SmartGrid consumer collaborative
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Consumer Pulse and Market Segmentation Study—Wave 6

June 2017

Executive Summary for Non-SGCC Members

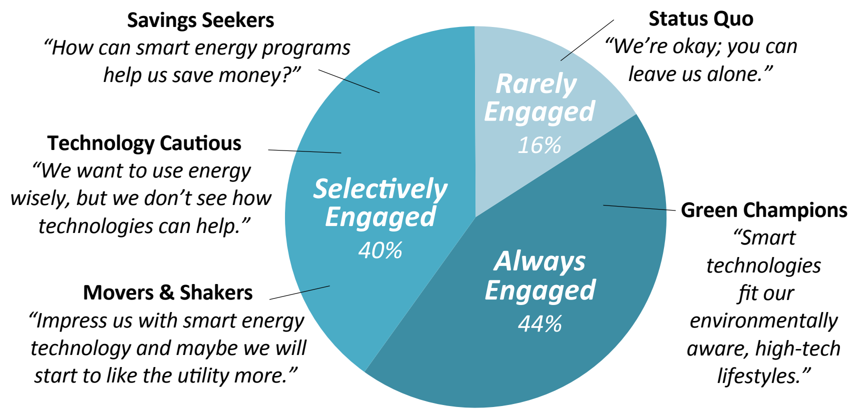
Table of Contents

SGCC's mission is to serve as a trusted source of information for industry stakeholders seeking a broad understanding of consumers' views about grid modernization, electricity delivery and energy usage, and for consumers seeking an understanding of the value and experience of a modern grid. Learn more at **smartgridcc.org.**

This research was conducted by Research Into Action, a market research and evaluation services firm that provides actionable insights about audiences, markets, and processes, and is committed to increasing the responsible use of clean energy and natural resources throughout the nation and the world. Learn more at **researchintoaction.com**.

Executive Summary

The Consumer Pulse and Market Segmentation study is a tracking survey of nationally-representative U.S. consumers, first launched in 2011. This report presents the results from a sixth wave, implemented in March 2017. Sampled from each of the nine U.S. census divisions, we obtained 1,652 completed surveys through online consumer panels. The analysis was facilitated by the consumer market segmentation framework developed in *Wave 5* and comparisons in this study are to *Wave 5*.



Wave 6 of this survey is an investigation of consumer engagement — continuing to build our understanding of consumer awareness, interests and attitudes around energy efficiency and learning how to leverage and adapt services and offerings given these realities. Throughout the years SGCC has been conducting this Consumer Pulse research, we have learned first and foremost that behavioral segmentation works and consumers, once assigned to a behavioral and attitudinal segment, display predictable preferences. SGCC encourages individual stakeholders to leverage this segmentation framework when investigating their own consumers, although the proportional representation of consumers in each segment will vary when specific geographies are studied. As we look at consumer engagement in this study, we find that distinct patterns emerge in how readily consumers engage with their electricity providers. Coupled with the lens of SGCC segments, this is one more way to help us understand consumer values and choices.

The Always Engaged (44%) — These consumers are largely Green Champions. They are technologically advanced and are best characterized by the phrase "smart energy technologies fit our environmentally-aware, high-tech lifestyle". They show the most interest in and place the most value on energy efficiency. They are also likely to be college educated, have higher incomes and live in urban/suburban locations. These consumers are also more likely to be Millennials than other segments.

On the other side of the engagement spectrum are **The Rarely Engaged** (16%) consumers — these mostly Status Quo consumers are characterized by the phrase "we're okay, you can leave us alone". They are rarely interested in energy efficiency. They are the least knowledgeable about energy technologies, and they participate in fewer energy management programs. The "Rarely Engaged" consumers are also more likely to be retired, live in a rural setting and have lower incomes than consumers in other segments. Baby Boomers are disproportionately represented in this segment.

Between these two extremes lie the 40% of consumers who are **Selectively Engaged** with and interested in energy efficiency. They are likely to be out of the workforce — either retired or unemployed. Their incomes range from middle to low, and their interest and awareness about Smart Grid technologies vary greatly. They can be characterized by phrases such as "we want to use energy wisely, but we don't see how technologies can help" or "how can smart energy programs help us save money?" or "impress us with smart energy technology and maybe we will start to like the utility more". Engagement on their own terms is common, and they engage only when they have a specific need.

The "Always Engaged" Consumers

- These mostly Green Champion consumers demonstrate the highest levels of interest in utility programs and Smart Grid-enabled products, and members of this segment are the most willing to pay for Smart Grid benefits and the expansion of their utility's use of clean energy resources. Demographically, these consumers are younger, urban and college educated with higher incomes. They are more connected with their utility via digital channels.
- Consumers in this "Always Engaged" group attach higher levels of importance to Smart Grid benefits overall, compared to consumers in most other segments. They are also most likely to attribute environmental benefits to saving energy.
- Consumers who interact with their utility through digital channels (website, smartphone applications or social media) are more concentrated among Millennials and those citing the environment as a top reason for saving energy.
- Homeowners are more likely to participate in utility programs and purchase Smart Grid-enabled products and services. They also tend to be technologically advanced.

