# Queensland's ClimateSmart Home Service

**March 1, 2012**

## Webinar Transcript

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Tools of Change

# Landmark Designation

The program described in this case study was designated in 2011.

Designation as a Landmark (best practice) case study through our peer selection process recognizes programs and social marketing approaches considered to be among the most successful in the world. They are nominated both by our peer-selection panels and by Tools of Change staff, and are then scored by the selection panels based on impact, innovation, replicability and adaptability.

The panel that designated this program consisted of:

- Melissa Klein, US EPA's ENERGY STAR® Program
- Arien Korteland, BC Hydro
- Clifford Maynes, Green Communities Canada
- Doug McKenzie-Mohr, McKenzie-Mohr Associates
- Devin Causley, Federation of Canadian Municipalities
- Edward Vine of Lawrence Berkeley National Laboratories
- Dan York, ACEEE

*This transcript covers a webinar held on Thursday, March 1, 2012. Additional materials about this program can be found at: http://www.toolsofchange.com/en/case-studies/detail/637.*

**Introduction by Jay Kassirer**

Welcome to today's webinar on Queensland's ClimateSmart Home Service program. We have dozens of social marketing webinars for you this year. We have case studies, not just in the home-building energy category, but also in sustainable transportation, composting and water efficiency. We have our ongoing social marketing instruction and review series of webinars. We also have a section on the Tools of Change site (www.toolsofchange.com) under Topic Resources where you can go to find resources related to home and building energy social marketing, the latest news, and the most recent case studies and other resources.

Today's webinar is the second of three *Landmark* case studies this season on energy programs. The *Landmark* designation recognizes programs and social marketing approaches considered by our peer selection panel to be among the most successful worldwide based on impact, innovation, replicability, and adaptability. The peer selection panelists are listed on page 2 of this transcript. You'll see that the panel includes a range of folks from on-the-ground program presenters, to people in government and NGO organizations, and the consultants supporting them.

Panelists said that the strengths of this particular program include: impressive individual and overall results, good use of incentives, norms, segmentation, and message tailoring. The panel wanted to know more about the accuracy of the savings estimate, the persistence of the savings and follow-up to engage participants in further action. In terms of the "Tools of Change" that we talk about you'll see good illustrations of *Building Motivation Over Time*, *Challenges*, *Feedback*, *Financial Incentives*, *Home Visits*, *Norm Appeals*, *Obtaining a Commitment*, *Overcoming Specific Barriers*, *Prompts*, and *Vivid Personalized, Credible, Empowering Communications*.

**Speaker Introduction**

Today's speaker is Anthony Coates, Director of LGIS Operations (http://www.lgis.com.au/). Anthony is responsible for overseeing the operations of LGIS and has headed up all of LGIS water and energy-efficiency projects including the ClimateSmart Home Service, Home Water Wise Service and One to One Water Savings program delivered for a range of state and local government clients in Australia.

He has designed and managed some of the world's largest water and energy demand management projects, including projects delivered directly to residential and business customers, and broad ranging education and communication programs across multiple levels of government. He actively participates on national and international water efficiency committees, ensuring LGIS projects are at the international work front and continuing to add value to government clients.

Anthony's background in marketing and communications, project and program management, policy and strategy development and demand management in terms of all projects delivered by LGIS, combine the application of critical project management

processes and a thorough understanding of client and customer needs. Anthony holds a Bachelor's and Master's degrees in Communication and Marketing Management.

**Anthony Coates**

Before I start, I want to acknowledge two of my colleagues: Frances Walters and Jane Bullock. They have been critical in pulling together the information in this case study and I want to acknowledge and thank them for their significant contributions.

While some of you listening in today would have had the opportunity to visit or possibly live in this beautiful country, I want to give you some perspective on the size of Australia, and also Queensland as Australia's second largest state. As you can see from the image on the screen, Australia is roughly the same size as the United States but only has about a tenth of the population.

So when it comes to delivery of in-home programs like the ClimateSmart Home Service the logistics are quite significant as there are often vast distances between population centres. This is particularly the case in Queensland, which you can see in the top right hand corner of that map. Before I talk about what the ClimateSmart Home Service is and how it was designed I want to give you some context to what Australia was like way back in 2008.

The Global Financial Crisis hadn't hit yet, so we were living in a world where although finances were important to people, we hadn't yet hit a significant financial downturn. "Climate Change", "Carbon Footprint" and "Renewable Energy" were big buzz words, and you couldn't turn on the television without hearing about the environment. Environment was top of mind with financial savings coming second on the list. It's important to note from these quotes though [SLIDE] that the financial cost of helping the environment was important to people, even though there was a recognized need to take action on climate change. The ClimateSmart Home Service was part of the Queensland State Government's objective to reduce the State's carbon footprint and as a way to assist communities to reduce their greenhouse gas emissions and their bills.

