

# Light Bulb Fund Raiser leverages community groups in energy efficiency and peak shaving initiative

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## Abstract

*“Energy efficiency improvements don’t cost – they pay.”*

This is the award-winning message that Delta-Montrose Electric Association (DMEA) used to develop an innovative campaign that combined energy efficiency and demand side management goals with community outreach. Electric cooperatives are private, independent electric utilities, owned by the members they serve. Electric cooperatives began to spread across rural America after President Franklin D. Roosevelt created the Rural Electrification Administration (REA) in 1935. Today more than 900 electric cooperatives power serve 40 million Americans. (NRECA, 2007)

DMEA’s campaign reaped both environmental and economic benefits by promoting the purchase of high-quality, energy-efficient compact fluorescent light bulbs (CFLs) at the full retail sales price. It also was the first rural electric utility cooperative to be honoured by ENERGY STAR® for excellent in energy efficiency outreach.

Through DMEA’s support, community groups in the co-op’s service territory earned a \$2 donation for each bulb sold. This campaign coincided with EPA’s “Change a Light, Change the World” marketing campaign. Participating non-profit groups raised \$6,000 by selling 3,000 bulbs during a two-week time period. The CFLs will yield an estimated annual savings of 219,000 kWh, as well as a lifetime reduction of nearly 700 metric tons of greenhouse gas emissions.

Conference attendees will learn how energy organizations can promote energy efficiency improvements, such as CFLs,

without subsidies. This program demonstrates that customers value energy efficiency, especially when the savings can be tied directly to environmental and community benefits. The paper will include examples of the program advertising and marketing materials, such as sales training, promotional materials, and evaluation strategies.

This light bulb fundraiser demonstrates that customers will pay the full retail cost when the energy efficiency message is conveyed in a **meaningful** way. This type of program benefits everyone- including energy organizations, communities, and customers.

## Introduction

Based on the findings from a 2004 study of Efficient Lighting, DMEA became convinced that installing CFLs in a home’s most-used lighting fixtures is among the best ways for its members to save money on monthly electricity bill. This also helps DMEA reduce the price it pays for wholesale power. By “test marketing” this fund raising campaign approach in 2005, DMEA hoped the campaign would encourage DMEA members to purchase a few bulbs from local community groups as a fund raiser, and then motivate DMEA members to buy a full range of high-quality CFL products from local retailers. The types of community organizations included youth groups, religious organizations, civic groups and social clubs. Participating groups included a local library, war veterans group, youth groups from churches and schools, and senior citizens.

The key findings of the 2004 DMEA Efficient Lighting were:

- Incandescent bulbs are in 85% of lighting fixtures
- Residential lighting is about 13% of overall electric use
- Average home has 41 lighting sockets in 21 fixtures
- Frequency of use is important because 20%–30% of sockets account for 70% - 80% of use
- Significant barriers remain to installing CFLs
- Customers rely on energy organizations for information
- Utilities can achieve significant load reductions in peaking hours by promoting CFLs and fixtures. This is based on the fact that the utility must pay peak demand charges, and 7 out of 12 months a year, this utility's peak demand occurred during the early morning or evening hours, hence when the lights were most likely to be in use.

The study recommended that DMEA:

- Promote efficient lighting as an effective peak shaving strategy by promoting a technology that was in use during the peak hours.
- Target high use areas where bulbs on at least three hours per day
- Partner with a lighting manufacturer that offers a comprehensive line
- Consider third-party agreements with vendors and/or program administrators

### Developing the Light Bulb Fundraiser Program

DMEA contracted with its subsidiary, Intermountain Energy, to design, implement, and evaluate its 2005 Efficient Lighting Pilot Program to test the best market delivery mechanism identified in the 2004 study, and to prepare DMEA for a full program launch in 2006. A key driver of DMEA's Program Goals in 2005 was to develop and implement a successful pilot program with a 2006 "Go to Market" Plan that achieves the following:

- Demonstrate the identified "go to market" strategies for energy efficient lighting technologies
- Develop working relationships with a leading national lighting manufacturer, TCP, as a lighting product supplier and Intermountain Energy as a program implementation provider
- Create a sustainable way to facilitate/motivate DMEA members to help reduce DMEA's reduce peak demand power purchases while creating a program that is suitable for "export" to other cooperatives nationwide.

The goal of this pilot program was to encourage the sale and installation of energy efficient light bulbs. The key message of the program was to encourage DMEA members to replace the five most frequently used light bulbs with equivalent energy efficient light bulbs. This message was presented in all sales and training materials.

Community organizations were recruited during the summer months. The light bulbs were sold from October 1 to 14,

2005, to coincide with the Environmental Protection Agency's (EPA) national ENERGY STAR Campaign: "Change A Light, Change the World."

The Compact Fluorescent Lamps selected for use in the program are a high-quality product manufactured by TCP, a leading manufacturer, in 60 watt, 75 watt and 100 watt equivalent sizes to fit in any standard lighting fixture that is not connected to a dimmer switch. All lamps have a 9-year manufacturer's warranty. The lamps were available packaged individually or in packs of four. The retail sales price established was \$4.50, \$5.00 and \$5.50 per lamp, if purchased individually, or \$18.00, \$20.00, and \$22.00 for a package of 4 lamps.

