

**Swoosh!?**  
**Awareness and Effects of the ENERGY STAR® Brand**  
**in Wisconsin Appliance Efficiency Programs**

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**ABSTRACT**

This paper describes results from a survey, focus groups, and dealer interviews assessing both the near-term and long-term effects of residential appliance and lighting programs in Wisconsin.

Since 1998, the majority of such programs have been conducted by the Wisconsin Energy Conservation Corporation (WECC), under contracts with several state utilities and the Wisconsin Energy Bureau. Along with other organizations fostering energy efficiency, WECC is coordinating with the ENERGY STAR® program to promote the brand equity of its logo. The program theory suggests that the logo can provide the underpinning for sustainable change as well as immediate gains in energy efficiency. Specifically, promotion of the logo is designed to foster its use as a decision tool in future purchasing.

The WECC program is meeting its near-term objectives. The majority of appliance dealers are cooperating and customers have responded strongly. However, neither survey data nor qualitative data on awareness and valuing of the logo indicate that the longer-term effects are developing.

To instill confidence in the ENERGY STAR designation is likely to require considerably more—and broader—exposure to the logo and qualifying products. Not surprisingly, this will require additional investment and advertising. It is recommended that the program also investigate other activities that would help convert customer awareness and understanding of the brand into perceived value and a guide to action. These might include methods to instill and enhance brand loyalty through cross-promotion and cross-selling. Moreover, it may be useful to identify and target customer segments that exhibit high levels of brand loyalty.

**Background**

In Wisconsin, as in several other states and regions, promotional programs for energy-efficient products are aligning their efforts with the national ENERGY STAR® program developed and promoted by the U.S. Environmental Protection Agency and the U.S. Department of Energy. The reasons for this are twofold.

First, the national program, particularly in conjunction with the efforts of the Consortium for Energy Efficiency, offers leverage to local efforts through the development and promulgation of common product specifications and advertising materials. In addition, the collaboration is better able to secure cooperative high-level contacts with manufacturers and national retailers than can uncoordinated local contacts.

Second—and of most importance to this report—the program theory espoused by a number of programs suggests that the ENERGY STAR effort can provide a transition strategy as well as immediate gains in energy efficiency. The hypothesis is that, during the initial

promotional period, advertising and incentives will make consumers aware of the logo and its meaning, as well as the specific products. Thus, these promotions will not only encourage increased market penetration of qualifying products, but also—coupled with positive customer experience and careful protection of ENERGY STAR brand equity—foster use of the logo as a decision factor in future purchases. Thus, consumers will come to value the ENERGY STAR logo as a guide to selection of energy-efficient products without the hassle and information costs involved in learning about energy factors, AFUEs, SEER levels, R-levels, etc. Moreover, based on the demonstrated success of qualifying products in the marketplace, manufacturers and retailers will recognize the value of making such products available and easily identified, thereby enhancing the cachet of the logo and energy efficiency.

Since 1998, the majority of residential appliance and lighting program activity in Wisconsin has been conducted by the Wisconsin Energy Conservation Corporation (WECC), operating under various contracts with utilities and the Wisconsin Energy Bureau.<sup>1</sup> As indicated above, WECC is coordinating with the national ENERGY STAR program to promote the brand equity of the logo that identifies the most energy-efficient products in each category. Moreover, by providing incentives for selected qualifying products during the early stages of the campaign, WECC is helping draw attention to the brand and the products covered and helping to encourage trial and early word-of-mouth endorsements.

On the supply side of the market, WECC is working with retailers to ensure the availability of qualifying products during the initial promotions and to train sales staff on the characteristics and benefits of those products. They are also working to ensure that the ENERGY STAR label is displayed properly and prominently on qualifying products, so that customers who are aware of the promotions can readily find those products. In addition, of course, the pertinent displays provide exposure to the relevant messages for shoppers who have not yet been reached by the advertising.

