ES. EXECUTIVE SUMMARY FOR CROSS-CUTTING ADVERTISING PROGRAM AREA (O1)

ES.1   INTRODUCTION

This volume presents results of a comparative analysis of advertising programs included in the National Energy Efficiency Best Practices Study ("Best Practices Study"). The overall Best Practices Study objectives, scope, and methodology are briefly outlined in Appendix O1A of this report. More details on methods and findings are provided in separate report volumes.

The Best Practices Study team ("Best Practices Team") reviewed five advertising programs for this program area study ("O1 Programs" and "O1 Study," respectively), which varied in scope, target market and goals. The O1 Study investigated a variety of programs because advertising within the energy efficiency field has seldom received much systematic review or evaluation. The breadth of the O1 Programs allowed for a broad view of the field and for general best practices across a range of advertising types to be culled and made available for use in planning future efforts. The O1 Programs include a general branding campaign targeted to both residential and commercial customers, programs promoting residential load-shifting and efficiency actions, and programs advertising business efficiency actions.   Advertising for energy efficiency, conservation and peak load reduction is generally referred to in the O1 Study as "energy efficiency advertising" for the sake of brevity. The O1 Programs are listed in Exhibit O1-E1 below and represented in the body of this report.

ES.2   KEY CATEGORY THEMES

Advertising is a unique and vast field, with a variety of specialized areas and experts within it. Effective advertising is both science and art. It is a field quite different than other energy efficiency program activities.   This contributes to making energy efficiency advertising programs fairly unique among the program categories examined in the Best Practices Study. There are also differences between energy efficiency advertising and other product or service advertising. This range of differences drives the following key themes for this report.

Energy efficiency advertising usually includes aspects of a specialized field called social marketing. An understanding of social marketing's basic principles and best practices is essential to maximizing results and program success. Social marketing applies the tools and concepts of commercial marketing to influence individuals' behavior to solve social problems or improve the well-being of individuals and society at large. Energy efficiency advertising faces many of the same challenges as the broader social marketing field, which differentiates it from general product and service advertising. These challenges include negative demand (asking people to do things they don't want to or are unaccustomed to), invisible benefits, benefits to third parties, intangibles that are difficult to portray, culture conflict, public scrutiny, limited budgets, multiple publics, and the absence of a marketing mindset.

The social marketing challenges, when combined with the oversight requirements typical for energy efficiency programs, result in the need for strong planning, design, tracking, and evaluation. The complexity and technical nature of educational messages require expertise and testing to ensure they are properly conveyed and understood so they will drive the desired

behavior change. These elements must be properly incorporated in the planning and design of the message and its delivery must resonate with the target audience. At the same time, the regulatory environment of the energy industry requires advertising programs to meet evidence and evaluation requirements before resources are invested. These requirements are sometimes seen in other areas of social marketing (e.g., education and health care) but are generally greater than most advertisers are used to.

Efficiency advertising programs also require strong cross-functional and cross-organizational coordination. **A well-functioning team comprised of diverse professionals is critical to program success in this area.** Team members should represent expertise in various areas of advertising, marketing management, social marketing, the targeted energy efficiency issues, and efficiency program evaluation. Effective program management of such a group requires balancing the empowerment of the distinct roles and specialists with the need for integration and teamwork.

Finally, carrying out an effective efficiency advertising campaign takes time. Energy efficiency advertising is often hindered by the fact that programs tend to be created to response to short-term crises. As such, they sometimes lack the time needed to properly research and rollout a fully effective and cost-efficient campaign. In addition, funding levels and associated effects are subject to boom and bust cycles tied to these perceived short-term crises. As a result, there is little experience available to assess the relative benefits of long-term efficiency marketing campaigns.

The O1 Programs and their predecessors have also learned hard program management lessons. Some of these have already been applied to correct mistakes, while others have only recently been recognized. A list of potential pitfalls is provided here as a resource for future planning.

ES.3   BEST PRACTICES SUMMARY

Best practices are identified in the O1 Study for each of the four major program components. These program components are Program Design (including program theory), Program Management (including project management, reporting and tracking, and quality control and verification), Program Implementation (marketing and outreach) and Program Evaluation. Best practices were developed by analyzing information across programs developed from detailed interviews of program managers and thorough review of all relevant secondary sources, such as program filings, evaluations and social marketing literature. Exhibit O1-E2 presents the list of best practices developed from the analysis of O1 Programs. Pitfalls associated with these programs are summarized in Exhibit O1-E3. Exhibit O1-E4 provides the rationales associated with each best practice. Exhibit O1-E5 offers a glossary of marketing terms used in the O1 Study. The remainder of this report provides detailed analysis and discussion of program features and best practice rationales.

