

Final Report for

**2004 SCE Energy Smart ThermostatSM Program
Coachella Valley Outreach
An Analysis of the Effectiveness of
Interpersonal Communications for
Hard to Reach Customers**

Prepared for

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SCE Energy\$mart ThermostatSM Program Coachella Valley Outreach

Executive Summary

On June 24, 2004, Southern California Edison (SCE) asked Geltz Communications (Geltz) to design, develop and deploy an accelerated outreach program for the SCE Energy\$mart Thermostat (E\$T) program in the Coachella Valley. The goal was to produce a higher, faster rate of returned applications than generated by the existing direct mail campaign to the desert region, where lower than average response rates to mail campaigns were the norm. The purpose of the accelerated outreach was to develop over 100 customer work orders for a specialized team of thermostat installers who were scheduled to arrive in two weeks.

Geltz recommended an in-person outreach plan that would deploy five people for three days to directly market the program to these “hard to reach” small businesses. The goal was to generate at least 150 SCE Energy\$mart thermostat installations in the shortest time frame possible. Because of previous experience with marketing the E\$T program in the Coachella Valley, Geltz proposed that a campaign based on interpersonal communication channels was the key to success in signing up businesses for the program.

Geltz also knew that synergistic partnerships with other SCE departments, such as Corporate Communications, Public Affairs and Business Solutions, as well as Coachella Valley Chambers of Commerce, could bolster the success of the program while increasing value to the customer. Geltz worked with SCE Business Solutions and marketed the SCE Express Efficiency program while contacting customers about the E\$T program.

The success of the three-day deployment (Phase One, July 7-9) led SCE to recruit the Geltz Energy Team (GET) for an additional two days in the desert (Phase Two, July 13-14). The two extra days gave Geltz the opportunity to recruit additional customers and to also try two additional approaches and compare the success rates of the three methods.

The differences in success rates for varying recruitment approaches were dramatic. Less than 2% of direct mail recipients returned applications, but 82% of new Chamber of Commerce members who were contacted signed up for the E\$T program. The comparison of results for actual thermostats is even more dramatic. The direct mail campaign yielded a return of less than 3% thermostats, but the in-person visits to Chambers of Commerce members yielded 150%.

**Table 1 - Comparison of Approaches:
Direct Mail Versus In Person Outreach**

| Yield Rate | Direct Mail | In Person: Cold calling | In Person: SCE-provided, qualified list | In Person: Chamber of Commerce List |
|----------------------------------|-------------|-------------------------|---|-------------------------------------|
| E\$T program Applications | 2% | 18% | 30% | 82% |
| E\$T Thermostats | 3% | 27% | 47% | 150%* |

*The yield rate for thermostats is greater than 100% because many of the businesses requested multiple thermostats.

A comparison of the original goals for visits, E\$T program applications, E\$T thermostats, and Express Efficiency applications shows that Geltz exceeded their initial expectations in every category:

**Table 2 - Summary:
Original Program Goals Versus Actual Results**

| | Original Goal-Visits | Actual - Visits | Original Goal- E\$T Apps | Actual - E\$T Apps | Original Goal - T-Stats | Actual - T-Stats | Original Goal - Express Efficiency Apps | Actual - Express Efficiency Apps |
|-------------------------------|-----------------------------|------------------------|---------------------------------|---------------------------|--------------------------------|-------------------------|--|---|
| Phase One (July 7-9) | 360 | 428 | 90 | 131 | 150 | 197 | 100 | 224 |
| Phase Two (July 13-14) | 0 | 234 | 0 | 75 | 0 | 124 | 0 | 179 |
| Grand Total | 360 | 662 | 90 | 206 | 150 | 321 | 100 | 402 |

Comparison of Approaches and Results

Since SCE and Geltz used four different marketing approaches, Geltz had the opportunity to compare the methods and analyze the quantitative results.

Direct Mail: SCE sent a letter and brochure to 6,800 business customers on June 23, 2004, and a repeat mailing to the same 6,800 customers on July 17. As of the due date of July 12, only 135 customers (less than 2%) had returned applications.