The government's challenge was to design a program which would achieve the overarching goal of reducing the state's carbon footprint in a market place that perceived cost as a significant barrier to change. From this challenge, the following objectives were identified by LGIS.

The first objective was to capitalize on the success of the Home WaterWise service, which was an in-home water efficient device retrofit program that had just been delivered to around a quarter of a million households in the southeast corner of Queensland, which is a small geographic area but has half of our population. The second objective was to enable all customers to achieve a level of savings. The third objective was to give customers a practical way to quantify their behaviour change. These objectives aligned with the overall purpose of the program, which was to achieve energy reduction in Queensland households through facilitated behaviour change.

In designing a program to fit these objectives, we were also subject to certain limitations, driven by experience in delivering previous programs.

We decided to utilize the successful in-home retrofit model we had used for the Home WaterWise Service, so one of the key limitations included service duration. Through independent research we discovered that the attention level of the customer for this type of activity decreased significantly after one hour. To maximize customer engagement we knew that we had to deliver the service within this timeframe.

Due to the limited time available to establish the program, the products also had to be based on proven technologies that were readily available in the market place. Of these products, the inclusion of an energy usage feedback device was critical. It enabled customers to monitor their energy use and educate them as to where it could be reduced. To ensure delivery efficiencies, all of the products had to be able to be installed by one labor source. Since we were installing electrical devices in a meter box, government regulations required that person be an electrician. In determining the most effective product inclusions, lighting and water heating were identified as the two key areas for energy reduction.

Therefore, the logical products for inclusion were compact fluorescent light bulbs (CFLs), which were proven technology, and shower heads as their installation had been tried and tested in the previous Home WaterWise Service program. Both of these products offered cost-effective immediate savings with minimal impact on the customer's lifestyle. During the program's three years in operation so far, there's been some amendments made to the product offering in response to changes in technology. Going through this presentation today, I refer to the initial service offering as ClimateSmart One and the amended service offering as ClimateSmart Two.

[Slide] As you can see on the screen, the original ClimateSmart One Program included a wireless power monitor, which was supplied and installed, and allowed users to see their household's energy usage in real time from anywhere in their house. A water efficient shower head was supplied and installed and up to 15 compact fluorescent light bulbs were installed. A household energy audit by a qualified electrician was also completed and post-service support included a personalized printed plan and access to a web portal. The service was conducted by an electrician who would actively engage with the customer about how to save energy; obviously, that was really critical for this program.

The electrician used a tablet PC to maximize engagement with the customer from the moment they entered the premises. The tablet showed a profile of the customer's energy use, which we had based on the questions that the customer answered during the booking process. The tablet also displayed the expected energy use post-intervention. The first offering was amended about two and a half years after the program commenced, so we've had about eight months now of this amended program.

The changes included reducing the number of compact fluorescent light bulbs from fifteen to five; which were provided but weren't installed by the electrician. The justification for this change was that research showed CFLs were no longer a key motivator for uptake; as households had already installed CFLs. As a result of the Australian government's phase out of incandescent bulbs, the provisions of CFLs was also no longer seen as something that would have a significant impact on reducing overall energy usage.

The second change was designed to further reduce the impact of water heating on household energy bills. The electrician reduced the water heater temperature down to 60ºC where feasible.

Perhaps the most significant change was the introduction of standby power eliminators, which enabled customers to turn off appliances that were on standby by using a remote control.

With the purpose of the program being 'energy reduction achieved through facilitated behaviour change', it was critical that the correct mix of behaviours were chosen to maximize both the probability of completion and the environmental impact. Based on qualitative analysis, 37 behaviours were identified that achieved a balance between positive impact on the environment and the probability of taking action.

Once the behaviours were identified they were put into three categories and the messages were tailored accordingly. These categories were: 1) behaviour was already being done, 2) behaviours the household was open to adopting and 3) behaviours that a household was reluctant to do.

Our goal was to retrofit 430,000 households in three years, about 25% of the population, based on a population of roughly 1.6 million household connected to the grid. Based on this target, we believed we could achieve the kWh, dollar and greenhouse gas emissions savings detailed in the table [SLIDE]. We predicted approximately $824 million of electricity savings to customers over the life of the products installed as part of the program.