Financial incentives are important to the supply side of the equation also: By making them available to consumers, WECC demonstrates to retailers a commitment to support the promotion and sale of ENERGY STAR products. Such incentives also directly help generate sales that benefit the retailers, further increasing the likelihood of their participation.

A variety of program activities has been developed or adapted from other programs. These include offering mail-in rebate coupons, catalog sales, special events with “instant” rebates, torchiere turn-ins, and website directories of participating dealers. Furthermore, WECC’s program representatives have made considerable efforts to recruit and train appliance and lighting dealers. They also provide regular information on program developments and provide point-of purchase materials, while also labeling eligible products and collecting sales data for program tracking.

WECC’s program is subject to detailed internal monitoring procedures as well as two independent evaluations. The internal effort is designed to provide immediate feedback to the program director as to the effectiveness of the labeling and retailer training activities, so that any needed changes can be identified and implemented in a timely fashion. One independent evaluation effort is being conducted by the Energy Center of Wisconsin (ECW). This is partly as a continuation of its Appliance Sales Tracking Survey activities and partly as a

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<sup>1</sup> WECC has contracts with Alliant Energy; Superior Water, Light and Power; and Wisconsin Electric Power; as well as the Wisconsin Energy Bureau (which sponsors programs in the territory of Wisconsin Public Service) and 29 municipal utilities. In total, these programs serve approximately 1.5 million (of 2.1 million) state households.

service to the state utilities that have helped to fund the WECC effort. The second independent evaluation is part of the evaluation of the Focus on Energy pilot project, sponsored by the Wisconsin Energy Bureau (WEB).<sup>2</sup>

On the one hand, the existence of several evaluation efforts raises the possibility of duplicative effort and increased burdens on informants. On the other, the different efforts provide an opportunity for the pooling of resources to effect more comprehensive and well-funded research. To date, the evaluators have been able to minimize the former and maximize the latter through regular meetings and design conferences as well as data-sharing.

The range and coordination of evaluation activities has also allowed the evaluators to consider the market and the WECC program from several perspectives. In particular, the evaluators have addressed the effects of retailer support efforts and sales results as indicators of near-term program success. They have also looked to such indicators as customer awareness and understanding of the ENERGY STAR logo as an indicator that the program theory is viable. The range of evaluation activities designed to assess these indicators has included surveys of appliance and lighting purchasers, focus groups with appliance purchasers, dealer interviews, mystery shopper visits, and shopper intercepts.

This paper focuses on the initial survey and qualitative results from early focus groups and dealer interviews. It first focuses on available evidence regarding consumer awareness and understanding of the ENERGY STAR logo. It then contrasts near-term results with evidence regarding the viability of the program theory.

## Methods

This section describes the Appliance Sales Tracking Survey (ASTS) and the initial focus groups conducted by the independent evaluators of the WECC program.<sup>3</sup> The relevant methodological information for each type of data follows.

### Surveys

The ASTS, under the direction of ECW, is a biennial study of the penetration of energy-efficient appliances, begun in 1993. The purposes of the research are to: Provide appliance and lighting product purchase rates; identify decision-making factors; and clarify the barriers to purchasing energy efficient appliances and lighting products.

The ASTS uses random digit dialing to obtain a representative sample of Wisconsin households with telephones.<sup>4</sup> All households contacted answered a set of core questions as well as the appliance purchase questions. In the past, the core items were restricted to demo-

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<sup>2</sup> The pilot project was designed to test the effectiveness of a state agency as the administrator of energy efficiency programs and to provide recommendations for a forthcoming statewide public benefits program. The region included in the pilot comprises most of the northeastern portion of the state, including the Green Bay area. WEB selected Hagler, Bailly as the evaluation administrator; SFMC is a subcontractor to Hagler, Bailly for the evaluation of this program.

<sup>3</sup> At the time of this writing, a follow-up survey has been designed but not yet implemented. Similarly, additional focus groups and dealer interviews have been planned but not yet been completed.

