

Marketing: *It's More Than Increasing Consumer Awareness*

ENERGY STAR® for New Homes Utility Stakeholder Meeting
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Put Yourself in the Builder's Shoes

Builder's care about one thing:

- Maximizing profits

They accomplish this by:

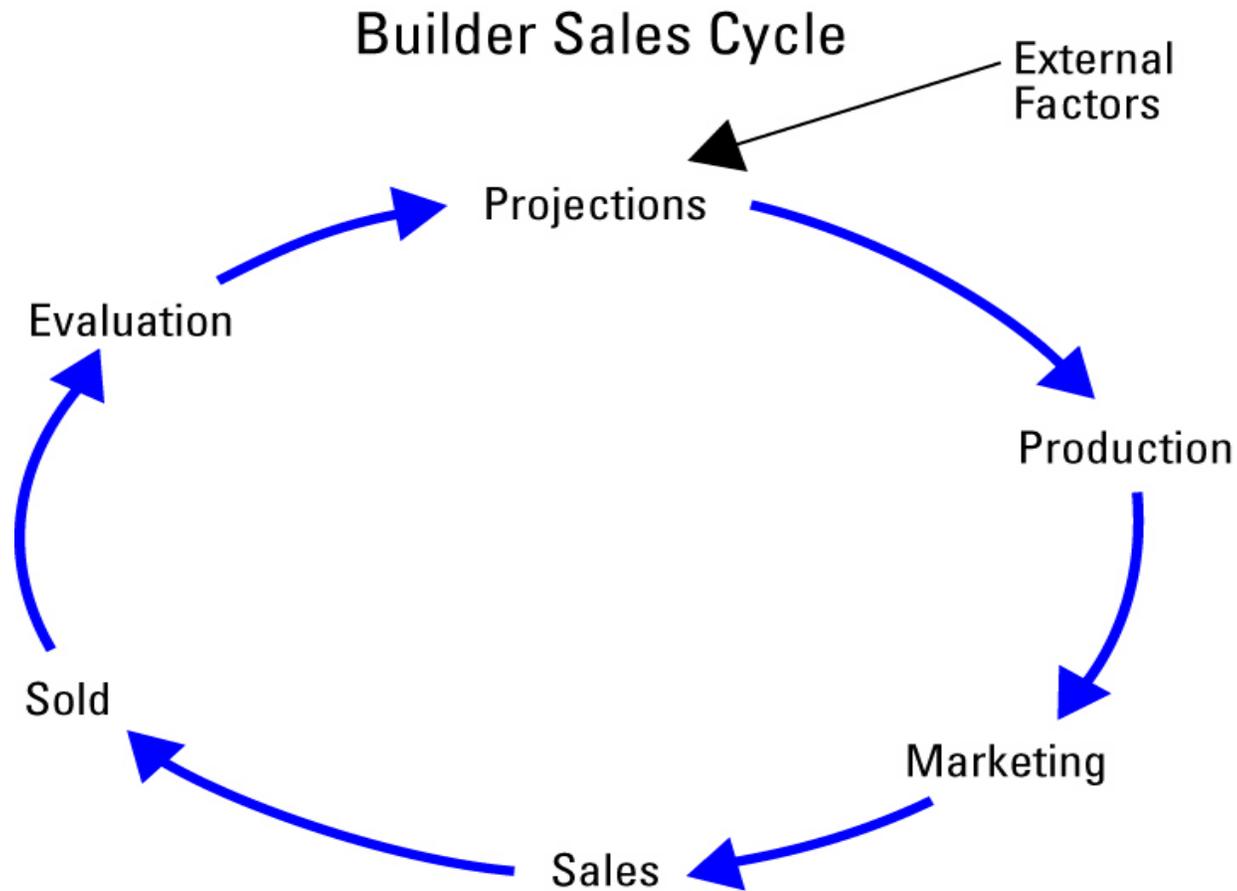
- Minimizing cost of construction
- Selling at the highest price possible
- Moving inventory quickly

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Put Yourself in the Builder's Shoes



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What is Marketing?

- Marketing is a deliberate strategy that can directly contribute to a regional sponsor's energy efficiency goals

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Why is Marketing Important?

