliers.

Some examples of successful branding campaigns are American Dairy's "Got Milk?" Campaign, Nike's "Just Do it" campaign, and Sprint's "Free and Clear."

Let's examine some key elements of these well-known branding efforts.

"Got Milk," originally designed for the California Milk Processors' Board and then adopted by the national association took a tired, low-interest, "bottom of mind" product and restored it again to the status of a "must have" necessity. It did it with a simple, memorable set of words, an icon (the "milk moustache"—although this symbol existed before the phrase, and was co-opted into the campaign,) and added a lot of "attitude" in the tone and style of all the advertising. It moved a tired, old-fashioned nearly generic product into a young and hip and top-of-mind entity once again.

The tried-and-true product points about the nutritional virtues of milk were set aside here. It assumes that everyone knows what a tasty, healthy drink it is. But it also recognizes that milk has been replaced on the refrigerator shelf by more sophisticated beverages. Instead, the humorous commercials rely on the single premise of the disastrous consequences of someone running out of milk. The protagonists fill their mouths with a peanut butter sandwich before answering a phone quiz show question or chocolate chip cookies in a heaven-turned hell and then panic as they find they are out of milk. Bottom line: better be sure you've always "got milk."

After a few years during which the branding line and icon became part of popular culture, the Board has added some product specifics (i.e. lowfat milk can fight osteoporosis—featuring a "mustached" Elton John singing "I'm Still Standing.")

"Just Do It" took an athletic shoe product in a highly competitive and over-crowded category and moved it way out in front. Combining a recognizable logo (the Nike "swoosh"—which had no obvious graphic meaning except an inherent dynamic, but which was linked closely with all ads until it reminded them whenever seen) with a series of strongly attitudinal commercials applauding individualism, risk-taking, and enhancing the status of women's' sports, it avoided product attributes in much of its advertising. Later on, it too moved the feature-specific "Air Jordan" and the "Boing" products under the umbrella, but by then the "Swoosh/Just do it" umbrella branding was overwhelmingly familiar.

The Sprint “Free and Clear” campaign did a smart thing and sifted through all the product’s selling points until they identified a single benefit—clarity of signal. The logo symbol in this case was the pin drop (very strong by itself in delivering the promise). They then added a character icon as a spokesperson; the mysterious but helpful man in the black trench coat who goes about as a kind of ubiquitous “Johnny Cellphone-seed” travelling the country dispensing solutions to peoples’ cell static problems. Again, the attitude is lighthearted, hip, and appropriate to the size of the problem. It’s obviously not a life or death issue, but it’s treated like one in mock-serious fashion.

Note that all of these examples (like most successful “branding” campaigns) have a strong, memorable theme line and logo, and very specific and distinct tone and style (“attitude”).

Sprint has consistently promoted a single product benefit, while Nike and the Milk Processors started out selling just brand attitude, and then once they were firmly established, folded in product-specific messages

An appealing visual icon that instantly reminds viewers of the brand’s principal promise can be a very valuable asset of a Branding campaign. While not strictly a branding effort, the Energizer Bunny is perhaps the best example of this. The simple appearance of that silly little furry toy immediately triggers the campaign theme line (“keeps going and going and going”) which of course reminds one the brand’s single product benefit: it outlasts the competition.

2) Building a Brand Community

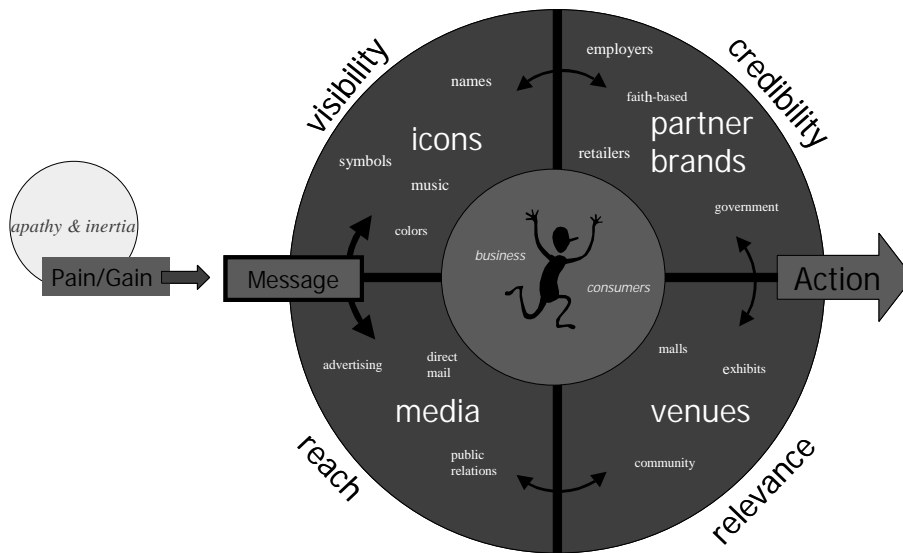
Our recommendation is that the CEFN will work together to establish a singular icon, standard messaging, and retain a lead agency to craft an effective creative strategy and advertising campaign for the renewable energy brand. With this foundation shared and in place and agreement on the target audience, the next step is for the states to work together to design both a collective and state specific brand community model. This brand model would integrate the four cornerstones:

- Use of the icon and imagery to affect visibility
- Partner brands that deliver credibility
- Venues and locales that reinforce relevance
- Traditional media that reaches the target audiences

The collective modeling will focus on how to best advertise the brand across the CEFN geography, what partner brands are represented in that geography, and

what outreach tactics can be deployed across all markets. Beyond that each state will need to address the specific characteristics and opportunities unique to its marketplace conditions.

A Renewable Energy Brand Community



Critical for each state and the CEFN effort as a whole is an agreement of how to define the renewable energy target. What follows is a recommendation based on research and results to date:

a. Target Audience Definition

The target audience for renewable energy consists of two buying segments, consumers and businesses, and multiple influencing entities.

Much of the prior research and communications around renewable energy has focused on the target consumer. Green Mountain Energy's description of the consumer segment with the greatest likelihood of buying renewable energy is as follows:

Demographically

- Slightly more likely to be women
- More likely to be aged 30-39, average age of 40
- Married, with children under 18

- Upper echelons of Household Income
- Well educated
- More likely to be white/white collar

Behaviorally

- Higher than average users of electricity
- Watch CNN, Discovery channels
- Read gardening magazines
- Far more likely to own a PC and access the internet
- Involved in their community
- Socially/recreationally active
- Most likely switched long distance

Attitudinally

- Open to change
- Concern for a wide variety of issues
- Do not view power as a commodity
- Not skeptical of marketing claims
- Least likely to grouse
- Perhaps dissatisfied with current power provider
- Feel their lifestyle leaves them little free time

While this profile is helpful, we have already underscored the importance of not thinking of the target solely as “the consumer.” It is clear that businesses, commercial customers, and institutions represent the fastest way to generate incremental demand. As referenced, consider the impact of Connecticut College’s recent decision to switch to 100% renewable energy. That act, by an esteemed academic institution, will positively impact and potentially persuade the students, their families, and their community to follow a similar path. The more such influencing we can effect, the greater the result of direct-to-consumer communications.

Examples of strategic influencer segments include businesses, employers, schools, state and municipal governments, faith-based institutions, trade associations, environmentally oriented brands, etc. Virtually any organization whose role and brand equity lends credence, support, or reach to the renewable energy cause could be a critical member of the brand community.

The challenge in targeting the business and institutional community is that broad strategies and media are not effective approaches to building market or mindshare. Because of the size of these entities, a one-size-fits-all approach will not work. These prospects have specific needs that require a one-on-one selling,

consulting and relationship building effort. The stymied success of the World Resource Institute's Green Power Group is an example of the challenges faced. Ten Fortune 500 companies have come together to purchase renewable energy, yet no actual renewables have yet been identified. The EPA also intends to recognize companies committed to green power through its recently announced Green Power Partnership effort. With respect to the WRI project, technical assistance is being provided to help these companies achieve their goal of 10% renewable energy in 10 years. The EPA program is designed to encourage renewable energy purchases by providing visibility and recognition, which we know from prior research, is what many companies seek.

b. The Brand Community Elements

What follows are recommendations on how the CEFN should think about the issues of icons, partners, venues, and media. Given the variability of market conditions and development/production costs we have not provided specific costs on all of the ideas. Suffice it to say that CEFN members would benefit by developing many of these elements together.

Once the shared messaging work is complete, the marketing counsel would work with each state and the lead agency to determine what elements are appropriate to their market and marketing plans.

(1) Icons

In order to make the invisible visible, we have already recommended the creation (and testing) of a universal symbol (logo) to identify and link all programming, promotions, and venues associated with the renewable energy education effort. The use of icons as identification, reminder, and motivator is well documented, with multiple examples of success across a range of industries. Beyond the creation of symbols, there is similar opportunity to standardize the CEFN effort around a color, a name, and a tonality to all communications. One identity, one personality, will go a long way to affecting awareness of renewable energy.

(2) Partner Brands

For state clean energy funds, the challenge is how to stimulate movement among the commercial and institutional and municipal sectors with available resources. Selecting the right commercial targets and opportunities within each marketplace, and providing one-on-one consulting appears to be the most appropriate strategy.