<sup>4</sup> In 1999, response rates declined precipitously, from 71 percent in previous years to 46 percent. However, this decline in response rate is largely due to an increase in those who could not be contacted—36 percent of the 1999 sample as compared to 12 percent in the 1997 sample.

graphic and housing characteristics. In 1999, questions regarding awareness and understanding of the ENERGY STAR logo were added to the core for the first time.

In particular, respondents were asked the following with regard to logo awareness, "Have you ever seen or heard of the ENERGY STAR logo, which is on some new appliances and electronic equipment?" Those who replied that they had were then asked to describe the logo and "What does the ENERGY STAR logo mean to you?" Responses to the latter question that included comments about energy conservation, energy efficiency, using less energy, certification of energy efficiency, most efficiency available, etc., were accepted as demonstrating valid recall of the logo.

An effort was also made to assess awareness of the Energy Guide label, to gauge the degree of confusion in respondent recall between that label and the ENERGY STAR logo. Accordingly, prior to the questions about the logo, respondents were asked similar questions about the Energy Guide label and analysis included an attempt to identify respondents who claimed to be aware of both, but appeared to confuse the two.

Respondents were also asked if they had purchased each of six appliances within the past 12 months. (The appliances considered were refrigerators, water heaters, room air conditioners, central air conditioners, forced air furnaces, and—for the first time in 1999—clothes washers.) If the respondents had done so, they were asked reasons for the purchase, awareness of different efficiency levels, efficiency level purchased (per self-report), and other purchase related information for the relevant product(s).<sup>5</sup> The 1999 study specifically asked if the appliance had an ENERGY STAR logo and what influence the logo had on the purchase decision. Households that had not purchased any major appliances were asked questions about the purchase of three lighting technologies.

In 1999, a second addition to the ASTS design was the acquisition of a sample of respondents from a neighboring state in which no program featuring ENERGY STAR products or advertising was in place or contemplated in the near future. This sample thus offered a benchmark against which the effect of the Wisconsin programs on awareness and understanding of the Energy Guide label and the ENERGY STAR logo could be compared. Again, the survey was conducted by telephone, using random-digit dialing techniques. Respondents were asked only the questions in the initial module and selected demographics.

The survey results from the initial module and the demographic section described in this paper are based on 2,263 Wisconsin respondents<sup>6</sup> and 401 from the neighboring state. The data for the specific appliances are based on purchasers for each of those considered.

## Qualitative Data

At this time, data are available from two focus groups and two depth interviews with retailers. The focus groups were conducted in the Green Bay area, which is in the Focus on Energy territory. One group comprised customers who had received incentives for the purchase of ENERGY STAR appliances through the program. The second group comprised a sam-

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<sup>5</sup> To avoid fatigue effects, no respondent was asked to complete the survey for more than two products.

<sup>6</sup> As might be expected, the survey sample contains a higher proportion of homeowners than would be expected from the census data. This most likely reflects a common bias in telephone interviewing, related to such variables as the likelihood of being at home. In addition, the sample members are likely to have larger homes and to have lived in those homes longer than would be expected from the census data.

ple of customers who had recently purchased major appliances or actively shopped for such appliances, but had not selected qualifying units.

The dealers interviewed were also drawn from the Green Bay area. One represents a major independent appliance dealer; one, a specialty outlet that also offers major appliances.

## Findings

To provide a context for the remainder of the report, the first portion of this section describes the success of WECC's efforts to enroll retailers in the program and to stimulate sales of energy-efficient appliances and lighting. In turn, the following subsections discuss awareness and understanding of the ENERGY STAR logo and the reported influence of this logo on appliance purchases. The final subsections describe qualitative findings from the focus groups and dealer interviews that relate to the survey results.

### Retailer Recruiting and Sales Promotion Efforts

The program has achieved considerable success in enrolling appliance dealers and appears to have stimulated increased sales of energy-efficient appliances and lighting. In particular, the ENERGY STAR clothes washer effort is progressing toward the status of a mature program, including efforts to make the transition from an incentive-dependent program to one that is sustainable without such expenditures.

