

Individual and Community Engagement

ADVANCING PROGRAM DESIGN TO
CAPTURE ELUSIVE ENERGY SAVINGS



PREPARED BY

Nick Lange

Energy Efficiency Consultant

Efficiency Vermont | Vermont Energy Investment Corporation

August 14, 2013

Energy efficiency service providers, such as Efficiency Vermont, know that an understanding of the customer is essential to their effectiveness. Multiple factors—including customers’ priorities, budgets, depth of efficiency knowledge and more—have an impact on customers’ decisions to participate in their programs. Mature programs seek to engage customers through multiple channels that generally include a website, rebates and incentives, marketing, and key account management to name

just a few. As we strive to move beyond these basic offerings, a deeper understanding of what it means to truly engage customers can provide valuable insights into every facet of energy efficiency program design. The ultimate goal is to engage customers on an optimum level in ways that will enable them to reduce their energy usage, and motivate them to continue seeking even greater savings.

Key Insights

- Recognize and value the individual journey of participation; build customer knowledge and capability through multiple interactions
- Create Initiatives that are simple and accessibly engaging, but not effortless
- Make the path(s) forward clear, progressively challenging, and rewarding
- Build customer feelings of investment in successful outcomes and results

Give the People What They Want: When Customers are Eager Participants

The success of an efficiency initiative is built upon a foundation of effective customer interactions to deliver cost-effective energy savings and meet broad goals [Figure 1].

Customers are a diverse group that includes every ratepayer in the service territory, from large industrial and commercial facilities to institutions, small businesses, multifamily residences, homeowners, and everyone in between. This incredible diversity of audience has always posed a significant challenge for the design and effectiveness of efficiency program outreach.

How do you reach the right customers with the most effective messages—and motivate them to take action? As it turns out, motivating customers requires more than knowing who they are and what value you have to offer them: It is about

understanding their *experience*—and turning what they *need* into what they *want*—and even enjoy.

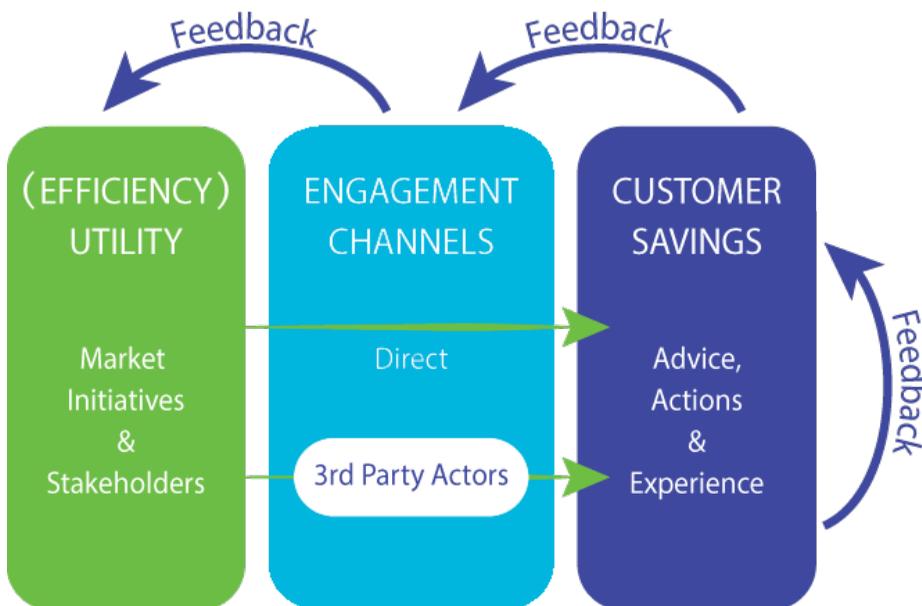


Figure 1: Efficiency utility savings come from supporting customer energy actions

The psychology of engagement has been studied and increasingly understood by scientists, economists, and other experts for years. Conventional energy efficiency programs, in contrast, haven’t yet broadly integrated these perspectives and lessons, and are likely missing tremendous opportunities for greater savings. The real loss, however, is that efficiency programs are not enabling people to become true participants, rather than just customers.

