

BLUE CLUE
APPLIANCE DEALER PARTICIPATION

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INTRODUCTION

A number of utilities in the United States have offered rebates to consumers for purchasing energy-efficient refrigerators. Evaluations of these programs suggest that 65 to 90 percent of the consumers who received the rebates might have purchased the same models without the rebates.¹ These findings, plus the passage of national minimum efficiency standards beginning in 1990, have raised doubts about the cost-effectiveness of consumer rebates. One result of this is an increased interest in non-rebate programs.

There is also increasing agreement that appliance dealer participation and support are critical for program success, whether or not a rebate is offered. Most consumers do not pay attention to program information until they are ready to buy a new refrigerator. Once they decide to buy, they often make their purchases a short time later. The best opportunity to reach most consumers with program information is in the stores where they shop. Therefore, appliance dealers are key people for providing this information.

Bonneville Power Administration (BPA) has been running its Blue Clue program in the Pacific Northwest since September 1986. The purpose of the program is to make it easier for purchasers to identify the most energy-efficient refrigerators and freezers on the market. No rebates are offered, and there is a strong emphasis on dealer participation.

This summary report presents BPA's experiences with respect to dealer participation in the Blue Clue program. Included are discussions of dealer attitudes and behaviors, lessons learned, and future program directions.

PROGRAM DESCRIPTION

BPA sets energy efficiency qualification levels at the beginning of each year so that only the most efficient refrigerators and freezers on the market will qualify (approximately 15 percent). Models meeting the qualification levels are listed in a brochure that is updated every four months (in March, July, and November). Consumers in the Pacific Northwest can receive a free copy of the brochure by calling a toll-free telephone number, or by visiting a participating appliance store or local utility office.

To make it easy for consumers to identify the models listed in the brochure, BPA provides free blue ribbons to participating appliance dealers to place on display models in their stores. BPA also provides the participating dealers with free brochure displays, posters, and window decals.

GETTING DEALERS TO JOIN THE PROGRAM

Using primarily yellow pages in telephone books, BPA developed a mailing list of about 750 dealers who display new refrigerators and freezers for sale in Oregon, Washington, Idaho, and western Montana. BPA sent participation forms to these dealers at the start of the program in September 1986. To encourage the dealers to return the forms quickly, BPA offered to list participating stores in newspaper ads that ran during the first two months of the program. By the end of the two month period, 25 percent of the dealers on the mailing list had signed-up to participate.

In April 1987, BPA sent participation forms and a list of participating stores to the non-participating dealers on the mailing list. To encourage these dealers to participate, BPA offered to send a list of participating stores to consumers who call the toll-free telephone number for the brochure. This mailing resulted in another 10 percent of the eligible dealers joining the program. In May 1988, a similar mailing to the remaining non-participants resulted in another 5 percent joining the program.

Ten dealers have dropped out of the program since it began. Five of these dealers went out of business. The other five generally felt there was not enough consumer interest in the program to justify continued participation.

As of June 1988, a total of about 300 dealers were participating in the program, representing about 40 percent of all dealers on the mailing list. However, BPA estimates the market share of the participating dealers to be about 55 percent. This higher market share estimate is based on telephone surveys of 290 dealers and 1116 consumers at the end of 1986.² The dealer survey revealed that the participating dealers (N=147) sold about 75 percent more refrigerators and 110 percent more freezers during the previous year than the non-participating dealers (N=143). The consumer survey revealed that about 30 percent of consumers say they would most likely go to a Sears store to buy a new refrigerator. Nearly all Sears stores are participating in the program, yet they only represent about 12 percent of all participating stores.

USE OF PROGRAM MATERIALS BY PARTICIPANTS

One of BPA's main concerns before implementing the Blue Clue program was that dealers might intentionally place the blue ribbons on non-qualifying models. To discourage this from happening, BPA required the participating dealers to sign an agreement stating they will only place the ribbons on models listed in the brochure. The dealers were also warned that BPA would conduct spot checks of participating stores and that they could be dropped from the program if BPA found they had violated the agreement.

BPA program staff began visiting the participating stores during the summer of 1987. The primary purpose of these visits was to check on dealer use of the blue ribbons and to gather feedback for program revisions.