Exhibit O1-E1
O1 Programs: Advertising Programs Reviewed For O1 Study

Program Name	Implementer/s	Abbreviation for O1 Report
2003 California Statewide Flex Your Power Program	McGuire and Company (doing business as (dba) Efficiency Partnership) in partnership with utilities and thousands of companies, local governments, water agencies and non-profits organizations.	Flex Your Power
2002 NYSERDA Keep Cool Campaign	New York State Energy Research and Development Authority (NYSERDA)	NYSERDA Keep Cool
2002-2003 Northwest Energy Efficiency Alliance BetterBricks Program Advertising Campaign	Northwest Energy Efficiency Alliance (NW Alliance)	NW Alliance BetterBricks Advertising
2002-2003 Wisconsin Focus on Energy Umbrella Advertising Campaign	Focus on Energy™/ Wisconsin Department of Administration (DOA)	Focus on Energy Advertising
2003 United Illuminating Wait 'Til 8 Campaign	The United Illuminating Company (UI)	UI Wait 'Til 8

Program Theory and Design
• Conduct sufficient upfront market research • Develop a program theory and logic model • Map and apply the theory of change to message design, segmentation and media planning • Utilize a structured and comprehensive market feedback system • Pre-test as a normal practice
Program Management: Project Management
• Build and utilize a strong cross-functional and cross-organizational team that includes advertising specialists • Utilize a social marketing expert and an expert on the targeted energy efficiency issues on the team • Balance the empowerment of the distinct roles and specialists against the need for integration and teamwork • Get an early start
Program Management: Reporting and Tracking
• Become familiar with and use standard advertising industry measurements as one tool in the reporting, quality control, and evaluation processes • Track these measurements for media plan assessment and for comparison against other outcome and effects measurements • Work with demand-side management (DSM) advertising peers to develop and implement a set of standard tracking and evaluation metrics
Program Management: Quality Control and Verification
• Ensure quality control is part of the comprehensive market feedback system • Obtain post-buy reports and evaluate post-buy analysis • Follow through on any discrepancies uncovered in post-buy analysis
Program Implementation: Marketing and Outreach
• Use a broad array of marketing tactics and strategies • Develop a strong media plan to ensure that the appropriate message reaches the target audience at the best time and in the best manner to motivate desired changes • Utilize ad development best practices from the marketing industry • Use market segmentation to identify the appropriate target markets and messages • Create and select the ad according to its ability to communicate the intended message, be recognized and remembered, and stimulate key behavior changes
Program Evaluation
• Use an evaluation team that includes both efficiency program evaluators and advertising specialists • Use standard advertising evaluation methods combined with periodic effects evaluations • Periodically conduct process evaluations • Involve program staff in the evaluation process and create a culture whereby evaluation findings are valued and integrated into program management

Exhibit O1-E3
Summary of Pitfalls Associated with Efficiency Advertising Programs

Efficiency Advertising Program Pitfalls
• Advertising created to brand or be memorable without an adequate focus on whether or not the target audience is actually taking away the knowledge and motivation necessary to change their behavior • Lack of recognition that this is a form of social marketing with all its inherent and well-documented challenges • Micromanaging such that the producers of the advertising no longer feel responsible for their product • Inability of advertising personnel to effectively handle education and communication issues around peak load, load-shifting, efficiency versus conservation, and the more difficult concepts being promoted by efficient building design and construction • Technical pieces produced without proper advertising expertise on how to break through the audience's clutter, grab interest or get recall from the target market • Relying solely on program management approval of ads without pre-testing to ensure that the proper message is being communicated to the target audience • Failure to understand the value of advertising effectiveness evaluation methods