The Flow of High Engagement

The field of psychology offers theories into the conditions necessary to cultivate engagement and facilitate action. The former head of the University of Chicago department of psychology, Mihaly Csikszentmihalyi, points to a balance between capability and difficulty, and the crucial role of dynamic feedback in the context of individual experience.

Csikszentmihalyi's seminal work, "Creativity: Flow and the Psychology of Discovery and Invention,"¹ helped to formalize the concept of engagement in a fairly simple framework that can be applied in a very practical way to the task of engaging people in a subject or activity.

He describes "flow" as a state of ideal engagement in which an individual experiences feeling of lost time. In other words, when someone is highly engaged, they no longer notice the passage of time because their attentions and focus are so engrossed in the activity and task at hand; the exam that seems to go by in the blink of an eye, the work day that disappears in a flurry of activity. Csikszentmihalyi's model [Figure 2] suggests that there are common conditions for both of these scenarios that enabled a high degree of engagement. The exam taker and the engrossed worker share the experience

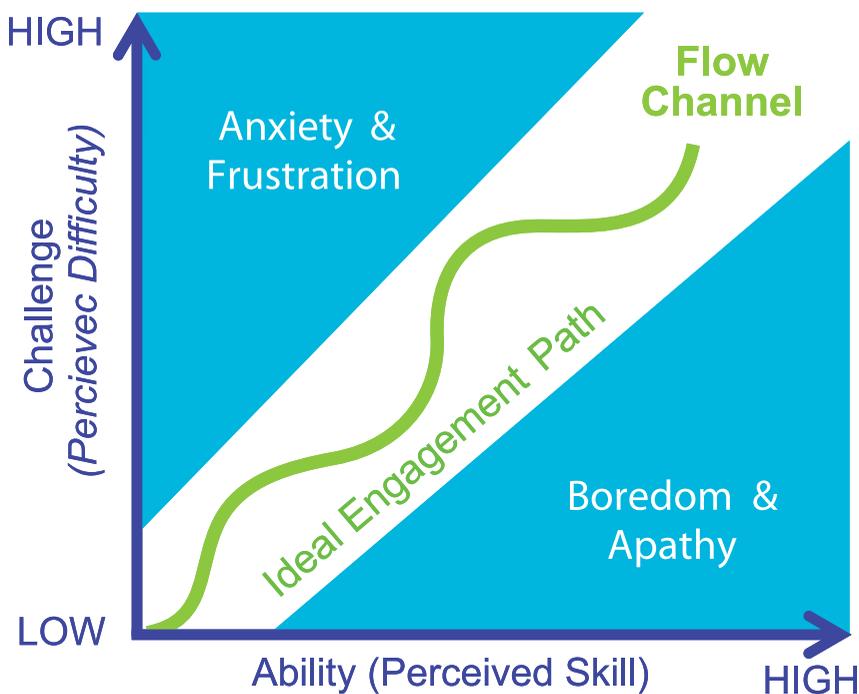


Figure 2: A model of ideal engagement

¹ Csikszentmihályi, Mihály (1996), *Creativity: Flow and the Psychology of Discovery and Invention*, New York: Harper Perennial, ISBN 0-06-092820-4

"...motivating customers requires more than knowing who they are and what value you have to offer them: It is about understanding their *experience*—and turning what they *need* into what they *want—and even enjoy.*"

of perceiving their tasks as challenging, but not beyond their abilities. Had conditions tipped too far in the direction of either difficulty or skill, the degree of engagement and resulting participation would have declined. The labels of perceived skill and difficulty represent a complex set of factors including, but not limited to: time, money, familiarity, and interest.