In Person Visits to a Qualified List of Small Business Customers: During Phase One, the GET worked from lists of non-residential audits (NRA) of GS1 and GS2 rate class customers provided by SCE Business Solutions. The lists of qualified customers included business names, addresses, account numbers and, in some cases, contact names.

The close proximity of the businesses gave Geltz field personnel the opportunity to visit a large number of customers in a short period of time. Moreover, account number and contact information gave the GET members credibility. Approximately one in three customers visited signed up for the SCE E\$T program.

In Person Cold-Calling: During Phase Two (July 13-14), the GET visited businesses on Palm Canyon Drive, a major business thoroughfare populated with hundreds of small businesses. Working without a list, the team members did not have the advantage of account numbers and contact information.

GET members could easily walk from business to business without the cumbersome necessity of looking up addresses on a list. The disadvantage of working without a qualified list, however, outweighed the small edge gained from not searching for addresses. The close rate dropped from 30% to 18%, a plunge of nearly half%.

In Person Visits to Qualified List of New Members of Chambers of Commerce:

Also during Phase Two, Geltz coordinated with SCE Public Affairs and worked with lists of new members of Chambers of Commerce in Palm Springs, Desert Hot Springs and Cathedral City. Unlike the previous lists, which afforded the GET the opportunity to walk or drive short distances from business to business, the businesses on the Chamber lists were scattered in far-flung corners of the Coachella Valley.

In order to minimize drive time, maximize efficiency, and increase the success rate of this approach, Geltz did a significant amount of preliminary work. This involved:

- Cross referencing the Chamber list with the Phase One list to avoid duplication
- Pre-qualifying each Chamber business by calling to verify if the:
 - Decisions are made from a corporate office or another location
 - Business is home-based or a domestic account
 - Owner would be available on Tuesday or Wednesday
 - Business has a package air conditioning unit
- Plotting the remaining businesses on a map to identify clusters of businesses in the same geographic area
- Dividing the territory among the five GET members
- Providing detailed maps and lists to the GET members

One GET member, who closed 100% of the businesses on her Chamber list, approached the businesses by saying, “I’m here today because you just joined the NAME Chamber of Commerce. The Chamber wanted to make sure you knew about this opportunity being offered by Southern California Edison to help you save energy and money.” SCE benefited from the high close rates and the Chambers benefited from building the perception of offering members a value-added proposition.

Comparison of Visits: Phase One and Phase Two

During Phase One, the GET worked from the list of qualified business accounts. During Phase Two, the GET combined cold calling with visits to prequalified new members of Chambers of Commerce.

Table 3 – Comparison of Visits

| | PHASE ONE: Total Daily Visits | PHASE ONE: Average Daily Visits | PHASE TWO: Total Daily Visits | PHASE TWO: Average Daily Visits |
|-------|-------------------------------------|---------------------------------------|----------------------------------|---------------------------------------|
| Day 1 | 126 | 25 | 106 | 21 |
| Day 2 | 164 | 33 | 128 | 25 |
| Day 3 | 133 | 26 | N/A | N/A |
| Total | 423 | 28 | 234 | 23 |

During Phase Two, the number of daily visits was lower, but the close rate was higher.

Media Results

On July 1, SCE Corporate Communications sent out a corporate press release to Coachella Valley media regarding the GET, the SCE Energy\$mart Thermostat Program and the Express Efficiency Program. The press release may have generated some calls to the E\$T program hot line, but the exact number was not specifically tracked.

A July 9, 2004, article in the business section of the Desert Sun Times, a major Coachella Valley newspaper, resulted in four phone calls to Geltz Communications. The calls resulted in a total of three new applications and 22 thermostats.

One of the calls came from the owner of a shoe store on El Paseo Boulevard, a street that is the Palm Desert equivalent of Rodeo Drive in Beverly Hills. These high-end businesses also fit the SCE definition of “hard-to-reach” because they make up the *hardest to persuade* component of the Coachella Valley. Only two other El Paseo businesses (an art gallery and a travel agency) signed up for the SCE E\$T Program as a result of the in-person outreach.