Please note that given that a program of this nature had not been implemented previously; we had to make assumptions that were based on the research available at the time the program was developed. [Slide] Those assumptions were used to create the forecast savings and obviously there's a lot more assumptions sitting behind it and you can imagine many, many complex spreadsheets. I won't go through them in detail but the assumptions are based on desktop research available at the time as well as data and methodologies that were provided by university researchers, other consultants and our client.

Feel free to ask questions about these assumptions after the presentation or if it's more complex, I'm more than happy to take questions at a future date if you want to e-mail or call me.

Once the program design and delivery message was developed, it was time to create a customer acquisition or marketing strategy that covered these three elements on the screen [slide] to maximize marketing efficiency.

Identifying the correct target market was key to the customer acquisition strategy. As there was minimal existing research available, we conducted comprehensive qualitative and quantitative analysis to ascertain customer attitudes in relation to energy reduction programs, and subsequently determined four key demographic factors to drive segmentation: age, electricity bill size, household size and household income. Based on these factors we created four demographic profiles.

Of the four segments created, two were identified as our primary targets. Which are probably best described by the quotes included here [Slide]. The two primary targets were called "Young Environmentalists" (about 24% of the population) and "Young Cost-conscious" (which adds up to about 22% of the population.) The other two segments were Older Contented and Older Ambivalent. Beyond the key demographic factors, there were limited attitudinal differences to specifically differentiate the segments. Identifying these factors, however made it easier to overlay the profiles with a socio demographic profiling tool known as Mosaic, and to identify profiles relevant to these segments using purchased data.

This graph demonstrates customer take-up from when the program started in 2009 to now [SLIDE]. As you can see from the blue and green bands here, our expectation pre-program that the Young Environmentalists and Young Cost Conscious profiles would be the most likely to take up the service, proved to be correct with both of these segments steadily outperforming the other two segments throughout the life of the program.

The next component in developing the acquisition strategy was to identify what our target market perceived to be motivators and barriers to uptake. Research confirmed that saving money and wanting to be seen to be doing the right thing for the environment were considered to be key motivators. The perceived value of having a qualified electrician perform a home energy audit was also a strong motivator, as was a sense of curiosity about the energy monitor.

Barriers included monetary constraints, complacency ("I've already done these things" and "What more can I do?") and apathy ("I don't have time" or "It's too difficult"). An additional barrier was that most of Queensland had not experienced a government program of this type before, so people needed to be educated as to its benefits.

Before designing the marketing messages it was important to test the assumptions underpinning the program design. In 2008, we conducted pilot testing with 100 participants randomly chosen from customers who had pre-registered.

The pilot testing supported the product choices, the timeframe of the service (less than an hour), and the price point.  Key learnings from the pilot were that ongoing quality

assurance and training methods were critical to ensure that all aspects of the service were communicated correctly, and that engagement with the customer from the point of booking would have optimal results. In response, monthly customer satisfaction surveys were established, the results of which determined ongoing program enhancements and key training areas.

Without having other similar services to position ourselves against, we were presented with a marketing challenge that was filled with unknowns. [Slide] The visual here represents the position we held in the minds of our customers. It reads: "I don't know who you are. I don't know your company. I don't know your company's product. I don't know what your company stands for. I don't know your company's customers. I don't know your company's record. I don't know your company's reputation. But now, what was it you wanted to sell me?"

Our challenge was not just to develop a marketing campaign, we had to create an entirely new product category. We then had to position our offering within that product category, sell our products within that product category, and mature within this category. And this all began with a marketing campaign utilizing an iconic device we called "No One."

To design the launch creative, we tapped into the two key motivators of monetary savings and environmental concerns. To do this we created a campaign that had a strong environmental look and feel to leverage the public's altruistic motivations, but focused the messaging heavily on power bill savings.

The goal was to convey the message that people could make a difference in their own homes just by making small changes. The *No One* campaign addressed all of these components and it worked extremely well in terms of reinforcing how the public could make easy savings on their power bills. While it did lead to significant bookings for the service, it was often mistaken for a behaviour change campaign rather than promotion for an actual service. This may have been partly due to the public's previous conceptions that government campaigns were informational and not action driven. Going forward, this barrier needed to be addressed more clearly.

After the first few months we had a customer base that we could talk to, to gain real insights. In order to create more targeted messaging it was vital that we drilled down further into our demographic profiles to tap into the other attitudinal factors that were driving customers to book the service. Two profiles were initially selected from a social demographic profiling tool. These segments were chosen based on high propensity to take up the service and significant population remaining within that segment. These were defined as "Family challenge" and "Pushing the boundaries."