Many large customers have overlapping geographic or regional interests and some have already expressed interest in renewable energy and may be willing to expand their interest to partner in providing educational materials to the public. An example of such a potential partner brand is Kinko's. Kinko's was one of the first renewable energy customers in California and is currently involved in renewable energy programs in New York with local retail outlets. Approaching Kinko's to expand those efforts into broader geographies as well as public education opportunities to their retail customers will yield both the possibility of expanding Kinko's renewable energy commitment to additional states while involving their customers as well.

Pitney Bowes is another example of a large C&I customer with renewable energy interest and strong outreach into the commercial sector. Developing a public education effort with Pitney Bowes' commercial customers allows the state funds to extend their education effort while leveraging the brand reputation of a leading commercial entity.

In addition there are other large but less visible commercial or industrial customers with multi-state sites who should be targeted as candidates for partner branding, due to the nature of their industry, their top leadership, and/or their reputation in the region.

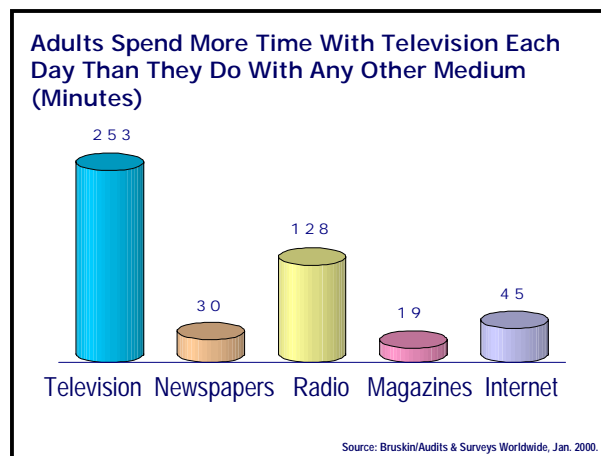
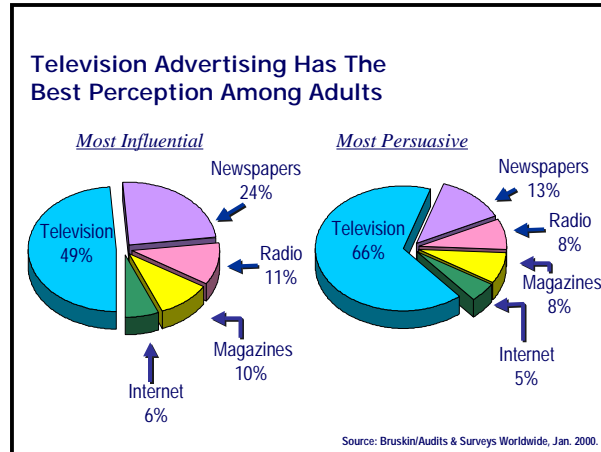
Subsequently, our recommendation is to extend the research findings and develop a target audience definition for each state, that itemizes the market opportunity by consumer, commercial, and strategic influencers, and that identifies those businesses and organizations that have a multi-state presence within the CEFN. These multi-state organizations would then be approached on behalf of all the members of the CEFN. The steps to develop a renewable energy program accomplish this task are as follows:

- Conduct a state specific assessment of key industries and top organizations like to be effective brand partners;
- Identify senior leadership/decision makers;
- Establish account development strategies for each individual prospect that specify environmental record, current energy sourcing, community involvement, state and municipal involvement, etc.;
- Assign development responsibility; for those entities with a multi-state presence, assign one CEFN representative to lead;
- Craft solicitation messaging and tactics for each account;
- Identify potential partnership opportunities/incentives;
- Establish specific goals and timetables; and,
- Implement, monitor, and adjust activity.

(3) Media

Every state in the CEFN needs to recognize that television will be critical to the efficacy of its public education effort. As reflected in the charts below, from a recent presentation by the Elkman Agency presentation to MAREC, television is the dominant media viewed by adults. It is also the medium that is considered the most influential and persuasive.

CEFN members should work with the lead agency to develop a concerted broadcast campaign that establishes the renewable energy brand & icon. Television should be expected to be the hub of this communications effort and program placement will help direct the message to both commercial and high probability consumer targets, as well as community leaders and influencers. We also know that radio does moderately well as an awareness driver, with formats like NPR and Classic Rock over-indexing. And there excellent opportunities to use regional editions of publications like *Time* and *Newsweek, Inc.* Magazine, and *Business Week*, through a service called MNI to cost effectively target the CEFN marketplace with print advertising.



(4) Public Service Announcements vs. Paid Media

With a demographic as closely defined as ours, paid media, particularly when it comes to broadcast, is clearly the best way to create the impact we desire. On the other hand, broadcast exposure, especially television, is very costly. We have purposely left the costs of paid media out of this document, for that is a commitment and a decision that each of the states must make.