WECC began program operations during in Fall 1998. Table 1 shows that the program had enrolled 247 of 332 appliance-only dealers as program participants as of May 2000.<sup>7</sup> WECC has not shown quite the same success in working with the lighting market. In part, this reflects a strategic decision, based on the funding available, the relative impact available from focusing on appliances rather than on lighting products, and, the desire to test the approach with clothes washers before broadening the effort.

**Table 1. Wisconsin Dealer Participation in the ENERGY STAR® Program**

Dealer Type	Dealer Status		Percentage Participating
	Participating	Not participating	
Appliances only	247	85	74%
Appliances and CFLs	13	2	87%
Appliances and lighting fixtures	0	3	0%
All	5	8	38%
CFLs and fixtures	23	45	34%
CFLs only	118	179	40%
Fixtures only	2	7	22%
<b>Total</b>	<b>408</b>	<b>329</b>	<b>55%</b>

As of May 2000 (Source: Berkowitz 2000)

<sup>7</sup> This is not to say that all participating dealers are equally understanding of the program or proactive. At the same time, the participation rates shown support the proposition that most dealers do see at least threshold value to the program.

During 1999, WECC emphasized the sale of ENERGY STAR clothes washers, through dealer support activities as well as advertising and incentives. Through December 31, 8,957 incentives were disbursed for qualifying clothes washer models. WECC also reported sales of 834 ENERGY STAR refrigerators and 408 ENERGY STAR dishwashers. In addition, some progress has been made in markets for ENERGY STAR lighting fixtures. Incentives were reported for 7,459 lighting fixtures and 3,653 torchieres, as well as 30,537 CFLs.<sup>8</sup> Using 1999 default estimates agreed upon by regulators and utilities, WECC approached or exceeded the (annual) program energy savings for each sponsor with quantitative goals.<sup>9</sup>

In other regions with active programs, available data suggest that the penetration rate of clothes washers that qualify for the ENERGY STAR designation is well over 10% and considerably higher than may be found in non-program areas (Pacific Energy Associates 1999; RLW Analytics 1999). Wisconsin dealers who have provided data to WECC indicate that the sale of qualifying washers is approximately 16.5%.<sup>10</sup> Although these data may reflect biases attendant on sales reports from a partial sample of participating dealers, the ASTS results are consistent, indicating at least 15% penetration (Energy Center of Wisconsin 2000, p. G-5).

The success of the program, in terms of dealer participation and customer response, coupled with an initially limited budget, led to exhaustion of the incentive funds earlier than anticipated. WECC responded to this in a timely fashion, by reducing customer incentive levels, accelerating plans for the transition to program efforts that are more educational in nature and, after consultation with participating dealers, by reducing incentives on the supply side.

The near-term results of the program, then, are impressive. The great majority of appliance dealers are participating. The emphasis on ENERGY STAR washers has been rewarded by a substantial level of market penetration, even as financial incentives have been reduced, and the energy savings achieved have exceeded initial targets.

### **Awareness and Understanding of the ENERGY STAR Logo**

With respect to achieving the objective of making the ENERGY STAR brand a recognized and valued indicator of consumer value and motivating long-term dealer loyalty and support, the program has considerable room to move. The telephone survey indicates that 13.7% of Wisconsin respondents—about one in seven—claims to recognize the ENERGY STAR logo. But only 8.4% of all Wisconsin respondents—about one in twelve—actually connects the logo with energy-efficiency or related concepts when asked to explain what it means. Thus, the great majority of customers is not yet aware of the logo and, of those who claim awareness, many lack an understanding of its meaning and potential value.<sup>11</sup> Nonetheless, the percentage of respondents who indicate some understanding of the logo is significantly greater than the percentage of such respondents found in the neighboring state (4.7%). Thus, the program has increased awareness and understanding of the logo over and above that found where customers are only exposed to national advertising and whatever product labeling and in-store promotion takes place in the absence of such a program.

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<sup>8</sup> Data kindly provided by Berkowitz (2000).