- A marketing campaign increases consumer awareness and stimulates consumer preference
- As ENERGY STAR becomes the preferred consumer choice, builders feel compelled to build ENERGY STAR
 - They see value in every stage of the sales cycle
- Regional sponsors can leverage this dynamic to gain greater control over their program and the ability to manipulate the market to their advantage





The Benefits to Regional Sponsors

Marketing can help sponsors:

- Increase builder participation and homes committed to the programs
- Improve cost effectiveness over time
- Create greater stability during times of change to ensure you achieve annual goals

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Increasing Builder Participation

- Production costs will always be a primary barrier
- Builders will participate in the program if they believe ENERGY STAR will help them compete in the market place
- A marketing campaign is a valuable recruitment tool because it:
 - Ensures consumer demand for their product
 - Provides builders with the exposure and differentiation they desire

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Example - Texas

- Ad Campaign
 - Print
 - Radio
 - Billboards
- Builders received exposure based on number of units committed to program
 - Increased number of units committed to program

Houston's ENERGY STAR® Homes
Like reducing pollutants by the weight of 10,000 elephants. Every year.



HoustonEnergyStar.com

Everyone knows that anything that carries the "ENERGY STAR" brand saves energy and money on energy consumption. Right?

But did you also know that ENERGY STAR homes can help save the environment? According to the EPA, just one ENERGY STAR home, when compared to a standard home, actually saves over two tons in the emission of various pollutants. When you consider

all of the homes built in Houston last year under our ENERGY STAR program, that's the equivalent weight of over 10,000 elephants!

So, if you're looking for a new home, make sure it's ENERGY STAR. Besides the ability to save energy and money, only an ENERGY STAR home can also help save the environment.

Now, that's something to trumpet about!

Qualified ENERGY STAR Builders

Lennar Homes • Perry Homes • Trendmaker Homes • Ryland Homes • Newmark Homes
 David Weekley Homes Beazer Homes • Pulte Homes • KB Home • Village Builders • Ashton Woods Homes
 David Powers Homes Partners in Building • Wilshire Homes • Houston Adult Community
 Imperial Homes Meritage Homes • HHN Homes • CastleRock Communities • Centex Homes • Coventry Homes
 Kimball Hill Homes • Pioneer Homes • Plantation Homes • Royce Builders • Hallmark Design Homes
 Carlisle Homes • Lindenwood Homes



Funding provided by the regulated electric utility for this program is approved by the Public Utility Commission of Texas in support of statewide energy efficiency efforts.