Media costs vary greatly from market to market. A million dollars spent in a smaller market could do a very good job in reaching the target, whereas it would insignificant in a major metropolitan area. Costs can also vary greatly depending on seasonal and economic factors. A national advertising agency with a strong

media department can effectively monitor the national climate and garner deeply discounted buys.

A campaign such as the one we propose, which is providing a service to the public can also appropriately fall within the category of public service announcement (PSA), as long as it merely sells the proposition rather than a specific product.

While there is a glut of well intentioned PSAs delivered to media outlets every week; there are several routes by which an organization such as CEFN can move to the top of the list. While there are no promises of placement, and many PSAs still run in the wee hours between the infomercials, distribution as an Ad Council "Endorsed" Campaign or a regional Broadcast Association NCSA (Non Commercial Sustaining Announcement) can greatly improve exposure.

Appendix E contains a detailed explanation of the PSA opportunities and best process for gaining placements and support.

Regardless of paid or PSA, mass media alone will not generate the results we want, nor will bursts of activity and spending. The media plan that is developed by the lead agency must be:

- Long ranged – a two year view at the minimum
- Sustained – frequency over time is critical
- Integrated – every element needs to be considerate of the other elements and their timing
- Direct response oriented– every investment must have a call-to-action/offer
- Measured – every element/investment should have established, agreed to metrics of success

(5) Website

While each state must have its own website, any CEFN joint effort should direct consumers to one central website which can then hyperlink to individual states' sites. A consumer in New Jersey viewing a New York station must be able to find relevant information pertaining to their needs. Similarly, a Rhode Island resident must understand that information coming from a Massachusetts station has relevance to those local needs. In this way, consumers in bordering communities can still find the information relevant to their specific needs, but without the false starts that come from logging into the wrong state information. Icons, art, typestyle and language developed for the umbrella campaign should be used and prominently displayed on the site for maximum synergistic effect.

(6) Extranet

Because each state is charged with a similar mandate, states have the opportunity to learn from each other, share information and resources and ultimately, money. Creating a resource board that posts resources, materials and upcoming projects allows states to share and build on each other's learning.

(7) Speaker's Program

States can begin developing a speaker's program and placement service, requiring the identification of individuals who can speak in front of business and community groups about the benefits of renewable energy. Collectively, the states can contribute to providing video, PowerPoint[®] and other presentation materials to provide an engaging and powerful selling tool to both business and consumer audiences.

(8) Renewable Energy Museum Exhibits

Families and school children are frequent visitors to museums of science, children's museums and aquariums. These are natural environments for state clean energy funds to support renewable energy education displays. By engaging a state of the art, interactive museum designer to make renewable energy interesting and informative to the public, the funds will take advantage of the large visitation to these venues.

As example, the New England Aquarium is currently exploring the possibility of creating a renewable energy interactive exhibit to capitalize on their 1.5 million annual visitors. Additional funds can be invested in collaborative teaching materials sent to schools and available for attendees to take with them. Pooling resources allows for a more state of the art exhibit to be designed, either for use in multi-states or as a rotating exhibit.

(9) Home Shows

Every year thousands of families pour into large exhibition areas to think about renovation and home fix ups. These are ideal opportunities to encourage homeowners to think about renewable energy. Creating a dynamic booth, managing the process and rotating from state to state would save money and time for clean energy funds while providing hundreds of thousands of homeowners with renewable energy information.

(10) Direct Mail

Environmental organization membership represents an opportunity to identify and educate what should be early adopters of renewable energy. The Partnership Project is a compilation of the mailing lists of 20 national environmental organizations with substantial penetration in many northeast states. For example, there are 80,000 households in Connecticut in the Partnership Project mailing list. Access to this list is through an application process. Sharing creative material development will reduce the cost of educating this desirable audience.

(11) Malls

Malls represent an incredible multi-state opportunity and an ability to jump-start the creation of the brand community. Every mall is a major user of electricity, and every mall is looking for ways to show their customers that they are community-minded. Every mall represents a significant, low cost means to reach a large volume of consumers, and the opportunity to create “cooperative efforts” with the major retailer brands that lease space. Because 80% of all malls are owned by fewer than 10 companies, they represent a relatively straightforward path to creating a multi-state opportunity.

Partnering with highly trafficked malls in key cities allows each state to distribute renewable energy information and relevant promotional materials to important demographic targets. Kiosks can be created, at a cost shared by CEFN states, that provide an interactive display, customizable to each individual market.