<sup>9</sup> This evaluation does not attempt to verify estimates of the kWh savings attributable to the program.

<sup>10</sup> Based on reports from 58 participating dealers, covering nine months of program activity. More recent reports from up to 95 dealers are consistent with or exceed this estimate (Berkowitz 2000).

<sup>11</sup> As noted above, a later survey is assessing progress on awareness and understanding indicators.

Comparisons with awareness of the Energy Guide label may also be useful. About two-thirds (68.8%) of Wisconsin respondents claim to be aware of the Energy Guide label. However, when asked to describe the information it provides, only about one-half of all Wisconsin respondents (48.9%) were able to relate it to energy ratings, savings, operating costs, or efficiency. (Again, the difference between the awareness of Wisconsin respondents and the awareness of those in the neighboring state, 43.4%, is statistically significant.) A small segment of respondents (fewer than one dozen) does confuse the messages of the two information sources, believing that the ENERGY STAR logo offers the same information as the Energy Guide label. Whether this is because relatively few respondents claim awareness of both information sources or because the message of each is clear, remains to be seen as awareness/understanding of the logo is increased. At this time, it does not appear to be an issue.<sup>12</sup> Indeed, respondents who display valid recall of the Energy Guide label are also significantly more likely to display valid recall of the ENERGY STAR logo than are those who do not.

This last finding—that customers who are aware of, and understand, one source of energy-related information are more likely to be aware of, and understand, the other as well—may stem from the relationship of both to shopping behavior. Specifically, awareness and understanding of the information sources are more common, and significantly so, among respondents who have either recently purchased an appliance or actively shopped for one than among those who have not. Indeed, based on the recall of respondents, the actual shopping experience seems more powerful a source of information about the ENERGY STAR logo at this time than individual sources of either media exposure or word-of-mouth.

### **Effects of the Program and the ENERGY STAR Logo**

Before proceeding further, it may be useful to describe the purchase rates for the appliances considered. The survey captures both replacement purchases and those made by recent home purchasers (but not those by contractors). Table 2 shows purchase rates<sup>13</sup> for each of the appliances covered in the ASTS. Given the overall sample sizes, the observed purchase rates are sufficient to generate subsamples of at least 80 respondents for studying purchases of each appliance considered.

This subsection next addresses two issues of effectiveness, based on respondent reports. The first is the degree to which purchasers report awareness of differences in energy efficiency among appliances and retailer efforts to educate them on this issue. The second is the degree to which customers who are aware of the ENERGY STAR logo report having been influenced by it. Given the Wisconsin program's focus on appliances, the remainder of this report considers only the refrigerator and clothes washer survey data, omitting the results for water heaters, forced air furnaces, and air conditioners.

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<sup>12</sup> The overall awareness/understanding for the Energy Guide label also suggest limits as to the success that can be expected for the ENERGY STAR logo. On the one hand, the logo is being supported by both national and regional advertising efforts, which is not currently true of the Energy Guide label. On the other hand, the relevant advertising expenditures are quite small compared to those for other consumer products. Moreover, the Energy Guide label has enjoyed decades of exposure and is affixed to all pertinent products (by law).

<sup>13</sup> Where the purchase rate for an appliance is the percentage of respondents contacted who report having bought that appliance during the previous two years.

**Table 2. Appliance Purchase Rates**

Appliance	1993	1995	1997	1999
Refrigerator <sup>3,5</sup>	7.8%	6.9%	8.2%	8.8%
Water heater	7.8%	6.9%	6.9%	7.3%
Room air conditioner <sup>2,3,4,5</sup>	1.2%	1.7%	4.1%	4.6%
Central air conditioner <sup>2,3,4,5</sup>	2.4%	2.2%	3.5%	4.3%
Forced-air furnace <sup>1,2</sup>	4.8%	3.5%	3.6%	3.8%
Clothes washer	NA	NA	NA	8.2%
(Overall sample)	(n=3,036)	(n=3,103)	(n=3,285)	(n=3,000)