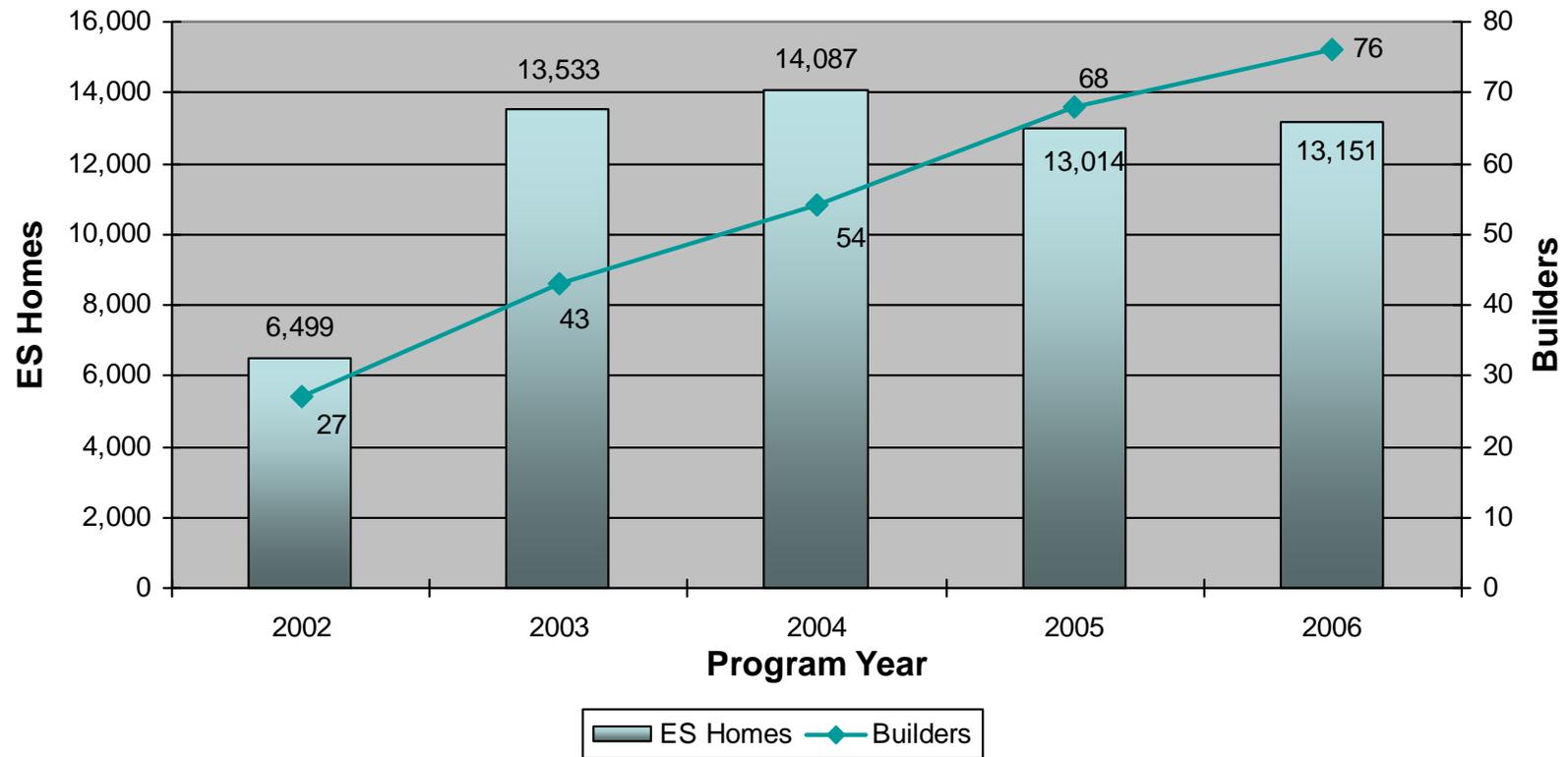
ALWAYS THERE with answers on the spot.®

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Results

Annual Delivery of ENERGY STAR Certificates and Partner Participation



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Anecdotes

- Kiella vs. Omega
 - Kiella outsold Omega 3 to 1 in same community
 - Omega joined ENERGY STAR
 - Kiella raising bar – increasing HERS scores to further differentiate



Improving Cost Effectiveness

- As awareness increases, a *buzz* will be created in the market place
- Builders will begin to realize that they can not compete with out ENERGY STAR
- Once this is achieved, sponsors can begin to modify the program to improve cost effectiveness:
 - Reduce recruitment costs
 - Modify incentive structures (reduce, tier)
 - Purchase more homes (kW/kWh) for same amount of money



- Ad Campaign
- Events
- Mid-stream actors
- Trainings
- Sponsorships
- Web site
- Point-of-Sale

Home is where the **star** is.

↑ ↑

Enjoy your new ENERGY STAR[®] qualified home and spend less to live in it.

CHANGE FOR THE BETTER WITH ENERGY STAR

Welcome to an **ENERGY STAR[®]** qualified home!