Appendix C. Campaign Planning

Key to any campaign such as this is the importance of precise planning. A marketing strategy must be set in place and carefully researched. A typical strategy will contain the following elements:

1. *Marketing Objective*

What is the basic objective of your marketing effort? This is the first broad statement of your goals, but it still should be somewhat limited.

2. *Advertising Objective*

This is an even more limited statement. It spells out the specific objective, within the broader marketing goals, of each individual advertising effort, be it a commercial, a television campaign a billboard, or a brochure.

3. *Target*

Whom do you want to talk to? What group do you need to reach? What are their demographics? The answer constitutes a definition, the narrower the better. What do we know about them? Can you visualize them?

4. *Competitive Climate*

What other messages are out there competing for the time, attention and commitment of your target? This is important information to hold in mind before the writing process starts. It's simply a case of "know thy enemy."

When doing product or service advertising, this will consist of a review of all competitive brands' advertising. When doing cause marketing against an advertised product, such as tobacco, the process is very similar. It's a matter of seeing what they're currently saying to promote product usage.

In our case, our competition is the conventional power sources. However, when advocating a "product" such as ours, which has such low recognition and understanding, this section should also contain an analysis of prevailing public attitudes, or psychological barriers to our sale.

5. *Principal Idea (Consumer benefit)*

What's the single most important thing you want to tell your target? This is the most difficult strategic element to pin down. If the copy contains more than one (or at the most, two) principal idea(s), the result will be a less-effective communication.

6. *Support Points*

These are facts that can be considered an arsenal of proof points to back up the principal idea or benefit. There can be a large number of them, and usually they are listed in order of importance. They can be diversified as medical facts, usage statistics, or legal or health implications of the target's actions. Not all support points need to or should be used in every communication. These are the arrows in the quiver of the writer as he or she starts to aim at your target. But if these facts don't directly support your principle idea, even if they are completely true, they should not be in the strategy.

7. *Desired action*

This is a test of the Principal Idea. Simply stated, it asks: "What do you want your target audience to do, once they've received your message?" "What are we trying to achieve?"

Is your principal idea strong enough *to provoke significant action on the part of your target, or has it just been registered or noted?* And if you move them to act, is that action the one you want them to take?

8. *Tone and Style*

What is your tone of voice? For example, is this a message that can only be presented in a serious manner, or might it be freshened by the use of humor? Is your tone "Real?" Reassuring? Startling?

Although "Tone and Style" is usually included as an essential strategy section, it is often considered less seriously than the other elements. It may appear to be just an executional *guideline*. However, when working on a cause campaign, it is to be ignored at your peril. Often, a well-crafted strategy is damaged when the language of the execution strikes the wrong chord; when the style and tone of the words are at odds with the objective of the message. It must be remembered that you are dealing with a psychologically complex target.

9. Executional Considerations

There are specific cautions or instructions regarding language usage and avoidance of emotional triggers. The ideal campaign will have:

- a strong, memorable graphic logo (may have an audio component);
- an intrusive theme line that expresses the principal benefit;
- a support message that does a simple job of explaining the process;
- ability to generate awareness, create a “buzz” around the subject; and,
- ability to overcome the psychological barriers with upbeat, positive branding messages.

An outline of a sample creative strategy for renewable energy follows.

Renewable Energy Creative Strategy (Example)

Marketing Objective

To educate the public about renewable energy and the advantages to them and the country at large to choose a renewable power supplier for their home or corporate and industrial power needs.

Advertising Objective for Multi-State Umbrella Campaign

To create a multimedia campaign designed to “brand” renewable energy as a desirable alternative to conventional power sources.

Target

- Women and Men 30-50,
- white-collar, higher education, higher income,
- CNN/NPR watchers,
- married, children under 18,
- opinion leaders within their community
- environmentally aware, but not activist
- openness to change (e.g. phone service switchers)

Competitive Climate

- Satisfaction with conventional power sources
- Post-9/11 resistance to change
- Concern about energy dependence
- Concern about reliability of new suppliers

Principle Idea (Consumer Benefit)

Switching to a renewable energy provider is a simple, step you can take to increase American self-reliance and safeguard the environment.

Support Points (not all need be used)

- Ease of switching
- Reliability (service delivered by existing provider)
- Limitless native sources (Wind, sun, water)
- Environmentally beneficial (Significantly reducing power source pollution)

Desired Action

Seriously contemplate a switch to renewable energy. Be open and receptive to individual provider messages.