The "Rarely Engaged" Consumers

- These Status Quo consumers are least likely to report being aware of the term Smart Grid or smart meters. Members of this group are also least likely to report being knowledgeable about how to make their home energy efficient and have the lowest interest in and willingness to pay for utility programs and Smart Grid-enabled products. Demographically, these consumers tend to be older, are more likely to be retired and have lower incomes.
- These consumers are the least likely to attribute environmental benefits to saving energy.
- Consumers in this segment are not only the least likely to be willing to pay for Smart Grid benefits but they also rank these benefits as "not important".
- These consumers are more satisfied with their electricity service provider, and they are the most likely to report they would choose their current provider if they had a choice.

The "Selectively Engaged" Middle

This middle group of "Selectively Engaged" consumers exhibits a variety of attitudes, behaviors and demographics. It is this diversity that presents challenges and opportunities for industry stakeholders.

- While they place high importance on energy efficiency, the Savings Seekers consumers in this group consistently lag in their knowledge and awareness of Smart Grid technologies, and they are the least likely to have participated in any energy efficiency programs. Demographically, these consumers are likely to be Generation Xers, have lower incomes and be unemployed. Interestingly, they also tend to live in larger homes.
- The Technology Cautious consumers in this group report high levels of knowledge and awareness of Smart Grid, and they place a high value on having an energy efficient home. Yet they are not as likely as most other segments to have participated in energy efficiency programs. Demographically, these consumers are likely to be retired, have middle incomes and have high satisfaction with their current electricity provider.
- Lastly, the Movers & Shakers in this "Selectively Engaged" middle report knowledge and awareness of Smart Grid and ways to make their home energy efficient comparable to the "Always Engaged" group, and they participate in energy efficiency programs at average rates. They place high importance on energy efficiency and are early technology adopters; however, they are also the least satisfied with their utility.

Overall Consumer Engagement and Interest in Offerings

- Consumers are interested in all types of Smart Grid-enabled programs and technologies. In fact, 40% or more of consumers expressed interest in most offerings; only one of the offerings we tested generated interest below 33%.
- Across all segments, one in five consumers report having participated in at least one utility program (21%); 13% have used at least one Smart Grid-enabled product. The most common programs and Smart Grid-enabled products consumers report using are online billing and payment (40%)[1], energy use comparisons tools (9%) and smart thermostats (9%).
- Almost three quarters of consumers are interested in an energy storage system that could provide backup power for their home. And, over half of consumers are interested in rooftop or shared solar and programmable thermostats (58% and 56% respectively).
- Consumers are highly interested in participating in real-time reporting of electricity outages, energy use information and Critical Peak Rebate (66%, 65%, and 59% respectively).

[1] This expressed interest in using electronic bill payment options is well above the current adoption rate of 12% for most utility companies. https://www.paymentus.com/blog/whitepaper/

Conclusions

Conclusion #1: There is a strong overlap in demographic characteristics among those who embrace a digital lifestyle and those who have an affinity for a clean energy lifestyle.

These consumers tend to be younger, urban and college educated — and they are strongly associated with the "Always Engaged" group. They also demonstrate an interest in and willingness to try smart energy products and services, and they actively engage in digital communications.

Conclusion 2: Despite having a stronger affinity for a clean energy lifestyle, younger people — especially Millennials — generally perceive more barriers in taking energy-saving actions.

Millennials have lower rates of homeownership than other generations. This is one reason why they are more likely to perceive more barriers. Millennial renters, in particular, feel disadvantaged due to split incentives, and they are reluctant to cost-share with their landlords.

Conclusion 3: The real opportunity when creating programs and working to increase engagement is reaching the "Selectively Engaged" middle group of consumers.

With each piece of research we conduct, we build on what we know about consumer values and behavior. If we understand consumers' underlying values, our ability to guess their interests becomes more reliable. This provides a solid base of research to draw from for programming and communications efforts.

The largest consumer group, the "Always Engaged", is the most aware, knowledgeable and engaged in energy efficiency. They are interested, and they are the most likely to take action. They are already on board. The "Rarely Engaged" consumers (the smallest engagement group) are the least aware, knowledgeable and engaged. They show very little interest, and they tune out most offers and educational messages. We recommend stakeholders do as they ask and "leave them alone".

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Working for a consumer-friendly, consumer-safe smart grid

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Note: This executive summary has been designed to share selected findings with interested parties who are not SGCC members. More compete results and analysis are available to SGCC members. We welcome non-members to consider partnering with SGCC on consumer engagement research by becoming members. Please visit www.smartgridcc.org or email us at sgcc@smartgridcc.org.

Need more information?

Please contact the Smart Grid Consumer Collaborative at sgcc@smartgridcc.org.