An analysis of data collected during the first 54 store visits revealed that almost half the blue ribbons put up by the dealers were on non-qualifying models. Interestingly, there were very few instances where the dealers appeared to do this intentionally. In most cases the dealers said they just assumed the model qualified, rather than checking the list of qualifying models. Many dealers said they made this assumption because the model appeared to be very energy-efficient on the EnergyGuide label scale. This scale shows how the model compares to the models with the highest and lowest operating costs. Most dealers did not realize the EnergyGuide label scales for refrigerators and freezers have not been updated since 1982 and that they include all door styles with the same defrost system type. This suggests that the number of ribbons on non-qualifying models could be greatly reduced if the EnergyGuide scales were revised or removed from the labels. [As an aside, this also shows the importance of not relying solely on the EnergyGuide labels to promote energy-efficient purchases.]

Another problem identified during the store visits was that many dealers were not "keeping up with the program." It was found that the dealers only placed the blue ribbons on 30 percent of their qualifying models. Many dealers said they frequently sell their display models and forget to check to see if the next display model qualifies.

Eleven of the 54 stores visited (20%) had no blue ribbons on display. Thirty percent of the dealers who received last year's blue ribbons were still using them, rather than the ribbons they received for the current year. About half the dealers (24) were displaying the brochures. A number of dealers were displaying outdated brochures. Some of the dealers said they only give the brochures to consumers who ask for them. They were concerned that a consumer might want a model in the brochure they did not carry (and lose a sale to another store that did carry it).

Another purpose of the store visits was to determine if the dealers needed more blue ribbons or brochures. Some of the dealers did not know how many they had left (they couldn't find them when asked). Some had run out of ribbons and had not bothered to request more (all they had to do was call a toll-free number to get more materials).

Several dealers had never taken the program materials out of the box. In these cases the person who received the box (usually a manager at a large store) had not given the materials to the sales staff to use. It was also found that there is a high turnover in staff in the larger stores. Sometimes the person who signed the store up for the program no longer worked there, and no one else in the store assumed responsibility for the program.

Most of the dealers who were not fully using the program materials seemed to support the program, but often said it was not a high enough priority for them to keep up with it. The reasons given for the low priority include low consumer interest, low electricity rates, and a perception that higher energy efficiency means lower quality. Some dealers did not understand why BPA was running the program. Some said they thought BPA was wasting money on the program and it would be better to use the money to lower electricity rates.

On the positive side, most of the dealers visited liked the program and seemed willing to try to do a better job of using the materials. Those who were not very supportive often became more supportive when the purpose of the program was explained. The dealers also became more supportive when they were reminded that the names of the participating stores are mailed to consumers who call the toll-free number for the brochure. Nearly every dealer was glad that someone came to visit their store. They seemed to welcome help with placing the ribbons on their display models.

LESSONS LEARNED

BPA is pleased with the number of dealers who have joined the Blue Clue program. Assuming that most consumers visit more than one store when shopping for a new refrigerator or freezer, there is a good chance they will visit a participating store.

Before the Blue Clue program began, BPA assumed that dealers who joined the program would be sufficiently motivated to place the blue ribbons on their qualifying models. BPA only planned to visit the participating stores about once a year, primarily to check for blue ribbons on non-qualifying models.

However, BPA has found that most participating dealers do a poor job of placing the blue ribbons on their qualifying models. While it is likely their performance can be improved through educational and motivational efforts, many dealers are simply too busy and want someone to put the ribbons up for them. This means that the participating stores need to be visited more often than originally planned. BPA has not yet determined how much more. One local appliance distributor recommended that each store be visited at least once every two months. This appears to be a reasonable recommendation, however the cost of conducting this many visits may be prohibitive.

BPA is now putting less effort into recruiting new dealers and more effort into improving the performance of the dealers who are already participating. In addition to increasing the number of store visits, BPA is encouraging local utilities to help their participating dealers put up the blue ribbons. Twenty utilities in BPA's service territory have recently expressed an interest in doing this. BPA also has revised most of the program materials (so that they will be easier for dealers to use) and is developing some new materials to improve communications with the dealers.

REFERENCES

1. Xenergy Inc., Appliance Efficiency Incentive Programs: Literature Review and Recommendations for Pilot Program Design and Demand Forecasting, Task I Final Report for the California Energy Commission, February 1988.
2. Columbia Information Systems, The Evaluation of Phase II of the BPA Appliance Energy Efficiency Promotion Campaign, Promotion of Energy Efficient Refrigerators and Freezers (Blue Clue), Draft Report for Bonneville Power Administration, March 1988.