ENERGY STAR 2017 Annual National Promotions

Light the Moment, Water Heaters, Smart Thermostats

4/12/17
Annual Outreach Plan: ENERGY STAR® PRODUCTS

JANUARY
- ENERGY STAR MOST EFFICIENT
- Materials Available: MARCH - Water Heaters - Smart Thermostats

APRIL
- NATIONAL PROMOTION
- FLIP YOUR FRIDGE

MAY
- NATIONAL PROMOTION
- LIGHTING
- NATIONAL PROMOTION
- ROOM A/C

JUNE
- NATIONAL PROMOTION
- POOL PUMPS
- NATIONAL PROMOTION
- LAUNDRY

SEPTEMBER
- NATIONAL PROMOTION
- WATER HEATERS

OCTOBER
- NATIONAL PROMOTION
- SMART THERMOSTATS

NOVEMBER
- NATIONAL PROMOTION
- LIGHTING
- NATIONAL PROMOTION
- HEATING
- NATIONAL PROMOTION
- RULE YOUR ATTIC
- NATIONAL PROMOTION
- ENERGY STAR DAY
- NATIONAL PROMOTION
- BLACK FRIDAY
- Materials Available: OCTOBER - Flip Your Fridge - Lighting - Pool Pumps
Benefits of Participating

- Leverage ENERGY STAR’s trusted brand, reputation, popularity – as well as strong network of supporting manufacturers and retailers
- Take advantage of national campaign positioning, tactics, and marketing materials (messaging and graphics) – all developed by an expert marketing, PR, and advertising team
- Benefit from a strategic, effective mix of targeted earned, owned, and paid media that will drive exposure for your program among EPA ENERGY STAR’s broad consumer base
  - Geo-targeted to your market when you participate
  - Driving clicks to promotional pages where your programs are featured
    - 2016 promotions received a combined 266,000+ page views
How to Participate

• Simply integrate ENERGY STAR promotional messaging and graphics into your promotional tactics – and you’re “IN”!
  – If you have a retail program, integrate building blocks from our promotion into your retail-facing materials
  – Promote our graphics and messaging throughout your digital platforms (online and social media)
    • Now more important than ever to share our messaging
    • NEW! Customizable “Ways to Save” Tips web service
  – Integrate our messaging and graphics into other tactics
    • Earned and paid media (PR, advertising, etc.)
    • Newsletters or direct mail (electronic or hard copy)
    • Consumer events, etc.
  – Let us know how you plan to participate / share your co-branded tactics and we will include your logo and link to your program on our promotional page
  – Share post-promotion feedback / results so we can improve on our value to you
• Energystar.gov/marketing_materials
LED Lighting

Light the Moment: Latest

- Materials available in Spanish
- Light the Moment “Event-in-a-Box”
  - Retail Activation Guide with template materials
    - Moment backdrops with activity ideas
  - Posters
  - Customer hand-outs
  - Choose a Light tool
    - Share your “Moments” social media engagement
- “Moments” Compilation
- Moments for social media

Choose a Light with ENERGY STAR

Use our Choose a Light Guide to find an ENERGY STAR bulb with the perfect shape, color, and brightness for your home.

FIND YOUR LIGHTBULB ➔

Not sure what type of LED bulb is the right one for your moment?

Follow the steps below or visit our easy-to-use Choose A Light tool and we’ll help you find it.

energy.gov/chooselight

STEP 1: CHOOSE THE SHAPE

ENERGY STAR certified LED task lights are available in a variety of shapes and sizes for any application—including recessed cans, track lighting, table lamps, and more.

<table>
<thead>
<tr>
<th>Shape</th>
<th>Description</th>
<th>Image</th>
</tr>
</thead>
<tbody>
<tr>
<td>Task</td>
<td>Recessed Can</td>
<td><img src="image1.png" alt="Task Light" /></td>
</tr>
<tr>
<td>Task</td>
<td>Track Lighting</td>
<td><img src="image2.png" alt="Task Light" /></td>
</tr>
</tbody>
</table>

STEP 2: CHOOSE THE BRIGHTNESS

Choose a light that will determine how many lumens you need to match the brightness of your standard bulb.