Tone and Style

Reassuring, upbeat, surprising, contemporary

Executorial Considerations

- Copy should avoid the terms “renewable” and “green.”
- Power should be called “electricity”

Appendix D. The Advertising Agency Selection Process

1) Introduction

It is the work of a communications (advertising) agency to turn an effective marketing strategy into impactful messages that will motivate the target to act. It is essential to find the right agency (ies) to develop the communications plan and materials. No matter how sound a strategy, the ultimate test is the effectiveness of creative materials (advertising) on the general public. Research will allow us to test message development and fine-tune those messages. Combining financial resources allows each state to maximize their public education budgets, while retaining “world class” creative talent. By pooling advertising dollars, a more substantial production budget will be realized, allowing each participating state to utilize better, more impactful creative materials within their respective market.

The first step in this process will be to determine how many states can contribute and how much money is required to seed this creative assignment. A state of the art advertising agency will require at least \$300,000 in fees and need \$500,000 to \$750,000 in production dollars to produce a “tool box” of advertising materials that includes television, print, radio, outdoor, etc. Obviously, with more states contributing to this effort, the smaller the budget required from each state. If states elect to hire their own advertising agency, they will, of course, have to absorb the entire cost of creative services and agency fees.

The process of selecting an agency is not unlike that of screening and hiring a new employee. But because of the vast range of quality and capability among agencies, the challenge of discerning true prowess, and the confusing lexicon and compensation system they employ, it is a process best managed by a third party working directly for the state funds as their own expert. What follows is our recommendation on a prototype process, a first pass at the ideal agency criteria, and the cost for such an expert to lead, manage, and participate in an agency review.

2) Steps

The first step of the process is establishing the review committee: who within the CEFN will participate in establishing the criteria, interviewing, selecting, negotiating, guiding, and managing. It is recommended that this group be small, and that the lines of responsibility be clearly marked and held.

The second step is in articulating the expectations of the job, the skill sets and experience required, and developing a specific set of criteria to interview against.

For example, decisions must be made regarding whether the agency must have public relations and/or media planning capabilities. If not, then a comparable selection process may be followed to identify the best media/pr partners.

(a) Criteria

In order to establish the criteria, a first pass marketing plan must be in place, so as to guide what type of agency is most appropriate. For while many agencies will present themselves as full service, offering a complete array of integrated communications capabilities, they usually are biased against one or two disciplines, offering mediocre capabilities in other areas.

The criteria should reflect not just hard attributes but soft ones as well. An agency's culture, its client satisfaction, and employee morale are all measures of a healthy agency and potential partner to the CEFN. The agency review consultant will insure that the criteria are balanced to address these characteristics.

A prototype list of criteria for an agency hired by the CEFN, based on the implied strategies contained in this document, is as follows:

- Marketing strategist: significant expertise in integrating product, price, distribution, and promotional levers to affect business results
- Brand builders: a clear track record of developing, naming, launching, and promoting new services and products
- Consumer & Business: an understanding of marketing to businesses and consumers, and the use of integrated communications
- Broadcast creative: primary medium expertise, with particular emphasis on television
- Media planning & buying: significant expertise in both consumer and business communications: examples of the use of non-mass media tactics to accomplish specific objectives, including direct marketing, promotions, and events
- Visual capability: proven examples of ability to use icons and design to distinguish brands and engage consumers
- Ability to collaborate with complex organizations

- Agency culture: motivated by work that works, respect, and collaboration
- Social/Cause related experience: account team and creative leadership must have experience working on cause related, socially responsible initiatives
- Account team experience: the senior account and creative leadership on the team should have at least 10 years marketing/communications experience
- Agency cannot currently work for a utility or any entity viewed as a competitor to renewable energy
- Client should be within top third of agency clients by income
- Agency should be located within a two hour flight from all participating states

(b) Process

Once the criteria are established, a screen of all agencies that seemingly could meet all or most of the criteria would be conducted by the consultant with a list of ten candidates ultimately presented to the review committee. On that list may be agencies that have had prior relationships with members of the committee/CEFV. The next step is to reduce that list of ten to six. Those six would then be contacted by mail and asked to respond in writing with a general capabilities document, a response to the specific criteria presented, and an explanation of compensation.

Upon receipt of the six candidates' presentations, the consultant will consolidate the responses and develop a summary document that compares experience against the hard criteria. That document will be presented to the review committee with the intent of reducing the candidates from six agencies to four.

Once the four are selected, the next step is for them to be contacted by the consultant by phone, to arrange site visits, meeting with the proposed team, and a presentation of how/why they best meet the stated criteria. It is these face-to-face meetings that reveal the softer attributes: the culture, the agency's enthusiasm, its sense of collaboration, and ability to affect a positive chemistry with the client/review committee.

From this meeting a further reduction of candidates may occur based on poor chemistry, ineffective presentations, etc. The remaining agencies will then be

asked to prepare points of view regarding how they would approach the relationship/assignment and what level of compensation they would require. Each would be given the same time (typically three weeks) and access to all of the research/thinking to enable their response.