<sup>1</sup> Significant differences between the 1993 and 1995 surveys at the 0.05 level

<sup>2</sup> Significant differences between the 1993 and 1997 surveys at the 0.05 level

<sup>3</sup> Significant differences between the 1995 and 1997 surveys at the 0.05 level

<sup>4</sup> Significant differences between the 1993 and 1999 surveys at the 0.05 level

<sup>5</sup> Significant differences between the 1995 and 1999 surveys at the 0.05 level

**Retailer-related effects.** During the telephone surveys, appliance purchasers were asked whether they had been aware of differences in the efficiency levels of the models available for purchase. As shown in Table 3, a majority of refrigerator and clothes washer purchasers in 1999 report receiving little information regarding energy-efficient options while shopping. Most report being unaware of differences in energy-efficiency levels when making their selection and not being provided with options at different levels of efficiency. Even more report that their salesperson did not discuss energy efficiency with them.

**Table 3. Percentage of Purchasers Reporting Lack of Energy-Efficiency Information**

Appliance Purchased	Unaware of Differences in Energy Efficiency		Not Provided Different Efficiency Options		Salesperson Did Not Discuss Energy Efficiency	
	1997	1999	1997	1999	1997	1999
Refrigerators	43%	60%	43%	61%	64%	75%
Clothes washers	NA	70%	NA	70%	NA	81%

These data include customers who bought the indicated appliances during the full year preceding the survey. Thus, the results should not be read as an indication that enrollment in the program has not improved retailer practices in this area.<sup>14</sup> At least in part, the data demonstrate the need for effective retailer training and participation in promoting energy-efficient options.

**Logo effects.** The telephone interviews with appliance purchasers indicate modest perceived effects of the ENERGY STAR logo. Two data sources are available for assessing the degree to which the ENERGY STAR logo appears to have affected appliance purchasers. First,

<sup>14</sup> Mystery shopping visits are being conducted to provide a direct test of the effectiveness of the training efforts.



those who purchased each of the appliances were asked whether they had bought a high-efficiency unit and—if so—how they knew they had done so. Table 4 shows that no more than one-third of the refrigerator and clothes washer purchasers believe they had bought high-efficiency units. However, among those who made that claim, approximately one-half indicated that they based it on label information.<sup>15</sup>

**Table 4. Claimed Levels of Energy-Efficient Purchases**

Appliance Purchased	Claim to have bought high efficiency unit	Claim based on label/ENERGY STAR logo/Energy Guide	
		Base, those claiming high efficiency	Base, all purchasers
Refrigerators	33%	59%	19%
Clothes washers	23%	51%	12%

The second data source is the influence reported by purchasers themselves. As shown in the second column of Table 5, approximately three purchasers in ten report having noticed the logo when making the purchase.<sup>16</sup> Among those customers who did notice the logo when shopping for a refrigerator, one in two reports it to have been at least “Somewhat influential” in their decision. (See the third column.) The last column of the table shows the joint effect of these two measures, the percentage of purchasers who both recall the logo and report that it affected their decision at least “Somewhat.” These results show that the overall influence of the logo is relatively small at this time, affecting at best one purchaser in six.<sup>17</sup> This result of information regarding energy efficiency may be greater than what might occur in the absence of the logo and branding, but the influence remains to be demonstrated. It is an open question as to whether the effect can be increased through further advertising and program activities.

**Table 5. Reported Effect of ENERGY STAR Logo on Appliance Purchase**

Appliance Purchased	Measure		
	Recall Logo (%)	Report Logo “Somewhat/Very” Influential (%)	Recall Logo and Influenced by It (%)
Refrigerator	31%	50%	16%
Clothes washer	27%	26%	7%

**Focus group findings.** The focus group results are consistent with the survey data. As would be expected, members of the group who had not bought qualifying products did not volunteer information about having seen the ENERGY STAR logo and few appeared to recog-

<sup>15</sup> Unfortunately, the coding does not distinguish general label information, the Energy Guide label, and the ENERGY STAR logo. Hence, the reported percentages represent the upper limit of logo effectiveness.

