

Duke Energy Free CFL Giveaway

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NEED/OPPORTUNITY

Why do power companies try to motivate people to use less energy? Because it saves customers money and helps the power company better manage demand and reduce its environmental imprint.

Duke Energy's long-term efficiency and conservation vision is to encourage consumers to adopt more energy-conscious living habits. Installing CFLs is an easy first step in helping customers be more energy efficient. Switch to compact fluorescent lightbulbs (CFL), and you gain 75 percent more efficiency over incandescent bulbs. Replace your home's six most frequently used incandescent bulbs with ENERGY STAR-qualified CFLs, and you can save more than US\$180 over the lifetime of the bulbs.

A 2009 Department of Energy report citing a CFL adoption decline of 25 percent, with shipments of CFLs dropping 49 percent since 2007, came as a big surprise. Duke Energy felt that overcoming this trend would be critical to reducing energy consumption and helping to establish the company as a trusted energy adviser. Duke's challenge was to define contributing factors and reverse the pattern.

INTENDED AUDIENCES

CUSTOMERS

Duke Energy outlined a plan for mass CFL distribution to two million residential customers. Saving money is a "no-brainer" selling point for everybody, so the giveaway campaign appealed to customers who were not already motivated to live environmentally smart.

REGULATORS (MEMBERS OF UTILITIES COMMISSIONS AND THE PUBLIC STAFF)

Regulators approved the program, but Duke Energy still faced a major communication and consumer education challenge. The company had to convince consumers that the program would really save them time, money and effort.

MEDIA

Duke Energy rightly concluded that consumer savings on electric bills would grab media attention. The team also knew that reducing residential energy demand could delay the need for costly, new energy plants and shrink carbon emissions significantly.

EMPLOYEES

The project team leveraged the "friends and family" element of its employee base to test new technology while marketing new products and services to employee-customers.

GOALS AND OBJECTIVES

Duke Energy views energy efficiency as the “fifth fuel,” joining coal, natural gas, and nuclear and renewable energy as critical resources for meeting the energy needs of the communities it serves. Duke Energy’s sustained energy efficiency goals include:

- Meeting electricity needs in the most environmentally friendly way possible.
- Helping customers save money on their electric bills.
- Reducing the need to build expensive new power plants.

Lighting represents 10–15 percent of Duke Energy’s residential energy use. For this reason, Duke Energy decided to help customers quickly reduce energy use by offering them free CFLs along with powerful reasons (consumer education) for making the switch.

CFL program goals included:

- Persuading 20 percent of eligible Duke Energy customers to sign up for free CFLs in 2010 (approximately 400,000 people each requesting six free CFLs).
- Decreasing residential energy use to save enough energy to power 36,000 homes in 2010.
- Meeting 12 percent of customers’ electricity demand through energy efficiency by 2030.

Additionally, Duke Energy reasoned that program success would convince regulators to continue supporting its energy efficiency and conservation programs, and let the company profit from its energy-conscious efforts.

SOLUTION OVERVIEW

STRATEGIES

Four strategies guided the campaign’s execution and messaging:

Stress simplicity. Duke Energy educated customers about how easy it was to lower energy bills and help the environment by switching to CFLs. The team established the following guidelines for promoting the program:

- It must be simple, problem-free and easy to act on.
- It must provide a quick and demonstrable payoff.
- I must not impact lifestyle.

Overcome objections to CFLs. Focus groups revealed that most Duke Energy customers knew about the benefits of CFLs. Many had already purchased one or more CFLs on their own. But these same customers felt that CFLs lacked the clear brightness of regular bulbs. They also complained that CFLs didn’t work with dimmer switches, weren’t aesthetically suitable for certain areas of the house and that they ran the risk of mercury exposure from breaking a CFL. Additionally, Duke Energy knew that other utilities had received criticism for distributing free CFLs to customers who didn’t first request them. This campaign would be educational and provide coupons or ways to order CFLS—giving the customer the right to choose.

Focus on collective impact. Studies show that consumers are concerned about the effect that energy consumption has on the environment but need to feel they can actually make a difference. Wherever possible, the company touted collective energy savings that each participating customer could generate.

Utilize partnerships with well-known retailers. Duke Energy turned to ubiquitous channels like General Electric, Walmart and Niagara Conservation for CFL distribution.