The presentations will be scheduled over a two-day period to avoid giving any agency an advantage. During the presentations the review committee will re-visit the stated criteria and assess how well the firm meets them, the quality of their thinking, and the creativity they have brought to the task. At the end of the two days the review committee will convene, with each agency being assessed and the winner selected.

The selected agency will be notified after the other candidates are. Upon notification the consultant will enter into formal negotiations with the agency regarding compensation, staffing, etc.

Appendix E. Public Service Announcements

Public Service Announcements, or PSAs, if managed correctly, represent a significant means to gain broad awareness for limited dollars. Management involves an understanding of the opportunities and “rules” to gain support. Some of the more critical elements are as follows:

1) Ad Council Endorsement

The Advertising Council, the country’s leading distributor of PSAs has two Categories, “Official Campaigns” and “Endorsed Campaigns.” While our umbrella campaign would not qualify as an “Official Campaign”, it would apparently qualify as an “Endorsed Campaign”

(a) Campaign Qualifications

- To receive Endorsement status, the PSA campaign must be independently developed outside of The Advertising Council, reviewed by the Council, and approved by the Endorsed Campaign Committee.
- In general, campaigns must be national in scope in order to be accepted, with exception of local campaigns from the top ten markets (New York, Los Angeles, Chicago, Philadelphia, San Francisco, Boston, Washington D.C., Dallas, Detroit and Atlanta).
- The campaign sponsor must be eligible for endorsement. Unless the campaign qualifies as an exception for local campaign endorsement, the sponsor should be national in scope.

(b) Eligible Parties

- Nonprofit organizations with §501(c)(3) standing
- Government agencies
- Coalitions of eligible nonprofit or government organizations
- Private, charitable, non-political foundations
- Nondenominational groups
- Recognized as expert in the issue featured in the campaign

(c) Ineligible Parties

- Nonprofit organizations without §501(c)(3) standing
- Trade associations or business advocacy nonprofits
- “Cause related marketing” efforts

- Businesses
- Political advocacy groups
- Individuals

The primary purpose of the campaign should be public service; and the campaign issue should be of sufficient seriousness and public importance to warrant donations of space and time by media. Regardless of the sponsoring organization's positions and beliefs, the campaign itself must be non-commercial, non-denominational, politically non-partisan and not designed to influence legislation.

The Advertising Council's endorsement applies only to those creative materials submitted with the application, with the understanding that those materials are to be available free of charge, and run in donated time and space only.¹⁸

While it would appear that paid placement in other media (outdoor, print, etc.) would not inhibit placement as an endorsed PSA, it should be noted that paid placement within any specific media market would negate any use of the commercial as a PSA. Obviously, no media outlet is going to give free time when their competitors are receiving payments for the same thing. Paid placement in one state should not preclude PSA airings in another, however.

The Ad Council received over \$1.5 billion worth of donated media time and space in 2000 for campaigns such as those featuring Smokey Bear, McGruff, and the Crash Test Dummies, and has the most "clout" as a distributor. There is an annual fee of \$10,000 for "Endorsed" listing in the Ad Council Bulletin (6 issues) and the cost of release materials and distribution must be borne by the sponsoring organization. The current "Energy Star" umbrella campaign is an example of an Endorsed Campaign with somewhat similar objectives to ours.

2) The NCSA Route

Another route toward PSA placement is to approach a regional association such as the New England Broadcasting Association. A contribution of say, \$40,000 to the Association, which goes toward the operating expenses of the Association, would receive agreement from member stations and cable systems to contribute \$160,000 in actual placements of their PSA in a category they call the Non-Commercial Sustaining Announcement (NCSA). The stations log each spot as a donated PSA while their trade association receives a cash infusion toward operating expenses.

¹⁸ *Advertising Council Endorsed Campaign Kit, 2002*, The Advertising Council, 261 Madison Avenue, New York, NY, 10016.

Vouchers of performance are received by the sponsoring organization, listing actual on-air placements of the spot. Here again, however, the client has no exact say over placement, so that precise demographic targeting is not possible.

The principal users of the NCSA media route are government agencies, such as the Army National Guard, The Association of American Railways and Department of Health issues such as Teenage Pregnancy Prevention and early childhood development.

Obviously the NCSA gets priority handling by a broadcast outlet, because the 25% cost of the airtime is paid to the state or regional broadcast association and helps to support it and its activities.