DMEA aggressively promoted the value of replacing standard light bulbs with compact fluorescent bulbs (CFLs). DMEA ads appeared in several publications in September and October. Plus, DMEA dedicated the front page of its September bill insert newsletter to the topic. All promotions clearly recognized the ENERGY STAR "Change a Light, Change the World" campaign which is a national challenge to encourage every American to help change the world, one light – one step – at a time. The campaign culminated in the fall around ENERGY STAR Change a Light, Change the World Day on October 5th, with promotions running locally and nationally beginning October 1. Details are at [http://energystar.gov/index.cfm?c=change\\_light.join\\_change\\_light](http://energystar.gov/index.cfm?c=change_light.join_change_light).

Intermountain Energy created a variety of promotional materials including newspaper inserts, four-color flyers, and advertisements which promoted the light bulb fund raiser in September. The materials included pictures of the light bulbs, prices, and Wattage equivalencies. Intermountain Energy also coordinated with DMEA to include a bill stuffer message in the September electric bills mailed out to members.

### TIMELINE AND SALES TRAINING

In order to be successful, the CFL Fund Raiser required coordination with the sponsoring organization, DMEA, the program implementation team, Intermountain Energy, and the participating community organizations. The following figure summarizes the major milestones in this process.

Since the community groups recruited for this program were not "energy experts," it was also critical to provide proper sales training and support. It was also necessary to provide these groups with the promotional materials necessary to support them in their fund raising activities.

The following text box (next page) summarizes the types of promotional materials that were developed and delivered to participating community groups.

### FUND RAISER RESULTS

A critical component to the pilot program was also completing a process and impact evaluation to measure the overall effects of the Fund Raiser and identify areas for improvement. By any account, the Light Bulb Fund Raiser Program exceeded all expectations among the participants, community groups, and DMEA staff.

Major Fundraiser Milestones	
<b>Mar</b>	Draft Program Outline
<b>Apr</b>	Conduct Roundtable with Staff/Allies
<b>May</b>	Finalize Promotional Plans Identify Participating Groups Draft Promotional Materials
<b>Jun</b>	Recruit Prospective Groups
<b>Jul</b>	Prepare Promotional Materials
<b>Aug</b>	Distribute insert in area newspapers
<b>Sep</b>	Distribute Promotional Plan Outline Conduct Pre-Launch Sales Training Place flyers, and group listings Front page article in newsletter
<b>Oct</b>	Conduct Promotional Campaign Launch Sales Campaign Collect Bulb Orders from Group Coordinators
<b>Nov</b>	Distribute Bulbs to Group Coordinators Distribute Movie Incentive Passes Conduct Program Evaluation
<b>Dec</b>	Summary Report

Figure 1: Light Bulb Fund Raiser Time Line

Table 1. CFL Fund Raiser Sales Process

<p><b>Step 1 – Recruit Local Non-Profit Groups</b> Intermountain Energy identified prospective fund-raising groups, such as school clubs, community groups, church groups and civic organizations such as the local library foundation, and invited them to attend an Orientation Meeting. At the meeting, groups received promotional materials and forms.</p> <p><b>Step 2 – Group Coordinator Trains Members to Sell Bulbs</b> Participating Group Coordinators received sales/educational materials, including suggested scripts and answers to frequently-asked questions.</p> <p><b>Step 3 – Group Members Take Orders</b> The Fund Raising Campaign lasted from October 1-14 in coordination with a publicity campaign. At this time, the group member took orders for CFLs and collected payment at time of ordering.</p> <p><b>Step 4 – Group Coordinator Collects Order Forms and Places Group Order</b> Within 1 week after the sales campaign’s conclusion, the Group Coordinator placed bulb lamp order with Intermountain Energy</p> <p><b>Step 5 – Intermountain Energy Place Orders With Supplier</b> Intermountain Energy placed the bulb order with Service Concepts, a TCP Distributor. The groups handled all the money, and deducted their proceeds from the group order total submitted to Intermountain Energy. DMEA paid all taxes associated with this activity.</p> <p><b>Step 6 – Intermountain Energy Receives Bulbs</b> Upon receipt of lamps by Intermountain Energy, the orders were organized by group and the Group Coordinator was notified to pick up their bulbs at Intermountain Energy headquarters.</p> <p><b>Step 7 – Group Coordinator Picks-up and Pays for Bulbs</b> Payment for the bulbs by the group was due at time of pick-up. When the Coordinators picked up their bulb orders they were provided with printed material that explained the ENERGY STAR lighting program overall and urged buyers to begin saving energy and money immediately by install these new bulbs now BEFORE their old bulbs burn out.</p> <p><b>Step 8 – Groups Deliver Bulbs</b></p>
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**Table 2. Sample Briefing and Promotional Materials**