OPEN THE DOOR TO

- ★ Lower Utility Bills
- ★ Improved Comfort
- ★ Verified Energy Performance

TXU Electric Delivery

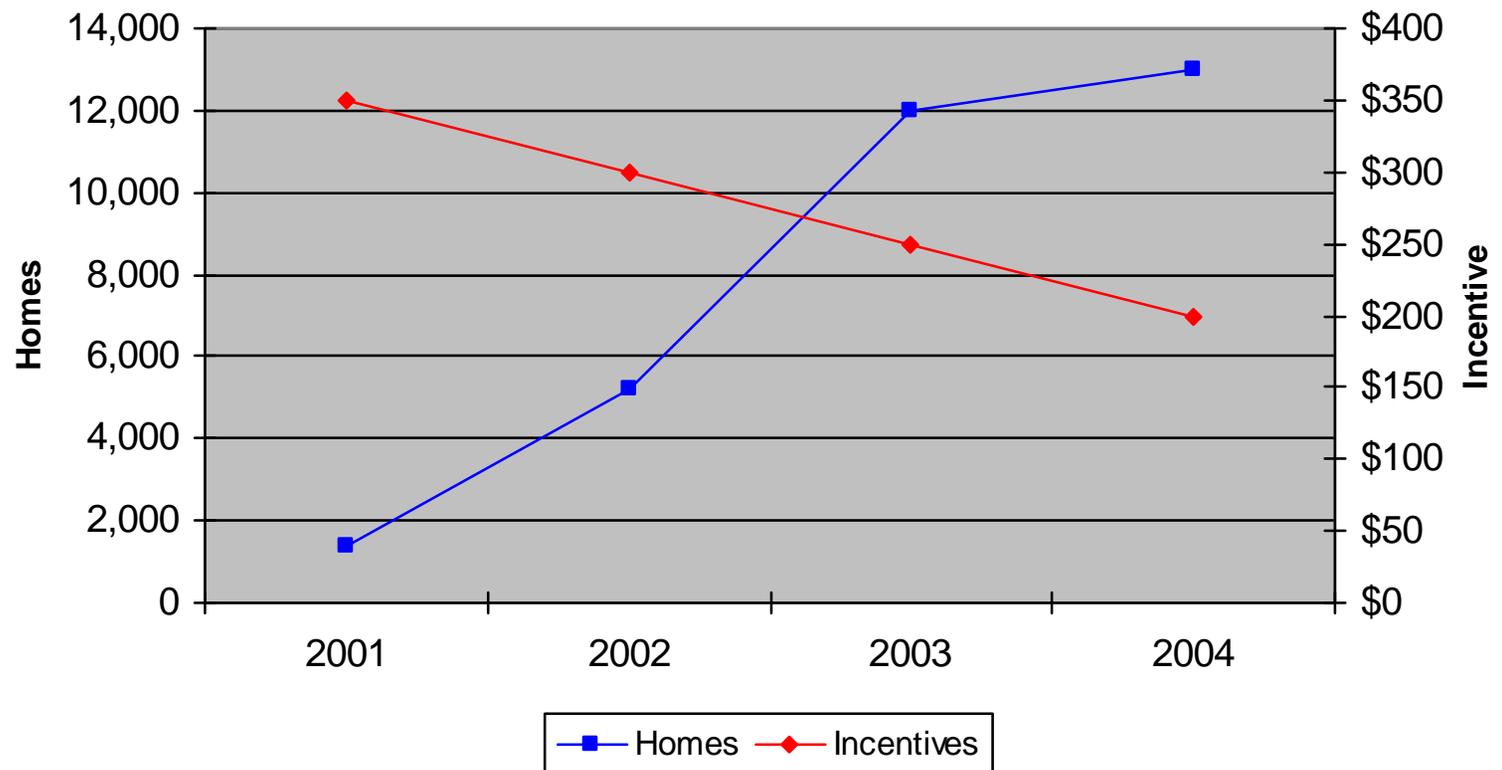
CHANGE FOR THE BETTER WITH ENERGY STAR

TXU Electric Delivery is a proud ENERGY STAR partner.