Best Practice	Rationale
Program Theory and Design	
Conduct sufficient upfront market research	Advertising must move the consumer through several decision-making related stages to achieve its desired outcome of changing behavior. By definition, this can be exceedingly difficult to achieve, particularly in social marketing. It is critical that effective research be conducted early in the design process to improve understanding of baseline awareness, attitudes, preferences, and other factors necessary to develop an effective model of behavior and the ad campaign to influence it.
Develop a program theory and logic model	A program theory or story that clearly describes the program target, program timing and strategic approach can reveal gaps in program focus or effort and ensure that everyone involved knows what the program seeks to accomplish and why. Having a stated program theory facilitates adaptive management by providing a basis for assessing progress and identifying when tactics need to be revised or adjusted in response to market changes.
Map and apply the theory of change to message design, segmentation and media planning	In order to develop a message to change behavior, the barriers, attitudes and logic behind the current behavior choice needs to be known. The key elements that need to be changed can then be identified. Using this knowledge, an intervention can be developed that is likely to influence the factors that will lead to the desired behavior change.
Utilize a structured and comprehensive market feedback system	Using a sound theory of change for individuals, firms, or communities is required in order to obtain significant desired effects from advertising. This theory must be based in the context of the market and environment within which targeted behavior decisions are made. The market, stages and environment can vary over target markets and over time. It is, therefore, essential that a feedback system, along with the vigilance for making needed adjustments, be in place. Lessons learned from the social marketing literature emphasize inclusion of initial market research, baseline data, extensive pre-testing, and on-going evaluation as cornerstones of the market feedback system.

Best Practice	Rationale
Pre-test as a normal practice	Although a part of the comprehensive market feedback system emphasized above, pre-testing deserves special emphasis. The ultimate authority of whether the material will likely accomplish its goals is the target customer. Market research alone does not ensure that the message will not be "lost in the clutter," understood, memorable, or able to gain the movement desired. Pre-testing with appropriate focus groups is a cost-effective method for determining if advertising needs to be revised or refined. The time and budget costs of pre-testing are small compared to the cost of an ineffective campaign.
Program Management: Project Management	
Build and utilize a strong cross-functional and cross-organizational team including advertising specialists	There is a science and an art to advertising and a variety of specialists within it. The advertising component of the program team will often include the marketing or brand manager, communications or project manager, account manager, copywriter, art director, technical consultant and media buyer. Each of these roles requires a specific set of skills and experience. In the private sector, it is widely acknowledged that the value these specialists and their expertise bring to a project is worth the budget investment.
Utilize a social marketing expert and an expert on the targeted energy efficiency issues on the team	Both social marketing and efficiency industry experts are best positioned to address the unique challenges associated with efficiency, conservation and peak load-shifting advertising. Energy efficiency advertising faces most of the significant challenges common to the broader social marketing area, which differentiates it from general product and service advertising. These challenges include negative demand (asking people to do things they don't want to or are unaccustomed to), invisible benefits, benefits to third parties, intangibles that are difficult to portray (e.g., the concept of load shifting), culture conflict (conservation in a consumer culture), public scrutiny, limited budgets, multiple publics, and the absence of a marketing mindset.
Balance the empowerment of the distinct roles and specialists with the need for integration and teamwork	A comprehensive market feedback system needs input reflecting many different perspectives, disciplines, and professional experiences in order to ensure the best advertising program. This requires a difficult balancing of clearly defined roles and responsibilities within an environment that encourages cross-functional collaboration. Additionally, effective program management must also ensure that accountability, timeliness, cost and creativity are not hampered by micromanagement of these roles.

Best Practice	Rationale
Get an early start	Effective management of the many elements that must be developed for an advertising program is critical. These elements include market research, message development, development of the creative, production of materials for pre-test (storyboards, a rough, or near final for print ads), pre-testing, the media plan, collateral material design, point-of-purchase design and production, and media buys. A great amount of advance planning and attention to detail is required to ensure that all of these elements work towards the objective and that quality control is maintained.
Program Management: Reporting and Tracking	
Become familiar with and use standard advertising industry measurements as one tool in the reporting, quality control and evaluation processes	Advertising efforts in any industry or area, including energy efficiency, should be tracked using common advertising measurements. Efficiency professionals and their regulators are unlikely to be familiar with these measurements at the outset of their first major campaigns. Familiarizing oneself with these metrics is important as there are a large number of standard industry measurements. Care should be taken to ensure that the right metrics for campaign and media plan are tracked (see Quality Control section).
Track these measurements for media plan assessment and for comparison against other outcome and effects measurements	The breadth and commonality of standard advertising industry measurements provide an asset for evaluation and quality control that should be fully leveraged. Analyzing these measurements can improve future media buys and provide explanatory factors in outcomes analysis. They also serve as documentation for regulatory purposes.
Work with Demand Side Management (DSM) advertising peers to develop and implement a set of standard tracking and evaluation metrics	Having advertising measurements in the same metrics or convertible to the same metrics would facilitate more useful comparisons of advertising program output. Working with DSM advertising peers could help to improve comparability and increase cross-program learning.
Program Management: Quality Control and Verification	
Ensure quality control is part of the comprehensive market feedback system	Introducing quality control to the planning component helps ensure that an effective campaign is produced. This can be achieved through review of consistency between the market research and the theory of change mapping, through review by marketing managers with advertising experience to ensure that the principles of effective advertising for that media were applied in the development of the creative, through proper pre-testing, and through post-buy analysis.