<sup>16</sup> The base for each percentage is all purchasers of that appliance, not only those respondents who purchased qualifying products or others they perceived to be energy efficient.

<sup>17</sup> Again, it is important to recognize that the survey includes customers who made their purchase before the program was in the field.

nize the logo. More surprisingly, members of the group that had bought such products and had received incentives also failed to volunteer information about the logo and most did not recall having seen it during their shopping. This failure of recall occurs despite the fact that several group members did mention having considered energy use or having discussed energy efficiency with a salesperson. (From the focus group alone, it is not possible to determine whether the result indicates deficiencies in labeling, the lack of salience of the logo, or sheer failure of recall. Whatever the cause, the logo does not yet serve as a strong brand signal. Focus group members did not buy because of the ENERGY STAR designation.)

After introducing the ENERGY STAR logo to all members of each group and explaining its function, the moderator prompted a brief discussion of the logo's potential value to shoppers. In this part of each session, he asked group members to comment on their likely use of the logo and (for the group who had bought a qualifying product) the intention to use the logo as a guide in future purchase decisions. Among the focus group members who commented on these issues, most indicated a preference for the Energy Guide label rather than the ENERGY STAR logo. The majority of those readily admitted that they do not and would not use the detailed information on the Energy Guide label to make comparisons between products. Nonetheless, most of these group members indicated a desire for the sort of numeric information provided on the Energy Guide label and the opportunity that information provides for them to make their own comparisons. In particular, many customers report that they attend to the total operating cost figure provided. They understand it and believe it can be useful when and if they decide to use energy efficiency as a selection factor.

Most discussants knew that the Energy Guide label appears on every appliance and is not, in itself, an indicator of value. Some see the ENERGY STAR logo as valuable in calling attention to the more efficient units in a product category. But even so, they see the Energy Guide label as a necessary adjunct—one that will enable them to make a good decision, *to the extent that energy efficiency enters their decision process*.<sup>18</sup> Among the concerns discussed was the ability to verify the reason for choice of a qualifying product by checking its energy use. In its extreme form, this derived from a lack of understanding of the process by which products qualify for use of the ENERGY STAR designation. Indeed, some speakers expressed concern that the process can be controlled and manipulated by manufacturers.

To the extent that these focus group results are replicable and hold up over time, they suggest further consideration of the overall strategy behind this program. Given the newness of the ENERGY STAR logo and its relative unfamiliarity to customers, it is not possible to determine whether the expressed unwillingness of the focus group members to trust in the logo as a decision guide will dissipate with additional advertising or in-store exposure. What is clear is that the underlying theory remains to be demonstrated—that when widely recognized and understood, the symbol will provide value in guiding consumers to the purchase of energy-efficient products.

The focus group discussions also raised questions about the value of a brand, such as ENERGY STAR, that is intended to span product lines. Although group members were highly aware of brand names and reputations when shopping for appliances, relatively few indicated particular loyalty to a given brand *across product categories*. Rather, their brand preferences tend to be category-specific; e.g., Maytag for clothes washers and Amana for refrigerators.

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<sup>18</sup> The discussion of both sources of information was prompted by the moderator. Only a few group members among those who received incentives (and none in the other group) indicated interest in energy efficiency.

This suggests the need for caution in assuming that successful penetration of the clothes washer market with energy-efficient products will translate, via branding, to success in other domains.

**Dealer interview findings.** Finally, the dealer interviews also suggest a need for caution in celebrating the near-term success of the program. Those interviewed were extremely positive about their experience with the program, offering praise for the representative who serves them, and (generally) the effort to provide them with necessary information. Nonetheless, it is not clear that they fully understand the program (e.g., who is the sponsor; how a product qualifies for the ENERGY STAR designation). They also did not demonstrate that they recognize the value of investing their own resources into promoting energy-efficient products and thus helping such products to become a sustainable portion of the market. For example, they continue to rely on the program representative for product labeling. (Given the complexities of different brands and model numbers, this may be necessary and realistic. However, it could be argued that more dealer concern would prompt stronger efforts by manufacturers to simplify identification of qualifying units.) The dealers also appear content to rely on advertising efforts by others, rather than investing in their own. (Again, given the business characteristics of those interviewed, this may be necessary and realistic.)