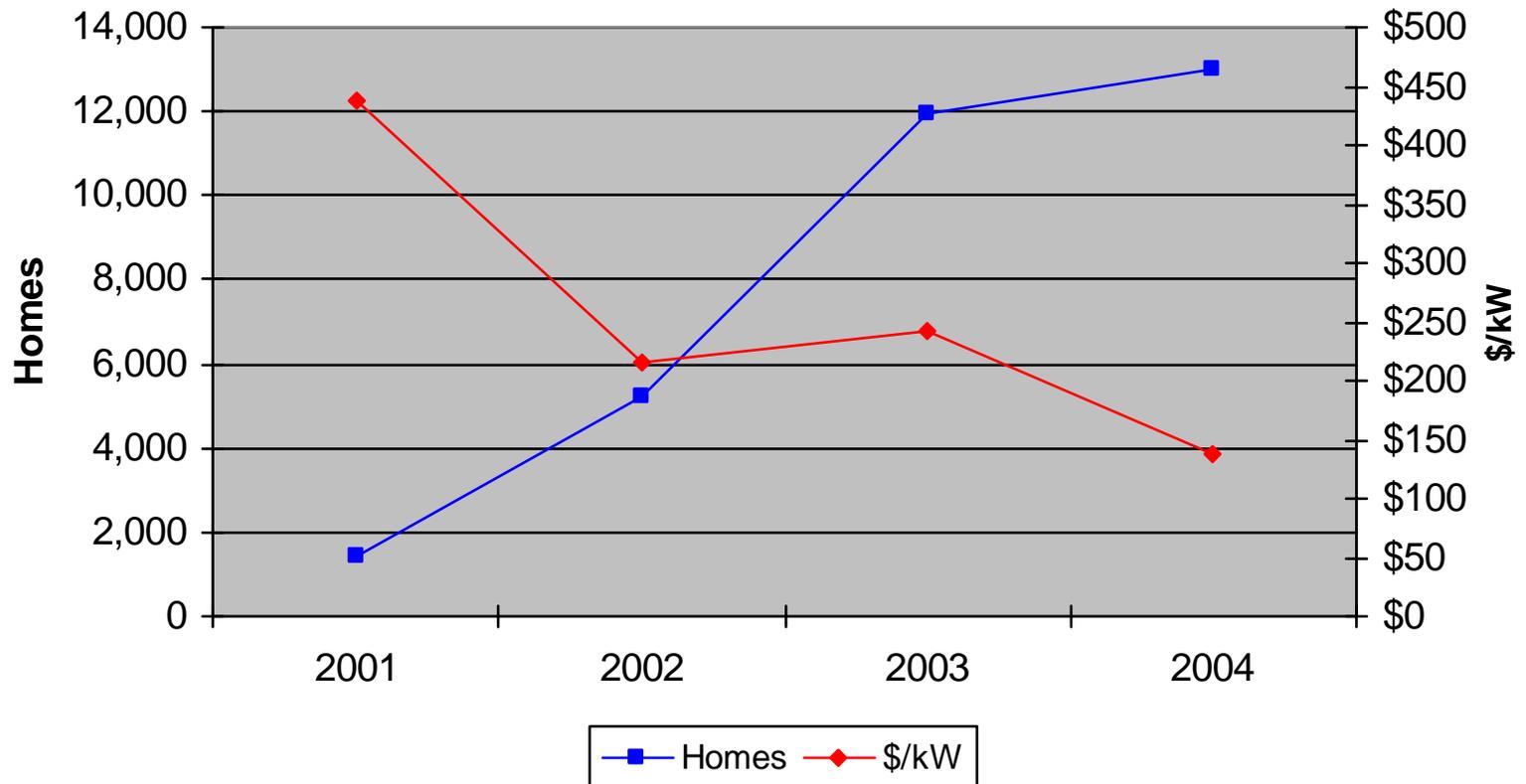
Results

Reduction of Incentive Over Time
Illustration Based on Actual Results in Texas



Results

\$/kW Over Time
Illustration Based on Actual Results in Texas



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Results

Anecdote

- Choice Homes – Sales staff meeting
 - ENERGY STAR communities outselling non ENERGY STAR communities
 - Not being able to compete with ENERGY STAR competitors
- Choice makes decision to add more communities to ENERGY STAR
 - Provides regional managers with authority to make decision in future



Creating Greater Stability

- External factors will always affect programs:
 - Economic conditions (interest rates, cost of materials, demand, interest in green building, etc.)
 - Specification changes (EPA and RESNET)
- Increased demand makes it more difficult for builders to turn away from ENERGY STAR for fear of not being able to compete (especially in a down markets)
- This dynamic allows sponsors to thrive in good markets and maintain goals during down markets
 - ENERGY STAR is critical to builders success



Examples – Texas

Background - Texas

- Sponsors' implemented marketing campaign during past five years
 - Achieved high level of awareness
- Faced significant challenges in 2006 and 2007:
 - Changes to HVAC equipment and ENERGY STAR specifications
 - Market changing (slowing, interest rates, more competitive)
- Expectation was 50% of builders would drop out of program in 2007





Results

- More than 90% of builders returned to the programs
- Committed more than 20,000 ENERGY STAR qualified homes in 2007

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Questions