Best Practice	Rationale
Obtain post-buy reports and evaluate post-buy analysis	Quality control and verification in the advertising industry is often conducted using post-buy reports and evaluating post-buy analysis from the media buyer. The many elements that should be monitored and reviewed vary by the media used but offer measurements of cost-efficiency and effectiveness, as well as determination that the media buy matches the media plan (i.e., that you got what you paid for).
Follow through on any discrepancies uncovered in post-buy analysis	Certain types of advertising can be very expensive. With a large, complex advertising campaign, it can be difficult to find discrepancies without a serious post-buy analysis. Conducting the analysis is not enough however, buyers must ensure that discrepancies from the contractual plan are addressed through "make good", credit, or other arrangements.
Program Implementation: Marketing and Outreach	
Use a broad array of marketing tactics and strategies	Influencing energy-related behavior typically requires advertising approaches that are multi-pronged. Although this report focuses on mass marketing, effective advertising programs often combine mass media advertising with other interventions such as point-of-purchase advertising with retailers, participation in community-based events, and targeted advertising to specific segments or industries.
Develop a strong media plan to ensure that the appropriate message reaches the target audience at the best time and in the best manner to motivate desired changes	The media plan identifies the target markets and the media mix selection, based upon cost efficiency, target-ability, reach potential, tactics, context and creative considerations, and competitive media utilization. A number of resources are available to help develop a strong media plan, including the American Marketing Association, as well as sources cited in this report (e.g., Langbecker and Chiodi 2001).
Utilize ad development best practices from the marketing industry	There is a wealth of information in the advertising and marketing literature that focuses on effective ad development (e.g., Blom 2001). Even when hiring experts for ad development, being familiar with the different perspectives on what works, what doesn't, and why will contribute to effective and collaborative management of the ad specialists.
Use market segmentation to identify the appropriate target markets and messages	Behavior change is usually difficult to achieve with mass messages. Market segmentation is an important tool that helps target messages to increase the likelihood of driving the desired behavior with specific groups. It is recognized as an effective design strategy used to gain the greatest impacts with limited resources.

Best Practice	Rationale
Create and select the ad according to its ability to communicate the intended message, be recognized and remembered, and stimulate key behavior changes	Communicating the intended message, being recognized and remembered, and stimulating key behavioral changes are the success metrics for social marketing-based advertising messages. Designing, pre-testing and evaluating the ad based on these metrics helps ensure success. An entertaining ad is not necessarily an effective one.
Program Evaluation	
Use an evaluation team that includes both efficiency program evaluators and advertising specialists	Valuing and utilizing the variety of expertise that can be obtained from a team with expertise from advertising, marketing, efficiency programs, and efficiency evaluation is likely to enhance evaluation success. Each of these perspectives adds value to the evaluation process and neither alone is adequate for these types of programs.
Use standard advertising evaluation methods combined with periodic effects evaluations	The standard media evaluation techniques provide the necessary feedback to refine program messages and media plans. However, efficiency investments are largely dependent in the long-run on the ability of the evaluations to provide evidence for the effects of the expenditures on behavior with methods acceptable to regulatory authorities. This necessitates periodic market effects evaluations. There are significant differences between advertising and other efficiency program efforts and these need to be addressed through appropriate evaluation techniques (see TecMarket Works, 2004 for specifics on evaluating information and advertising programs). In some cases, where longer term behavioral changes are not expected to occur immediately, evaluation techniques may need to focus on short-term, proximate indicators of program effects that are hypothesized as part of the program theory and theory of change analysis.
Periodically conduct process evaluations	Advertising programs in this field have generally not had process evaluations; however, these programs could benefit from such efforts. The process of executing an efficiency advertising campaign using the type of comprehensive market feedback system discussed in this report can be difficult in practice and, therefore, could potentially benefit significantly from process evaluation.

Best Practice	Rationale
Involve program staff in the evaluation process and create a culture whereby evaluation findings are valued and integrated into program management	Evaluations are designed to provide information important to improve program implementation. Program staff reported that evaluations had been very helpful in improving their programs. Especially since significant effects evaluation of energy efficiency advertising is still relatively new, including program staff in the evaluation process can increase the evaluation's quality and its likelihood of being used and useful. Following a comprehensive market feedback system for social marketing, like the *Montana* model discussed in the program design section of this report, requires that the evaluation and market research functions be closely integrated with the program process and relied upon to drive any needed changes.