KEY MESSAGES

- Replace six standard bulbs with CFLs and save up to US\$180 over the lifetime of the bulbs.
- CFLs use 75 percent less energy and last up to 10 times longer than standard bulbs.
- CFLs are safe and emit the same light quality as standard bulbs.
- If 1.3 million Duke Energy customers replace regular bulbs with CFLs, they could save enough energy to power more than 36,000 homes.

EXECUTION/TACTICS

A team of Duke Energy employees, focused on energy efficiency efforts, implemented the program with professional assistance from an outside agency—for printing the coupon and direct mail collateral. Cheryl Robinson (the entrant) developed the communication plan and managed all creative projects. The phone and web-based tools were created by Duke Energy under Robinson's direction.

The following is a review of the primary campaign elements.

- **Direct mail (coupons and business reply cards):** Duke Energy and its partners created and mailed coupons redeemable for GE Energy Smart® bulbs at participating Walmart stores. Later, to increase free CFL redemptions and to decrease customer effort, Duke Energy mailed a prelabeled, postage paid card for easy return mailing to request CFLs be delivered to the recipient's home. No clipping, no trips to the store, no hassle.
- **Phone/Web ordering tools:** Customers could request free bulbs by using a toll-free automated hotline, visiting www.duke-energy.com/free-cfls or logging into their online services account. They could also check the status and tracking number of their order on this site. Before launching the phone and web ordering systems, Duke Energy tested them with employees. Employee participants completed surveys for each ordering process and rated the ease of tracking order delivery status. After two months of internal program testing (using the employee audience) and fine-tuning, Duke Energy informed customers about the availability of these new processes through promotional information that intercepted customers when they logged onto their online services account, e-blasts, and messages included on paper and e-bills.
- **Customer service:** Call centers used talking points to answer customer questions and address potential complaints. By adding a unique URL to direct mail that led to a frequently asked questions page, Duke Energy helped speed the process by letting customers answer their own questions.
- **Media relations:** Duke Energy announced the CFL giveaway to the public through news releases and proactively engaged with reporters.

Employee communications: At the onset of the campaign, Duke Energy posted a notice on the employee portal and a short announcement in a companywide e-mail called "This Week at Duke Energy." The

portal included a discussion forum where employees could ask questions about the CFL campaign. The team further involved employees by asking for their help in the phone and web ordering system pilots.

IMPLEMENTATION AND CHALLENGES

The proposed budget for this 11-month campaign was US\$200,000.

Success depended on Duke Energy resolving a problem of low supply and high demand. The first coupon promotion resulted in more than 15,000 requests for free bulbs. But this higher-than-expected demand frustrated customers when Wal-Mart stores ran out of CFLs and GE couldn't restock shelves quickly enough.

In response, the team quickly distributed a news release expressing Duke Energy's sincere concern and regret about the situation. They then worked quickly with GE and Walmart to reallocate inventory from other warehouse locations. To resolve supply issues, the team held back several mail drops to allow for inventory replenishment. In addition, GE mailed a postcard to Duke Energy customers offering them the chance to redeem two three-packs of CFLs if the six-packs were out of stock.

MEASUREMENT/EVALUATION

OBJECTIVES ACCOMPLISHED

- Approximately 1.6 million Duke Energy customers requested free CFLs, dramatically surpassing the 20 percent goal for 2010. This resulted in the distribution of 10,459,386 bulbs.
- Between February and December 2010, Duke Energy customers requested more than 10.4 million CFLs, which saved enough energy to power 44,921 homes and offset the same amount of carbon dioxide emissions as a 700,000-acre forest.
- Success in 2010 means Duke Energy will continue the program in 2011. At this point, the company is well on its way to meeting a full 12 percent of customers' electricity demand through energy efficiency by 2030.

OTHER MEASURES OF SUCCESS

- The Walmart coupon campaign was so popular that the six-pack CFL advertised in it was the company's best-selling product in the CFL category. Duke Energy's CFL campaign drained the national supply of this bulb, which required GE to reallocate supplies and shipping from the manufacturer in China.
- Among the thousands of pages on duke-energy.com, the "Free CFLs" web page currently ranks seventh, with 104,537 page views between September and December 2010.
- The communication team tracked online services and web ordering tactics closely through Google Analytics to evaluate which communications converted into customer actions. For example, the phone/web pilot was more successful in November through online services promotion (with 46,852 orders) than through general, public promotion (1,869 orders).
- An unexpected evaluation of the campaign came from social media. Between 15 September 2010, and 24 November 2010, more than 500 online posts mentioned the Duke Energy CFL giveaway.