Also, the dealers who were interviewed do not appear to have considered how they might market energy-efficient appliances in the absence of financial incentives to consumers. On the one hand, they did not see the incentives as the major determinant of a customer's appliance choice, but as a "closer"—a factor that would help to turn a preference into a choice. (In this, they confirmed what many members of the focus groups also reported.) On the other hand, they indicated that the availability of financial incentives was a crucial adjunct to advertising and the promotional efforts of the salesperson.

## **Discussion**

WECC's program appears to be meeting its near-term objectives. The great majority of Wisconsin appliance dealers is enrolled as program participants and receiving the promotional literature and training. Customers have responded to the promotions and financial incentives offered. Indeed, the program has already exceeded its (annual) energy savings objectives. Moreover, the program appears to have increased the market penetration of ENERGY STAR washers (the targeted 1999 appliance) to a substantial level.

However, neither the survey nor the qualitative data provide evidence that the longer-term effects envisioned by the program theory are yet evident. In mid-1999, only about one customer in twelve appeared to be aware of, and understand, the ENERGY STAR logo. (The program clearly increases awareness and understanding, however. The observed level of valid awareness is almost twice as high as that found in a neighboring state.) Moreover, awareness is not a necessary characteristic of customers who have bought qualifying products. And focus group members expressed skepticism as to the value of the ENERGY STAR designation on its own as a guide to purchasing (without the added data offered on the Energy Guide label), even if they were to be concerned about energy-efficiency.

While the data described above are limited and require further replication and exploration, they do suggest caution in extrapolating from the near-term success of this program to its ability to achieve its longer-term objectives. Even if the program is successfully changing the market for energy-efficient clothes washers, it does not follow that the broader appliance

or lighting markets can be changed through the use of labels and a branding strategy. Still, it must be recognized that the market preparation envisioned in the program theory is not likely to be achieved in a short period and with the limited advertising budgets that have been available thus far. Thus, it would be premature to reject the theory based on the lack of results at this point.

## **Recommendations**

It is not obvious that the current portfolio of activities will attain the results necessary for sustainability, even if the program is continued for several more years. To instill confidence in the ENERGY STAR designation as a proxy for more detailed information and a symbol of value is likely to require more extensive exposure to the logo and qualifying products, in a larger range of venues. It is likely that this will require considerable investment beyond the current project budget and advertising.

One approach is for the program to explore extensively the nature and value of additional activities that would have the effect of converting customer awareness and understanding of the ENERGY STAR brand into perceived value and a guide to action. For example, designers might review and adapt methods used by consumer products manufacturers to instill and enhance brand loyalty. Among relevant activities are mailings to recent buyers, congratulating them on their choice and promoting “other fine products” that complement their choice or exhibit “the same high quality” that is embodied in the recent purchase. Often, this advertising includes discount offers or other inducements to leverage the initial choice. Moreover, additional efforts should be made to place public relations information regarding the benefits of the program in local media and to ensure dealers’ understanding of program sponsorship. In brief, it seems appropriate to cross-promote and cross-sell ENERGY STAR products. It may also be useful to identify and sell to customer segments that exhibit high degrees of brand loyalty.

Some additional segmentation research may be useful in this regard. Specifically, the focus group research suggests that important differences may be found between customers who search out information regarding their choices prior to store visits and those who do not. It may be hypothesized from other market research (e.g., Feldman & Mast 2000) that the former group is more likely to use information from newspaper articles and advertisements, consumer magazines, and websites, as well as word-of-mouth endorsements. The latter group may be more readily influenced by point-of-purchase information, such as logos, and by salesperson recommendations. A more systematic study of these differences and the capacity of different types of program to effect change may be useful.

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