Term	Definition
Audience	The total number of people or households potentially exposed to an advertisement. For print media this is calculated by multiplying circulation by the number of readers per copy.
Branding	The creation and exposure of a distinct defining or "brand" image of a company, organization, product or service designed to attract, keep and motivate customers. The best examples use clear, concise messaging that projects credibility and touches the emotions.
Click Through	The process of clicking through an online advertisement to the advertiser's destination.
Click Through Rate (CTR)	The average number of click-throughs per hundred ad impressions, expressed as a percentage. Used as an Internet advertising metric.
Clutter	Used to describe the vast number of messages consumers receive, or the amount of material the message is carried within, with the focus being upon whether the message is received by the potential consumer "through the clutter".
Composition	The measurement of the percentage of a publication audience that is within a specific demographic group.
Composition/Coverage Ratio	The composition/coverage ratio is often used as and is equivalent to a rating figure for print publications.
Cost/Click or Cost Per Click (CPC)	The cost or cost-equivalent paid per click-through.
Coverage	The percentage of a specific demographic group that is reached by a publication.
CPL	Cost Per Lead for direct advertising campaigns.
CPM	Cost Per Thousand households reached.
CPP	Cost Per Rating point.
CPU	Cost per unit for a single advertising spot which is calculated as rating times the cost per rating point (CPP).
Creative, The	The material used to communicate the message. This is the actual ad material, storyboards for TV, layouts, design, and scripts prior to production. The Production Team produces and then the produced material is normally reviewed/approved by the Creative Team.
Dayparts	Specific periods of time during a day specified for the ad purchase; used to constrain ad delivery to a pre-determined time of day.
Duplication	Used by media planners to select the mix of publications needed to get the maximum reach for a target audience most cost-effectively. The formula is: [(Combined GRPs – Combined Reach) / Total GRPs] = % Duplication.

Term	Definition
Earned Media	Unpaid (or "Earned") media coverage like TV news coverage (as opposed to advertising, which is paid for).
Effective Reach	The percent of an audience that has been exposed enough times to cause a change in behavior (on average).
Frequency	The average number of times an audience is exposed to a media vehicle.
GRP	Gross Rating Points. Reach times Frequency equals GRP. Broadcast media (TV and radio) often report GRP to include the number of times a commercial runs during a program and reflects exposure.
HUT	Households using television (a subset of the universe of all homes with TV sets). The HUT is often calculated by time of day and season of year.
Impression	A single instance of an advertisement being displayed.
Make-good	A free repeat of a purchased ad at a mutually agreeable time and place; negotiated by the media buyer when the post-buy report does not correspond to the media buy.
Media Buy	The purchase of ad space/time to implement the media plan.
Media Planning	The process of selecting time and space in various media for advertising in order to accomplish marketing objectives.
Movement	The term move or movement of customers generally refers to actions taken that get the customer to progress along the continuum of stages in a behavioral change or adoption model. One such model of these stages is cited in Andreasen in the section on Program Theory and Design.
Paid & Non-paid Circulation (print media)	The number of copies for a particular issue of print media that are sold or distributed.
Pay Per Lead (PPL)	Advertising payment model in which payment is solely based on qualifying leads. Used more frequently for online advertising.
Performance Factor	Compares TV viewership in one part of the country to another or to the national audience through use of the ratio of the ratings, e.g., a performance factor of 91 or 104 for a location.
Post-buy Report	The report provided by the sales representative on the media buy, which offers measurements of cost-efficiency and effectiveness, as well as determination that the media buy matches the media plan.
Rate	(1) The amount charged by a communications medium to an advertiser based on per unit of space or time purchased. The rate may vary from national to local campaigns, or may be a fixed rate. (2) To estimate a particular media's audience size based on a research sample.
Rate Base	Circulation number that a magazine or newspaper guarantees to deliver.
Rating/Rating Points	Ratio of TV program audience to the total TV universe (whether the television is on or not). Rating Points are based on this ratio (e.g., a ratio of 0.10 in the market, 10 percent = 10 rating points).

Term	Definition
Reach	Percent of households exposed to a specific media vehicle at least once.
Share	Percentage of the households using television (HUT) that are tuned to a particular channel.
Tear-Sheet	The actual newspaper page on which an ad ran.
Universe	In marketing research, the total group that a researcher wishes to study, the set of all the units from which a sample is drawn; also called the Population.