Focus group statement testing with these demographics found that the following messages resonated with both of these groups. "Using less power is just common sense." "Reducing your energy consumption is not just about being green or miserly. It's just being smart." "Big increases in your power bills are on the way. It's time to save."

Changes to the external environment, such as the global financial crisis, meant that the cost of living was high on everyone's agenda. Unfortunately, it also meant that the market place was saturated with 'savings' messages.

Achieving a steady flow of bookings was vital not only from a target perspective but also from a logistical perspective, primarily for workforce planning; we had about 100 electricians running around the state. In order to be heard above the market chatter we needed to develop a much stronger retail message that highlighted the value of the offer; we tapped into the curiosity around the energy monitor and conveyed a strong call to action. We also began to develop campaign executions that were designed to overcome specific barriers. Campaign executions included focus on renters, those who were time poor, and lower income households, amongst others.

Our experience was that a new campaign was required every six months. This was due to: the high rotation of our marketing in order to reach program targets, (which meant the adverts wore out very quickly and became 'wall paper'); the need to keep refreshing messages to stay on top of barriers; and the need to have new creative to cut through the clutter of other retailers 'savings' messages.

Once the messages were determined, we needed to find the most cost-effective way of promoting them. Over the course of the program, several channels have been utilized with varying success. [Slide] This chart highlights the importance of mass media in achieving awareness and action for this program. When asked at the time of booking how they had heard about the service, more than 40% of customers responded that they had heard through mass media, including TV, press, and radio.

The different channels and strategies that we used to drive acquisitions included online (which proved to be an extremely cost effective medium), using incentives for booking (like competitions which provided an artificial sense of urgency), and segmented direct mail with different messages targeted toward each of the different market segments by using imagery, customer quotes and motivators specific to the demographics being targeted.

The most significant and effective marketing channel change was the introduction of telesales in 2010. Telesales allowed us to become extremely targeted, both from a geographic and demographic perspective. It also overcame the barriers of inertia and apathy. [Slide] As the graph of booking methods shows here, since its launch, telesales has accounted for 49% of bookings.

These are just some of the quotes from a survey of customers who have booked through this channel [SLIDE].

Over the life of the ClimateSmart Home Service we've developed successful partnerships with numerous energy retailers, local councils (municipalities) and government departments. These partnerships served to further enhance our brand credibility both within Queensland and nationwide.

[Slide] This graph shows customer bookings by council area, and it's clear that the partnership that we had with Brisbane City Council, whereby they covered the $50 customer contribution cost, generated high demand for the period 2009 into late 2010, as you can see from the big spike marked in that period [slide]. Even after the conclusion of this rebate, bookings in this region have remained quite high.

The customer acquisition strategy is only the beginning. From the point of registration, we begin to steer the customer down the behaviour change journey. [Slide] As shown here we have six distinct steps in contacting the customer, which are all carefully designed to keep the customer highly engaged and supported through the behaviour change journey.

One of the reasons this program has proved to be so successful is that we have been able to personalize the customer experience nearly every step of the way. A comprehensive booking process allows us to capture details of all of the major energy using devices in a customer's home. The material we gather during the booking process then enables us to personalize the content of the savings information homeowners will receive during the service, before we even enter the home. By doing this, we maximize engagement from the very beginning and increase the likelihood of long-term changes.

In order to present this customized information in the most engaging way possible, we designed a sophisticated software package for service delivery. What we call the "CHAS" tablet is simple, colourful, and informative and presents only the information deemed relevant to the customer, based on the information obtained during the booking process.

The tablet provided customers with their first set of actions, asking them to commit to two of their easy behaviours. It also introduced them to a household energy challenge called "How Low Can You Go?" and asked them to commit to participating.

To reinforce these initial energy saving behaviours, we designed several prompts and tools, the selection of which was based on comprehensive research conducted prior to the beginning of the program. During the service, the electrician provided the customer with two Post-it notes, which served as a reminder of the customer's first two actions, as well as a product guide containing generic reminder stickers to be placed around the home. Every customer also received a contact list magnet and a thermometer with temperature guidelines for a range of energy devices like air conditioners and fridges.

The next stage of the behaviour change journey was to supply the customer with a printed plan. This occurred approximately four weeks after the date of service. The plan increased customers' levels of commitment and investment in their energy saving behaviours by providing them with even more actions that could help them reduce their power bills.