3) Cable Paks

A PSA Research Company called Goodwill Communications offers an interesting service called the Cable Pak. This is a semi-annual distribution of a group of PSAs to up to 500 Cable Systems. There is a fee of approximately \$6,000 for inclusion plus the cost of broadcast materials. Goodwill claims that this service receives top priority in terms of placement with the cable operators and has received over \$30,000,000 worth of donated time last year. A newsletter accompanies the tape, which includes a storyboard of the commercial, plus an evaluation card to be returned by the cable operator. Clients of CablePak include Air Force Recruiting, Centers for Disease Control, and Volunteers of America. A regional distribution (to participating states) may require additional costs.

Appendix F. Biography of Lyn Rosoff

Lyn E. Rosoff

President
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Lyn Rosoff is a veteran advertising and marketing professional, utilizing 20 years of marketing and communications experience to provide strategic direction to advertising agencies and clients.

Over the past four years Lyn has provided marketing consulting services to foundations interested in renewable energy. Recent renewable energy assignments include:

- Developing a plan to stimulate demand for renewable energy in Connecticut, targeting commercial, institutional and residential customers. Called "Connecticut Cares," this \$1.4 million program is being underwritten by five private foundations and the Connecticut Clean Energy Fund and is currently seeking 501c3 status.
- Under a grant from The Pew Charitable Trusts, assessing the effectiveness of renewable energy marketing materials created for distribution by environmental groups to their members and subsequently utilized by organizations across the country.
- Evaluating grant applications submitted to The John Merck Fund, focusing on their renewable energy marketing components, and assisting applicants in strengthening their marketing strategies for better results.

Lyn's professional background includes 18 years at Arnold Worldwide, where she served as Senior Vice President, managing clients that included Blue Cross and Blue Shield, McDonald's Restaurants, Mystic Color Labs, and the United Way.

Lyn is a frequent instructor for the Advertising Club of Greater Boston, having taught courses that include: "How to Get the Most Out of the Client/Agency Relationship" and "Effective Business Writing." She also chaired the Ad Club's Public Service Committee.

In 1996 Lyn became a founding partner in Booming.com, an on-line membership organization designed to provide product, resources and community to aging members of the Baby Boom population. As a start-up, Lyn was involved in everything from securing funding to writing content for the website. Booming was sold in 1999.

From 1998 to 2000, Lyn served as Chair of the Board of the Greater Boston Food Bank, an organization that annually distributes over 18 million pounds of food to over 900 organizations. She is also board member of the National Conference of Community and Justice (NCCJ) and sits on the board of Brookline High 21st Century Fund.

Appendix G. Biography of Richard Earle

Richard M. Earle

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BACKGROUND

- Amherst College, BA, American Studies.
- Served to Lt., USNR.
- Producer-Writer-Director, WBZ-TV, Boston.
- Broadcast Producer, Benton & Bowles, Doyle Dane Bernbach, New York.
- Vice President, Creative Supervisor, Grey Advertising, New York.
- Vice President, Director of Creative Services, Marsteller, Inc., New York.
- Senior Vice President, Creative Director, Member of the Board, Compton Advertising, New York.
- Executive Vice President, Group Creative Director, Member of Operating Committee, Saatchi & Saatchi, New York.
- President, Greenbranch Enterprises, Inc., Gloucester, MA.

PRINCIPAL CAMPAIGNS & AWARDS

Created and supervised major advertising campaigns for Procter & Gamble, Johnson & Johnson, Canada Dry, Revlon, Celanese, MGM Pictures and New York Life.

Wrote Tylenol "Recovery" campaigns in 1982 and 1986, after tampering incidents.

Wrote award-winning Public Service campaigns for National Institute of Mental Health (First national anti-drug campaign), and Keep America Beautiful, Inc. ("Crying Indian" anti-litter campaign).

Created U.S. Term Limits campaign in 1992 which resulted in Term Limitation Initiative —“Win” in all 14 Initiative states.

Advertising Consultant: Massachusetts Department of Public Health (Massachusetts Tobacco Control Program, WIC Program), Mass. Council on Compulsive Gambling, Mass. Department of Environmental Protection, Clean Energy Funds Network.

Two-time A.M.A. Gold “Effie” award winner, Gold Lion at Cannes, Gold “Mobius,” and over 50 other major marketing awards.

OTHER AFFILIATIONS AND ACTIVITIES

President and Chairman, National Coordinating Council on Drug Education, Washington, D.C.

Frequent speaker at Marketing Industry Functions, (American Marketing Association, New York, Boston, San Diego, Mexico City; Latin American Advertising Conference, Bogota.)

Author, “How to Protect your Child Against Drug Abuse,” the most-requested *Reader's Digest* reprint.

Author, *The Art of Cause Marketing: How to use Advertising to Change Personal Behavior and Public Policy*, published in April 2000 by NTC/Contemporary Business Books. Second Printing (paperback) to be published in February 2002 by McGraw-Hill.

Selected, *Who's Who in America*, last four editions.