<table>
<thead>
<tr>
<th>Standard Bulb</th>
<th>60W</th>
<th>90W</th>
<th>120W</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lumen Value</td>
<td>400</td>
<td>600</td>
<td>800</td>
</tr>
<tr>
<td>ENERGY STAR</td>
<td>1,300</td>
<td>1,500</td>
<td>1,800</td>
</tr>
</tbody>
</table>

STEP 3: CHECK THE PACKAGE

Make sure you’re getting the bulb you want by reviewing the Lighting Facts label on the package. Key bulb details include brightness, light appearance in color, and energy used.
LED Lighting

**LIGHT WITH THE MOMENT**

**Media Calendar**

**QUARTER 1 - 2017**

**MEDIA RAMP-UP**

Social media campaign focused on seasonal moments for customer engagement (see below)*

**QUARTER 2 - 2017**

**APRIL - HARD CONSUMER LAUNCH**

Broadcast PSA/Video (earned, YouTube boosting, digital advertising)**

Retail / Manufacturer Co-Marketing POP***

Influencer Partnership (e.g., IZEA)

* Social media assets available January 2017
** Video assets available February 2017
*** Building blocks for POP and other creative available December 2016
**** Retail event activation toolkit available April 2017

**QUARTER 3 - 2017**

**OCT – 2ND MEDIA FLIGHT**

National Media Partnership (e.g., HGTV)

Retail Event Activation****

**QUARTER 4 - 2017**

**SEASONAL MOMENTS FOR SOCIAL MEDIA**

**JAN / FEB / MAR**

- Family gatherings/cozy evenings
- Kids’ sleepovers
- Valentine’s Day
- Super Bowl parties
- St. Patrick’s Day
- March Madness

**APR / MAY / JUNE**

- Earth Day
- Bringing home new baby
- Kids indoor on rainy day
- Getting ready for graduation
- Prom date pick-up

**JULY / AUG / SEPT**

- Outdoor lighting
- Parent putting bandage on a kid’s knee
- First day of school
- College move-in day

**OCT / NOV / DEC**

- Halloween
- Daylight saving time
- Thanksgiving dinner
- Holiday party
- New Year’s Eve
LED Lighting

Retail/E-tail Engagement (so far)

- The Home Depot
- Walmart
- Amazon
- Best Buy
- GE Lighting
LED Lighting

Retail/E-tail Engagement

ENERGY STAR. The simple choice for energy efficiency.

save green. live green

THE ECO OPTIONS PROGRAM
Available only at The Home Depot

LIGHT THE MOMENT WITH ENERGY STAR

Join us this year in the national effort to replace 300 million old light bulbs with ENERGY STAR certified LED bulbs, and help save $1.5 billion dollars in annual energy bills, and prevent 7.7 billion pounds of greenhouse gas emissions.

Shop ENERGY STAR LED bulbs

THE ECO OPTIONS PROGRAM IS BUILT ON THESE FIVE Pillars OF LIVING GREEN:

ENERGY EFFICIENT
WATER CONSERVATION

HEALTHY HOME
CLEAN AIR
SUSTAINABLE FORESTRY

ENERGY STAR LED bulbs use 75% less energy
Save you $40 to $135 in energy bills, and last 10 to 25 times longer than incandescent bulbs.

amazon
Water Heaters

• 2016 Highlights
  – More than 11 million total impressions!
    • 3.4 million media impressions with Google Display Network, Facebook, and paid search
    • 7.7 million impressions through influencers BobVila.com, ThisOldHouse.com, and Hearst
  – 35,400 pageviews to energystar.gov, 4x the promotional pageviews in 2015
  – 49,000 views and nearly 200,000 impressions of Ask the Expert: Water Heaters video
## Market Penetration