The printed plan also served as a reminder of the household energy challenge that I mentioned before, which I will talk about in more detail shortly. The objectives of the printed plan were: 1) To increase long-term engagement, 2) To overcome barriers to behaviour change by drip-feeding  information so as not to overwhelm the customer, and 3) to serve as a reminder of commitment.

The culmination of the behaviour change journey was the *My ClimateSmart Home* web portal. Customers received their login details to the web portal in the printed plans that they received after the home visit. The portal provided customers with all of the energy saving behaviours relevant to them with easy-to-understand information on how they could complete the actions provided.

The portal was driven by the data provided by the customer both prior to and during the service.  As actions were marked as completed by the customer, the data changed within the web portal and associated database, ensuring that the only actions shown were those relevant to the customer. If a customer's circumstance changed, for example if they bought a second fridge, they had the ability to change their household data within the portal, which then subsequently generated any new applicable actions. The usage statistics for the web portal are testament to the complexity of the business rules that drive it with more than 58,000 visits recorded between July 2009 and January 2012. Of these, 20% were returning visitors.  Historically, visitors spent an average of five minutes on the sight visiting approximately five pages per visit.

In 2011 we began a significant overhaul of the post service materials.  By using the knowledge we had collected through qualitative research and web analytics, we identified several areas that could be improved upon to enhance the behaviour change journey. The objectives of this activity were: 1) To increase repeat visitation to the web portal, 2) To assist customers to reduce energy usage by 20% post-service, 3) To continue to overcome barriers to behaviour change by making information easy to access, and 4) To position the post-service model so it could transition to a community-wide program if that was required.

To achieve these objectives we made enhancements to three key aspects: (1) commitment, reward and recognition, (2) support and information and (3) feedback and norming.

From these changes the "How Low Can You Go?" campaign was born. The campaign revolved around a customized energy challenge for each household, encouraging them to meet this challenge and then beat it, ultimately becoming a challenge leader. The device of a limbo pole as you can see here [slide] was used to graphically represent this objective, encouraging customers to get their power bills down as low as they can go. The campaign was rolled out across all materials from the service onwards starting with an introduction to the challenge by the electrician.

The customized tablet used during the service has been re-skinned so that it now aligns with the "How Low Can You Go" campaign look and feel.  This was still the first place

where the customer received information about the household challenge. In order to increase the customers' recall of their challenge target, during the home visit the electrician wrote each customer's target on the bottom of the magnet provided, serving as a reminder until they received their printed plans in a few weeks time.

The plan itself underwent a dramatic redesign as well. It still contained all of the behavioural information present in the old plan, but it now placed a much greater emphasis on the household challenge and the customer's performance in relation to other households like theirs based on a series of criteria.

There was also now more of a focus on dollar savings with each action showing savings in kilowatt hours, greenhouse gas emissions and dollar savings**.**

The "How Low Can You Go" campaign also meant some major changes for the web portal. Like the printed plan, the portal now focused more on the energy challenge using norming messages to encourage people to continue to better their savings achievement. Initial statistics collected from the website showed that in just one month almost 6,000 customers had visited the new site. They were spending longer on the site and visiting more pages.

While the web portal was the culmination of the customer's behaviour change journey. It was definitely not the end of it. We continued to send ongoing communications in the form of electronic direct mail to provide customers with information on the latest energy saving devices and initiatives, and direct them back to the website.

Now I've taken you through the journey from customer acquisition through to behaviour change, I'll quickly take you through some of the project delivery information and the results this program has achieved so far. First, the budget, which totaled about $117 million dollars over a four-year period plus there's another year at the end of that for provision of customer support and warranty services.

In terms of results since January 5, 2009 the program has delivered almost 330,000 home visits with a further 7,000 bookings already in our system. We also managed to maintain a consistent customer satisfaction rating of higher than 96%, which is one of our key achievements and obviously drives the ongoing uptake of the program by the community.

We have outlined here the greenhouse gas and dollar savings achieved by the program so far based on products installed as part of the project and the assumptions I outlined earlier. Our estimated energy cost savings by customers has passed $600 million Australian dollars. We are currently undertaking a comprehensive program evaluation to validate these results.

As with any program of this nature there are going to be lessons learned on a daily basis. If I could convey to you only one learning it would be that in the delivery of a program like this it is vital to have a cross-functional team. [Slide] I have outlined on this slide and the next, the seven functions that we believe are fundamental to success:

1.      Project management
2.      Stakeholder and customer engagement
3.      Logistics management
4.      Training
5.      Information systems and data management
6.      Quality assurance and risk management, and,
7.      Marketing.