Paths of Progression: Turning Energy Efficiency from Chore into Hobby

Engagement design, as modeled by leading players in other industries, provides a collection of best practices in facilitating deeper relationships that generate value for all involved. It is important to note that Figure 2 does not represent discrete points of disconnected interactions, but lines and curves with slopes.

In applying this model to the design of an energy efficiency program, the ideal path needs not only to fall within the flow channel, but also travel from one activity and capability level to another. This undulating path of micro-engagements is the essential element to optimizing a customer's experience and helping them feel invested in energy efficiency actions and results.

To understand this theory in the context of a customer's experience with energy efficiency, we can envision a scenario in which a customer is unfamiliar with the opportunity and process for building shell improvements like air sealing and insulation. This customer holds the perception that such projects are unusual, complex, and expensive. This interaction would fall outside of the flow channel shown in Figure 2, on the anxiety side. Absent other interactions designed to build up understanding and capability, this customer is likely to be hesitant to move forward with building improvements.

Conversely it is also possible, and more common than one might think, for a disengaging experience to result from an activity perceived to be too easy. For example, someone who has the momentary motivation, time, and interest to take meaningful and substantial efficiency steps may only be offered a shallow and relatively generic list of tips and suggestions. Perhaps this person has already seen and acted on the items relevant to them (changing lightbulbs, setting back their thermostats, etc.). Unless they are offered an accessible way to connect to more meaningful and progressively larger efficiency opportunities, they are likely to disengage out of boredom.

Efficiency Vermont has recently begun exploring how the principles of engagement design can be incorporated into its program offerings. Vermont is one place where energy efficiency initiatives have an established history of delivering on savings targets, and there is a good understanding of the approaches that have been most effective. Even so, with a population that is largely sold on the benefits of energy efficiency, and is accustomed to collaborating on a community level, it is clear that there is still a great deal of untapped potential. In 2011, Efficiency Vermont established a Community Energy program that focuses on improving engagement with customers through their social and local networks, encouraging them to be more supportive of each other and more invested in the successful energy efficiency results that Vermont is achieving. While this effort is still in its early stages, it will likely serve as a key channel for incorporating engagement as an approach to designing programs and more effectively promoting energy efficiency services. Efficiency Vermont is undertaking a broad effort to overhaul program offerings to better fit the needs, desires, and experiences of customers, while meeting ever-more ambitious savings goals.

“Efficiency Vermont established a Community Energy program that focuses on improving engagement with customers through their social and local networks, encouraging them to be more supportive of each other and more invested in the successful energy efficiency results that Vermont is achieving.”

In this time of tremendous growth in energy efficiency programs, Efficiency Vermont continues to find that effective initiatives are built on an understanding of customers as individuals and on the long-term and authentic interactions with the people being served. As other energy efficiency programs around the country and the world investigate new ways to deepen savings, Efficiency Vermont will continue to share discoveries and best practices for customer engagement.

The Future of Efficiency: Engagement through Empowerment

Nationwide, the proliferation of energy efficiency programs over the last three decades has been nothing short of astounding. Consumers and utilities now understand that energy efficiency offers benefits on both the individual and societal levels, and they are seeking ways to push beyond the “low hanging fruit” of easy savings and have a deeper impact. In order to acknowledge—and respond to—this desire on the part of their customers, energy efficiency programs may need to push the boundaries of their current offerings by incorporating the tools and strategies of engagement design. Those that succeed in this effort will do so by establishing long-standing, multi-faceted, and authentic relationships with their customers—enlisting them as partners and collaborators. In effect, they will seek to make energy efficiency approachable, rewarding, and fun.



Nick Lange has more than 10 years of experience in the fields of energy efficiency and renewable energy. As a consultant at Vermont Energy Investment Corporation he works on the development and implementation of savings-based market initiatives, with a particular focus on the design of program portfolios that enable better customer experience, deeper engagement, and improved performance. As part of this work, he is a co-creator of Vermontivate!, an award-winning real-world online community sustainability game.