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Gas Storage: ES Certified (% of market)</td>
<td>108 (3%)</td>
<td>161 (4%)</td>
<td>216 (5%)</td>
<td>275 (6%)</td>
</tr>
<tr>
<td>Gas Tankless: ES Certified (% of market)</td>
<td>339 (N/A)</td>
<td>397 (N/A)</td>
<td>416 (N/A)</td>
<td>297 (N/A)</td>
</tr>
<tr>
<td>Electric: ES Certified (% of market)</td>
<td>34 (1%)</td>
<td>43 (1%)</td>
<td>46 (1%)</td>
<td>55 (1%)</td>
</tr>
</tbody>
</table>

**Opportunities:**
- If all residential water heaters sold in the United States were ENERGY STAR certified, the energy cost savings would grow to nearly $13.4 billion each year, and more than 155 billion pounds of annual greenhouse gas emissions would be prevented, equivalent to the emissions from nearly 15 million vehicles.

Water Heaters

Choose an ENERGY STAR® Certified Electric Storage Water Heater

Soak in the Savings!

Electric storage water heaters that have earned the ENERGY STAR are independently certified to save you money and help prevent climate change. In fact, they:

- Use less than half the energy of a standard electric storage water heater.
- Can save a four-person household $330 per year in energy bills.

To improve efficiency, ENERGY STAR certified electric storage water heaters use a highly efficient heat pump—essentially a refrigerator run in reverse—to transfer heat from the surrounding air to the water. They are referred to as heat pump water heaters (HPWHs).

CHOOSE AN ENERGY STAR® CERTIFIED ELECTRIC STORAGE WATER HEATER

February 2016

Take Advantage of Incentives and Tax Credits

Many utilities offer incentives for purchasing ENERGY STAR certified HPWHs. The table below shows several examples from across the country. Check with your local utility for more details or go to www.energystar.gov/energyincentives. Certified HPWHs also qualify for a $300 federal tax credit in 2016.

Table 1: ENERGY STAR Certified HPWH Incentives

<table>
<thead>
<tr>
<th>State</th>
<th>Utility</th>
<th>Incentive</th>
</tr>
</thead>
<tbody>
<tr>
<td>GA</td>
<td>GA</td>
<td>$300</td>
</tr>
<tr>
<td>HI</td>
<td>GA</td>
<td>$350</td>
</tr>
<tr>
<td>MA</td>
<td>MA</td>
<td>$500</td>
</tr>
<tr>
<td>NY</td>
<td>NY</td>
<td>$500</td>
</tr>
<tr>
<td>WA</td>
<td>WA</td>
<td>$500</td>
</tr>
</tbody>
</table>

Save Thousands of Dollars

An ENERGY STAR certified HPWH can save a four-person family $1,050 over its lifetime and will pay for its additional cost in two years.

Table 2: ENERGY STAR HPWH Savings Based on Household Size

<table>
<thead>
<tr>
<th>Household Size</th>
<th>Annual Savings</th>
<th>Payback (Years)</th>
<th>Lifetime Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>$160</td>
<td>4.9</td>
<td>$1,320</td>
</tr>
<tr>
<td>3</td>
<td>$240</td>
<td>3.3</td>
<td>$2,380</td>
</tr>
<tr>
<td>4</td>
<td>$330</td>
<td>2.5</td>
<td>$3,440</td>
</tr>
<tr>
<td>5</td>
<td>$410</td>
<td>2.0</td>
<td>$4,490</td>
</tr>
<tr>
<td>6</td>
<td>$490</td>
<td>1.6</td>
<td>$5,550</td>
</tr>
</tbody>
</table>

Assumes: Electricity Rate of 12 cents/kWh; Incremental cost = $800; 13-year lifespan
**Market Barriers**

- **Consumer**: Unaware of ENERGY STAR and rebates; commodity item; additional cost; low availability; emergency replacement issue.
- **Contractor**: Unaware of ENERGY STAR and rebates; no customer demand; lose job due to extra cost; additional installation issues (HPWH heavier and taller; need electrical outlet for ES gas storage); incentives paid too slowly.
- **Retailer & Distributor**: Unaware of ENERGY STAR and rebates; low demand leads to inconsistent stock.
- **Efficiency Program & Utility**: Downstream incentives not moving market.
- **Manufacturer**: Not seeing demand so continued high price premium; GE recently dropped HPWHs.
Water Heaters

Water Heater Market

- Market still remains the Big 3 – AO Smith, Rheem, and Bradford White.
- Residential market: sold 50% at retail and 50% wholesale.