In my opinion, it's often these last three functions that are not provided enough focus or budget allocation in project delivery, whereas these have been critical to underpinning operations in our program. If we didn't have these in place and they weren't working effectively, our program would not have been as successful.

In addition to having an effective delivery model, there are several other key learnings that I would like to share with you. In relation to marketing it is important that marketing recruitment campaigns are not confused with education for this type of program. They need to clearly overcome barriers to take-up and have a strong call to action.

It is also important that they engage, enthuse and excite the public and that regular evaluations are conducted to ensure that they are still consistent with the market place and consumer attitudes.  We've certainly seen a significant change with this program over time in terms of consumer attitudes.

Customer satisfaction, this is vital for a program of this nature.  Regular monitoring and quality assurance are essential to ensure that issues do not have negative repercussions on word-of-mouth.

The third learning is that messaging must be tailored.  Behaviour change is more likely to occur if post-service messaging is tailored to the individual customer. Otherwise, there's a strong likelihood that they will tune out the message, making it much harder to re-engage them later.

There is obviously so much more that I could talk about… I think the first version of this presentation went for about an hour… but given time, I will hand back over to Jay to facilitate any questions you may have and please remember, I am happy to respond to questions you may have at a later date.


## Q&A

**Jay Kassirer**: Thank you Anthony.  A lot of good information there and hopefully we'll get quite a bit more in answering the questions themselves. I'm going to take them in the order that they happened logically in terms of program development.  Then I'll take them in chronological order after that.

Q: In the partnership with the Council in Brisbane, were rebates the only incentive that was offered?

A: It's a combination of the financial incentives so it was initially a rebate and then it became a direct incentive in the form of a voucher. But the council is very good at promoting the program so they included information in their rates notices and other forms of marketing material that they produced for their constituents. So it wasn't just a financial incentive; it was also the promotion of the program. The council was very supportive of it.

Q: What percentage of the budget was spent on marketing and communication?

A: It's not public information unfortunately. But although this was a government program, it also had commercial realities. We did have to achieve certain levels of program uptake. Otherwise the program obviously wasn't viable. We had a very sophisticated econometric model, and we looked at the cost of acquisition in different channels. Take for example the introduction of telesales. Part of the reason for that was to draw demand at a high level, but also we looked at the cost of that channel and as we implemented it, we found that was one of our cheapest channels. The same thing happened with online. We didn't use a lot of online advertising initially, but that was quite a cost-effective medium so we started to introduce that over time.

Q: Was the telesales cold calling (i.e., no one had called them before and this was the first time you were calling)? In the UK, people find that a turn off. There are lots of companies trying to sell things over the phone. How do you overcome that?

A: It was cold calling. However, we didn't introduce that at the start of the program so when we were establishing the brand for the program obviously we needed to make sure that people were aware of what this program was and who was actually delivering it. This is a really good example of where government credibility really supports a program. People knew it was a government program. It was very clearly branded as a government program in delivery, so people knew that it was a credible scheme. It's not like we were selling something that was unknown. It was also subsidized heavily by the Queensland government. When we called, we mentioned what the program was, that it was a Queensland government program, so we didn't get the initial turn-off that you might get if you were selling blankets or something like that. As well, people were getting a benefit out of it; we have had a high level of customer satisfaction –above the 95% mark. That drew huge word-of-mouth. When we started talking about what the home service was, people usually knew what we were talking about so that helped with the telesales environment.

Q: Who accredits the in-home service provider?

A: We have a comprehensive process that we go through ourselves. We only have 16 people so we don't deliver everything ourselves; we appoint external providers to provide our logistical services. All of the electricians have to meet regulatory requirements to be

able to be electricians, so we were not taking people off the street and training them from scratch. When they walked into a house we didn't need to worry about training them about how to use electrical devices. We had that level of credibility there.

We then went through standard things like security checks. We had a very comprehensive training program that we ran in house, so we didn't go through a separate registered training organization as we call them in Australia. We did in-house training which was primarily based on customer service.

Q: Did you only get access to the web portal once the electrician visited?

A: Yes. It doesn't work if you don't have the electrician visit. The purpose of the web portal was to allow people to be very heavily engaged in the program and get into that level of data they wanted to get from the program. If a customer just wanted to have us come into their house and install the devices, if they just wanted to use the energy monitor and they wanted to use the standby eliminators, they could. If they wanted to go to the next level of engagement, which we wanted them to, there was a printed plan that gave them the next level of data, but it was also a very strong motivator to get them to the web portal.

