

IEA DSM Task VII Market Research



Verney Ryan
Operating Agent for the IEA DSM
Task VII - Market Transformation
Energy Division
The Building Research
Establishment
Garston, Watford
WD25 9XX
United Kingdom
Ph: ++ 44 (0)1923 664318
Fax: ++ 44 (0)1923 664097

Executive Summary

When will buying “energy efficient” be as fashionable as buying “organic”?

The marketing challenge for the branding of energy efficiency is not a question of spreading knowledge but of establishing image is but one of the conclusions drawn from this multi-national energy efficiency study conducted by the International Energy Agency’s Demand Side Management Task on Market Transformation

A detailed survey of 6 European countries was carried out to measure knowledge and attitudes towards efficient use of energy in private households in Denmark, Finland, The Netherlands, Norway, Sweden and the UK. The intention was to use these findings to stimulate new methods of targeted marketing amongst energy efficient product manufacturers.

The study explores attitudes and behaviour in the field of energy efficiency, which are closely related to typologies and value patterns. Understanding the characteristics of these typologies and value patterns will be crucial for those wishing to market their energy efficient products and services effectively.

To the best of the authors knowledge, no such international investigation has ever been undertaken with an emphasis on analysing attitudes, habits and the use of energy efficient products and how these correlate to an individual’s specific socio cultural cluster.

The results have conclusively proved that a cross-country analysis of public attitudes on energy efficiency is possible. The results also provide invaluable information that is needed when talking about “selling” energy efficiency as a concept with multinational market actors and industry.

The research explores a number of issues vital to understanding the complex purchasing patterns of the domestic user of energy including a dialogue on brand attraction, knowledge of energy saving efforts, energy saving actions, use of energy saving light bulbs, energy efficient behaviour and willingness to pay for products labelled with special energy efficiency symbols.

The report’s findings are based on both bivariate and multivariate analysis and include some interesting findings for those involved in energy efficiency, and for product manufacturers who produce efficient products. For instance, at least 2/3 of the 6000 strong survey sample were willing to pay more for products labelled with special energy efficient symbols – good news for those in the electronics industry who may be concentrating efforts on increased product efficiency.

This critical marketing data has enabled Task VII participants and industry to explore new promotional ideas for energy efficiency and to seek solutions that will increase consumers’ desire for energy efficient products and services.

The results of this market research, in conjunction with a cooperative industry, may provide the key to stimulate a demand for the “brand” of energy efficiency that could be as strong as the ever growing demand for the brand of ‘organic’ food’.

It is hoped that various market actors will use the information from the following market research to develop a ‘brand’ approach to energy efficiency. This ‘brand’ approach would focus more strongly on people as brand aware, self-conscious consumers. Thereby lifting promotion of energy efficiency beyond the usual ‘save money and the planet’ arguments and seeking to identify energy efficiency with the lifestyles, values and attitudes that currently drive consumer purchasing.

Background – Branding of Energy Efficiency

Energy saving technologies are currently available for most systems such as refrigeration equipment, lighting, washing machines, freezers, dryers etc. This equipment is not only technically proven but also cost effective at current energy market prices. In addition, most of these products are labelled as energy efficient and by all respects represent the common sense choice to consumers. However, the overall sales of these products when compared to their potential use and benefits to the consumer are very disappointing. This is because the preferred choices made by consumers are largely motivated by factors other than energy efficiency. For instance, when a consumer chooses between fridge A or B they often base their decision on brand name, design, interior lay-out, noise level and product's price, rather than the energy consumption considerations of the fridge.

Energy efficiency is low or non-existent in the consumer's **hierarchy of needs** when deciding between competing consumer products. There are many complex reasons for this consistent disregarding of energy efficiency in purchasing decisions. However, one theory holds that energy efficiency is not dominant in purchasing decisions because few consumers, if any, have ever been professionally exposed to marketing and branding of energy efficiency as a positive consumer choice. As a consequence, the value attached to the brand's image, i.e. capability of reflecting and enhancing the purchaser's own desired image as being energy-conscious, is not perceived as a selling point.

Subsequently energy efficiency is not in the consumers' **evoked set**, not at the top of their mind and hence disregarded and rejected in favour of other factors that have established themselves in the market place. These other factors have acquired their positions in the mind's evoked set through marketing by the producers and retailers over long periods of time. As yet there has been little significant marketing of energy efficiency as a desired selling point for consumers.

One of the most efficient marketing concepts in existence today is establishing **brand preferences**, i.e. making the buyers voluntarily prefer, even at higher prices, products that yield added value in the form of intangible assets like image or reinforced image to the buyers. Building an **Energy Efficiency Brand** utilising the skills and techniques inherited from marketing will provide a communicable and targeted means through which to raise the profile of energy efficiency up the list of a consumer's preferred choice. Targeted sectors in the market will respond differently to a variety of branding messages. The most effective way to communicate any message is to know how and what message the receiver of the information best responds to. One way of finding out attitudes and values in the field of Energy Efficiency is to undertake market research studies revealing just how sectors of consumers can be expected to react to a 'branded' energy efficiency message. This will be dependent on a consumer's set of values and aspirations as defined by the social-valued category he/she is a 'member' of.

Brands give generic products added value by adding desired image to the buyer, which is why:

People don't buy the generic drink mineral water - they buy Coke, or Pepsi.

People don't buy generic shoes - they buy Dr. Martens or Nike.

People don't buy generic film - they buy Kodak or Fuji.

And as a better example in this instance, people no longer just buy food they specify **Organic Food**. Branding energy efficiency as a positive lifestyle choice in tune with peoples' desires, aspirations and values, may help to raise energy efficiency up the agenda of consumers purchasing decisions so that, like organic food, requesting energy efficiency becomes a popular choice when consumers are buying new energy using products. This has the capacity to transform the chain of market actors, from manufacturing through to the selling and buying of products, as the demand for the most energy efficient products increases.