Source: AO Smith at 2016 ESPPM
Overcoming Consumer Barriers

• Direct-to-consumer outreach promoting:
  1. Energy and money savings associated with ENERGY STAR.
  2. Rebates and other incentives associated with ENERGY STAR.
  3. Right fit for your home.
  4. Ease of replacement.
  5. Stress benefit of early replacement to address emergency replacement challenges.
  6. Step-by-Step Guide for consumer to educate around 3. and 4. but also including contractor information to address availability barrier.
Water Heaters

- **Tagline / Call-to-Action**  
  - NEW! Upgrade Now and Warm Up to Savings (based on retail POP feedback).

- **Objective**  
  - Encourage consumers to plan their replacement of an old (>10 years) water heater and replace it with ENERGY STAR.

- **Timing:** September 1st – October
Water Heaters

**Water Heaters: Promotional Opportunities**

- Retail POP
- Digital media
  - Online / Social
    - Web buttons, digital graphics, educational content
    - Ask the Expert video
- **Notification of Participation:** Due 2 weeks prior to launch date (Friday, August 18).
Water Heaters

Water Heaters: Proposed Media Mix

• Paid online advertising to incent clicks to energystar.gov/WaterHeaters where participating utilities will be featured.
  – Google Display Networks
  – Facebook
  – YouTube (Ask the Expert Video)

• Native content in online DIY / Renovation publications.
  – Consider geo-targeted opportunities, such as Hearst

• NEW! Explore influencer partnership / “vlogger” representing leader in adopting cutting edge technologies.

• Owned channels
  – Social
  – E-newsletter to more than 600,000
Overcoming Contractor Barriers

- Promote contractors that support ENERGY STAR to consumers
  - Provide consumers resources to find experienced contractors that have installed ENERGY STAR certified water heaters.
  - Work with retailers and trade associations to develop contractor resources.

- Encourage midstream distributor incentives to incent contractors.
Midstream Distributor Incentive Example: Energize CT

• Provide incentive to distributor who then passes on savings to contractor.
• Data presented by Energize CT at 2016 ESPPM.
• 10x increase in sales compared to 2013.
• Includes some commercial gas water heaters as well.
• Energize CT considers the distributor “upstream” not midstream.
Midstream Distributor Incentive Example: Efficiency Vermont

- Data presented by VEIC at 2016 ACEEE Summer Study.
- 7.5 times increase in sales in 2015 for HPWHs.
- VEIC considers the distributor “upstream” not midstream.
New Water Heater Opportunity: Midstream Incentive to Distributors

- EPA will promote midstream incentive programs targeting distributors to jumpstart residential water heater programs.
- Distributor is an excellent target for incentives.
  - Contractor receives “instant rebate” from distributor – who is better able to wait for reimbursement than contractor.
  - Distributor is highly motivated – can sell hundreds of higher profit margin water heaters.
  - Burden of educating contractors on benefits of ES certified water heaters taken on partially by distributor.
  - Utility can focus outreach efforts on a limited number of distributors instead a large number of plumbers in the service territory.
- Great success has been shown by a number of programs.
- Contact EPA if interested.
NEW! Smart Thermostats

• Introducing a new ENERGY STAR certified product category and supporting promotion with the goal of:
  – Raising awareness of the benefits of smart thermostats, in general, and what differentiates ENERGY STAR certified smart thermostats from other models.
  – Encourages consumers most likely to seek smart thermostats for their homes to choose ENERGY STAR smart thermostats due to the following benefits:
    • Greater, and more reliable savings based on real-world data.
      – Proven performance
      – Ease of Use
    • The extent of rebates, and other special deals, now available on ENERGY STAR smart thermostats.
Opportunity