The web portal was driven by the information that we collected during the booking process and also the information we collected in the house. In order to be customized to them, we wanted to start with information that was customized. Then they could go and put in more details and customize it even more. The web portal was not available to the general population; however, that was also an incentive to take part in the program. We didn't use that as a key marketing point in terms of our engagement campaign, but it is a benefit of the program that you get and provides continued engagement.

Q: I'd like to know about peer group acceptance and how that may have helped the programs. I'll also ask you in terms of word-of-mouth. ("Other people in my street have received the ClimateSmart home visit and they said it was good, so I'll try it too.") To what degree was that word-of-mouth or peer group acceptance important to the spread of your program? You talked a little bit about that, but what did you actually see?

A: It's critical. One of the reasons our previous water conservation program had the success it did and received the credibility it did, was because people talked positively about the program. It was in a drought context but it doesn't have to have an emergency driver from that perspective. People talked about the *Home WaterWise Service* and it built the credibility of that program. When that program was coming towards an end, we had a huge spike in demand because people had heard about it, even though we didn't have a massive spike in our marketing campaign.

With the ClimateSmart Home Service we wanted to apply the same type of attributes**.** Certainly the focus on having a positive customer experience is critical to creating word-of-mouth. There are 1.6 million households in Queensland. And people talk. Everyone lives in communities – we're not just talking about massive cities here like Brisbane, the

capital of Queensland, we're also talking about small communities with between 100 and 1,000 residents – if you have one bad experience in a town it gets around very quickly. The same things happen in Brisbane and other major population centres in the southeast where you have huge numbers of services that you're providing. Everyone knows someone who had a visit, particularly once you get a critical mass, so driving that customer service satisfaction is critical to gain that word-of-mouth. It's also a very key channel for us. I haven't identified it in the slides that were put up today, but word-of-mouth does drive a reasonable number of bookings.

The other thing is that it is the driver of acceptance. That's probably obvious at a customer level but it's also important in terms of how we deliver the service to clients. We have stakeholders and we have a lot of partnerships that we've established so it's important that there is credibility in our capacity to deliver this program. Otherwise, the program wouldn't have been extended the number of times that it has.

Also, I should say we work very closely with university researchers, for example the Institute for Sustainable Futures that some people will know, based in Australia. They've been involved in the program. We also involved Doug McKenzie-Mohr in the early stages of program development to make sure that we were adopting the principles and methodologies that were best practice around the world. We didn't want to just look inwardly and go forward; we also wanted to get that input from peers.

Q: Do you have a sense of the electricity rates in Queensland compared to other places in the world? What are your rates to begin with?

A: I wouldn't be able to tell you because they change regularly. I don't really have a full appreciation for electricity rates around the world, but certainly within Australia the rates for electricity are relatively consistent. The big issue we have in Queensland in relation to electricity rates is that we have huge distribution networks. We're talking about a massive geographic area. We have to have huge transmission lines and that means we get transmission loss and that sort of thing. So there's a lot of contributing factors to electricity prices, but generally across Australia they're relatively consistent so I don't think there's massive deviation from one state to another.

Q: The ClimateSmart program seems to be run from a central hub allowing direct control over all aspects of marketing delivery, etc. Do you feel you could achieve less, the same, or more success if the program was handed out to market forces by private companies to control and deliver?

A: I'm probably biased in answering this question, but in my view in running these types of programs central coordination is very critical. We use a number of different providers so we use a logistical provider, we have a quality assurance provider, we have marketing suppliers, we have research suppliers, etc., so there's a lot of different people involved in the program from a delivery perspective. There's probably a couple of hundred involved across the state. However, in terms of program coordination, we have about 16 people in our LGIS team**.**

I've walked into delivery programs that were much more decentralized and let's just say it wasn't a pleasant thing. My colleagues and I put in place changes to approach that central model, which certainly turned those programs around.

I'm not saying that private providers couldn't provide this program and certainly there would be opportunity to have different ways to deliver the program, so potentially you could deliver it with not-for-profit organizations in different regions. But to me it's not around the actual delivery necessarily, it's around the central coordination. Now key to that, you've got to have strong quality assurance processes. My observation of some of these types of programs is that it's very easy to not spend money on quality assurance. We're not talking about significant amounts of money. It's very easy to say "Let's not spend money on quality assurance". We have faith in our providers. We have faith in the types of people used to run this program. But the small things add up very quickly and if you start having lots of unhappy customers, your customer satisfaction drops. The word-of-mouth drops and then you have problems and your program doesn't last for a long time. Certainly, there are good opportunities to look at different delivery models but I think that central coordination is really pretty critical.