Local Palm Springs television station **KMIR** also responded to the SCE press release. Geltz arranged for the television interview to take place at Easy Travel & Services, a Cathedral City minority-owned small business. KMIR interviewed SCE Public Affairs and a local Hispanic female business owner.

After an excellent on-camera interview, the business owner shared several insights with Geltz and SCE:

- Even when Spanish-speaking people are fluent in English, they prefer to see material in Spanish, especially when the information is technical or abstract in concept.
- “My people [the Hispanic community] are skeptical when we get something in the mail, especially when it says we are going to get something for free. We are afraid that we will be billed later.”
- “We need to trust someone before we will sign up for something.”
- Now that this business owner is comfortable with the benefits of SCE programs, she is eager to let other Hispanic-owned small businesses know about these programs.

Based on this input, SCE Business Solutions suggested that this business owner host a reception to let her friends know about the programs. Geltz suggested that the guest list expand to include all members of the Hispanic Chamber of Commerce. SCE Public Affairs and Business Solutions plan to host the reception in early August.

Business Size and Location Assessment

The vast majority of businesses that signed up for the E\$T program were categorized as small, with square footage less than 2,000 square feet.

**Table 4 – Phase One:
Comparison of Business Size**

| Business Size | Number of E\$T Applications | Percentage |
|----------------------------|-----------------------------|------------|
| 0 – 2,000 sq. ft. | 97 | 74% |
| 2,000 – 5,000 sq. ft. | 13 | 10% |
| Greater than 5,000 sq. ft. | 4 | 3% |
| Don't know | 17 | 13% |
| TOTAL: | 131 | 100% |

In most cases, larger customers make decisions from a non-Coachella Valley corporate headquarters. Furthermore, larger customers typically already have a programmable thermostat and do not consider \$150 a substantial or persuasive incentive.

Lessons Learned:

- Direct mail is inexpensive for reaching many customers and may be necessary to build awareness among a large audience, but is not effective in “closing the sale” under a tight schedule or in gathering more than 3 – 5% of the market.
- GET members had more credibility with customers when they worked from an approved SCE customer list with account numbers and contact names.
- The Chamber of Commerce success rate was significantly higher for a variety of reasons:
 - The SCE programs had the endorsement of a local community respected third party, the Chamber of Commerce.
 - The business contacts were pre-qualified by phone, so that GET members did not waste time visiting accounts that were not eligible or where decisions were made at a different location.
 - The Geltz scheduling personnel made certain that the owner/manager would be available on the day of the visits.
 - The businesses were often pre-educated by phone on the SCE programs.
- The Chamber of Commerce outreach close rate of 82% is based on signing 42 applications from the 51 pre-qualified businesses visited. Based on the original number of chamber businesses (118), the overall customer close rate drops to 37%, which is still seven percentage points higher than the close rate for visits to a qualified list.
- Many upscale businesses on Palm Canyon Drive in Palm Springs close for the summer, but most businesses in other parts of the Coachella Valley continue year-round
- SCE should follow up with Palm Desert upscale customers who signed up for the program to learn their motivation and to garner suggestions for signing up other similar businesses.
- A combination of Chamber endorsements, pre-qualification by phone, and advance account numbers would yield the most fruitful results.
- SCE must work to develop an alternative method of reaching and persuading larger customers to sign up for the SCE E\$T Program.

Future Outcomes

Geltz expects to see a continuation of both awareness and acceptance of the SCE E\$T program through continued processing of applications throughout the summer as a result of this interpersonal outreach approach.

- The GET provided extra E\$T brochures to interested businesses, and those that signed up for the program. This “seeding” with program participants will enable further marketing of the program.
- SCE will host a Hispanic Chamber of Commerce reception in August, and a customer has volunteered to host a Chamber reception with SCE. These partnership meetings leverage community benefits for customers and maintain program awareness
- In addition to the immediate, quantifiable results for the E\$T program in gaining program sign-ups, the in-person outreach project created significant long-term, community benefits:
 - Overall community good will towards SCE for delivering an in-person message to help small businesses

- Cementing of already formative relationships between SCE and community leaders, as well as with the Chambers of Commerce

Qualitative Reports

The attached reports from GET members contain qualitative information, customer comments and anecdotes.