- Leverage both the growing market for smart thermostats as well as the growth of utility programs supporting smart thermostats to shift a greater proportion of sales growth to ENERGY STAR.
  - To date, more than 50 partners interested in participating in the ENERGY STAR smart thermostat promotion, representing more than 25 million households.
  - Smart thermostats represent approximately 50%+ of all new thermostat purchases.
  - Retail and utility sales channels together have more than quadrupled since 2013 and still growing.
• 70% say energy conservation is important to very important in the way it impacts their daily purchases and activities.
• 45% say buying/using eco-friendly products is an important part of their personal image (up significantly from 2015).
• 60% believe a fully connected home will be achievable within five years (www.throughtek.com).
• 84% of smartphone or tablet owners either currently, or plan to, control a connected home device in the next year.
• 39% prioritize smart thermostats as the technology they’d try given a chance.

19.8m
Likely household penetration for smart thermostats

Source: Energy Pulse 2015, Shelton Group
Smart Thermostats

Strong Retail Exposure

- 57% of homeowners get ideas and information for home improvements from home improvement stores like Lowe’s and The Home Depot.
- Home improvement retailers, as well as other big box retailers / e-tailers, such as Best Buy, The Home Depot, Lowe’s, Amazon, Walmart, Target, etc. either currently have, or have plans to implement, a smart home section in their stores.

Source: Energy Pulse 2015, Shelton Group
Audience Insights

• Smart thermostat buyer profile:
  – Homeowner
  – Male / slight skew to male parents
    • Older – Gen X, Y – with home.
  – Higher income
  – Higher education
  – Home technology enthusiast
    • Interested in investing in their home.
    • Interested in saving energy.
    • Interested in technologies that can optimize control of home services.
Circumstances prompting purchase
  - Upgrading HVAC or HVAC maintenance
    • Potential to target new homeowners / homeowners with old HVAC systems / customers searching online for HVAC contractors.
  - Received program information from utility.
    • Opportunity to coordinate with utility programs and marketing efforts.

Shopping behavior
  - Per manufacturer feedback, customer tends to go through the following step-by-step process when shopping for a smart thermostat:
    • Research online
      - Particularly look for product reviews
    • Talk to friends / family
    • Check out physical product at retail
    • Purchase at retail or online
To effectively promote ENERGY STAR certified smart thermostats, the campaign positioning must:

- Effectively communicate to the existing smart thermostat consumer what makes ENERGY STAR smart thermostats the best choice among smart thermostats.

- ENERGY STAR smart thermostats are independently certified to deliver reliable performance and energy savings based on real-world data.
Smart Thermostats

Campaign Messaging

• Proposed Tagline
  – The Smart Choice Made Simple
    • The smart thermostat consumer wants to make a smart choice. ENERGY STAR is that choice.
    • Choosing the best smart thermostat today is NOT easy – it requires a great deal of research and feedback gathering from influencers. ENERGY STAR makes it easy since we have done the work for you.
    – ENERGY STAR smart thermostats are “certified smart” through independent testing so you can trust that ENERGY STAR will deliver on what you expect from smart thermostat technology.
2 main marketing channels:
- Direct to consumer
  - Targeted Online Media
    - Advertising
    - Earned and native influencer articles
  - Targeted Facebook
    - Leverage friends and family influence
  - Manufacturer coordinated POS
- EEPS leveraging
  - Coordinated, geo-targeted efforts
    - Template marketing materials
      - Explore relevant formats with utility partners with marketing programs beyond product rebates.
    - Template POP to promote rebates

TARGET AUDIENCE:
✓ Men with families that own a home and might be looking to upgrade their HVAC
  ➢ New home buyers
  ➢ Consumer seeking HVAC upgrades / maintenance or security systems
Smart Thermostats

Campaign Execution

- **Direct-to-consumer**
  - Online earned and paid
    - Infographics
    - Educational Video
      - What makes ENERGY STAR smart thermostats “certified smart”?
  - Facebook / Twitter
    - Sample messaging and graphics
  - POS
    - Building blocks that partners can leverage as part of in-store displays

- **Utility leveraging**
  - Direct mail templates
  - Advertising templates (e.g. Online, billboards, radio scripts, etc.) Share your ideas.
  - POP templates
Questions?

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