Q: How did you identify the two targeted demographic groups before the program started?

A: Through market research we looked at the factors that would be the obvious factors like household size, bill size, etc. We then did some propensity testing through market research, both qualitative and quantitative, to understand the different interest levels within those segments. It's an interactive process. You're trying to ascertain what the drivers are for people to take up the program or not. The segments that we didn't talk to as heavily are still interested people, but at the same time you're trying to create those segments.

I talked about the Mosaic profiling tool that we use as well. Mosaic and other similar tools allow you to look at statistical information including from government agencies (here we call it the Australian Bureau of Statistics) that allows them to profile customers. We did a lot of research on those segments with the Mosaic profiles that we had in our database.

To work out where the segments were in the community and how large they were, we matched the segmentation data and the market research data against the profiling data.

There are other opportunities to look at different smaller segments, but then you're looking at very small populations, and from a messaging perspective and a channel selection perspective, you're really not going to achieve a huge outcome from those segments.

We do research regularly and it's a strong recommendation from my perspective to people running these types of programs – where the budget allows, do that research,

ascertain what your market looks like at a particular point in time, and then adapt your messaging accordingly.

Q: Did you partner with community organizations to encourage uptake?

A: Yes we did, through a number of different mechanisms. For example, we dealt with the Department of Communities in Queensland – they have their own networks so we worked with them rather than us trying to establish relationships with every community organization. There are different types of groups that we were trying to reach – low-income groups are a heavy user of government subsidized housing – and we partnered with departments which work with those different community groups.

We've also struck relationships with community organizations ourselves, sometimes through councils that we work with, sometimes directly. Also the energy retailers that we work with; they're mostly private providers. They also have customers from different groups and they work with community groups as well so it's kind of a two-stage process. We work with community groups, and we've worked with some disability groups. With people who are hearing impaired for example, we've worked with them to understand how we can communicate better with those audiences and also how we can deliver services more effectively. In terms of the program delivery, we've got interpretive services for people who ring up to book a visit.

Q: There seems to be an emphasis on individual achievement of targets. Do you also use messages about collective achievements and why or why not?

A: We've probably developed that significantly in the last few months when we developed the web portal, but we've always talked about individual achievement. A big risk for us was that we were telling people to reduce energy usage but there was a strong perception out there when we started this program of "I'm already doing everything I can. I turn off my lights when I leave the room. I take short showers so my hot water usage is low." We had to battle those perceptions so we wanted to come up with a methodology for setting individual targets for people so they had a concept themselves as to how they could better themselves over time in terms of energy use. But we've also, particularly in this last iteration of our web portal and the printed plan, used more community norming messages so that they have the context. In my slides there's a picture of our portal and we gave people what their individual target was, but we also told them what people like them were achieving (we looked at all the different factors such as house size, etc.). We gave them an individual target but they could also see how they compared to others.

Q: What about customers who received the in-home service back in 2009 and 2010? Are they still using the web portal? What do you know about them? Are you still monitoring people a year later, two years later, three years later? How are you planning on doing that?

A: At the moment we do get quite a lot of feedback from our customers, which is really positive from our perspective in terms of how they're engaging, and we do track people looking at our website, etc. It has been anecdotal. We have not done a formal review as of yet in relation to that. We've made new products available to previous customers of the program and we've had a huge interest. To me, that indicates continued engagement of those previous customers that enrolled in the program a couple of years ago.

In terms of the web portal it's around 20% of people that continue to login to the portal. I think around 60,000 people have visited the site and about 20% of those are repeat visitors. The level of penetration in terms of the web portal has been much higher than anticipated. The level of repeat visitation has been really outstanding.

We've been conscious that we don't leave people from two years ago and hope they're going to keep logging in. We've continued to communicate with them. I talked about electronic direct mails that we have sent to customers regularly. We've also reissued the printed plan to all 300,000 customers just in the last month to re-engage them and hopefully get them to go to the new web portal. We had a huge spike. I think it was about 6,000 people that had already gone back to the web portal from that spike. We've tried to continually re-engage with these customers certainly.

**Jay Kassirer**: Thank you very much, Anthony for your great answers to those questions and for taking the time to share with us today. For those of you who are part of the call today I'll just remind you that you will continue to have access to these materials for the next six months while we're getting the transcript prepared and writing up the case studies, before they are publicly available.

Thanks once again to Anthony for this and for all the staff who helped to arrange this from his end. It's really nice to have this perspective from Australia because I think you're really taking the home visit one step further. That concludes today's webinar.