<ul style="list-style-type: none"> <li>• Ad Hoc Committee Agenda and Presentations</li> <li>• Media Advisory and Press Releases</li> <li>• DMEA newsletter articles</li> <li>• Trade press and general public media articles</li> <li>• Sales/Education Flyers</li> <li>• Sales/Education Posters</li> <li>• Suggested Sales Script (to customize and copy for each of your sales people)</li> <li>• Suggested Group Coordinator Script (to customize and present to your group)</li> <li>• Frequently Asked Questions and Answers</li> <li>• Individual Order Form Envelope</li> <li>• Group Coordinator Order Form</li> <li>• Local lighting retailer outreach memo</li> <li>• Group Coordinator correspondence and updates</li> </ul>
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**Table 3: Comparison of Fund Raiser Sales Results from 2005 to 2006**

	Results in 2005	Results in 2006
Number of Participating Community Groups	15	19
Total Sales	3,044 light bulbs	2,158 light bulbs 310 holiday strings
Amount of Money Raised by Groups	\$6,000	\$6,100
Annual Avoided Net Power Purchases	\$5,400	\$3,346
Annual kilowatt hours (kWh) saved	219,000	142,000
Annual kilowatts saved (kW)	2,200	616
Amount of Carbon Emissions Avoided	139	90

Overall, the effects of the Light Bulb Fund Raiser are:

- Achieve a 17 percent market penetration of energy efficient lighting products; a total of 5,202 light bulbs and 310 strings of holiday (Christmas) lights have been installed in DMEA's territory
- Fund raising groups raised more than \$12,000 in contributions
- DMEA will avoid more than \$43,000 in net power purchases during the next five years
- Customers will save more than 1,800,000 kWh during the next five years and 14,080 in peak kilowatts
- Approximately 1,145 metric tons of carbon emissions will be achieved during the next five years.
- DMEA's total budget was \$50,000 for the two years of program implementation. This budget included an extensive review of current lighting programs, the program design, the development of the Light Bulb Calculator to assess and measure program impacts, all program materials, implementation, coordination, and program evaluation.

#### LESSONS LEARNED

The Light Bulb Fund Raiser Pilot Program was successful based on the incorporating the following "Best Practices." These are areas that must be addressed by any organization interested in creating their own light bulb fund raiser program.

1. **Use a quality product:** Not all CFLs are created equal. As a program sponsor, it is important to select a high quality lighting product that will reflect favourably on the organization's image. Also, the light bulbs offered by TCP were of higher quality than typically found in the local retail outlets, and therefore not perceived as a direct threat by local retailers.
2. **Recruit a diverse group of non profits:** Rather than focusing on youth groups, this fund raiser succeeded by recruiting organizations that represented the larger community as a whole. In many cases, these organizations did not have any other fund raising opportunities, and therefore were dedicated to promoting the light bulbs as a way to generate revenues for their group. This also allowed the utility to reach out to all demographic groups within its community,

especially those that may be overlooked such as senior citizens.

3. **Incorporated successful fund raiser models into the program design:** Before developing this program, the program designers “went to school” on professional fund raising organizations. The designers identified the best practices used by other fund raisers, such as group incentives, sales training, and product demonstrations, and adapted these strategies to the Light Bulb Fund Raiser’s product offerings.
4. **Used a third-party program administrator:** DMEA hired a third-party to design, implement, and evaluate this fund raiser because it did not have the internal resources, experience, or flexibility to administer this program on its own. DMEA provided the dollar support to the third-party administrator, who in turn, provided the hands on support, training, and feedback necessary to ensure success.
5. **Built in evaluation metrics into program design:** Evaluation was built into the design of this program. Therefore, critical program evaluation components, like customer contact information, types of bulbs sold, and other crucial data were captured in the initial order form and tracked in the program database. This simplified the evaluation process and made it easier to track program results and make improvements.
6. **Focused sales campaign leveraging ENERGY STAR:** The timing of the Light Bulb Fund Raiser was designed to coordinate with the regional and national press that would be generated during the “*Change the Light, Change the World*” campaign. By tying this activity into a larger national event, DMEA was able to generate additional press and awareness within the local community.
7. **Engaged retailers in planning:** The local retailers who sold energy efficient light bulbs were included in this process. They were notified about the fund raising program, kept apprised of the results, and benefited from increased awareness among the utility customers. Because they were invited to the table with the utility, they were supportive allies who realized that the utility had created a market for their unsold inventory!
8. **Created a replicable program:** The Light Bulb Fund Raiser Program was designed to be an intensive, two-week campaign that generated sales and awareness, and then *went away*. The short-duration, intense focus, and program model are designed to be replicated by energy organizations of any size in any type of community.

## Conclusions

This paper illustrated a new approach on an old idea- how to encourage customers to install energy efficient light bulbs. Traditionally, U.S. utilities promote CFLs through “giveaway” programs or with rebate or “buy down” programs aimed at retailer point-of-purchase display. Unfortunately, this has the unintended outcome of “devaluing” the CFLs so that consumer may be less willing to purchase more at the full retail price.

It also creates a cross-subsidization where all customers are paying for those who take advantage of the free or discounted CFLs.

The value proposition for CFLs at the full retail price can be complex to explain – especially in a traditional retail environment where the CFLs appear on the shelf alongside traditional incandescents and appear to be five to 10 times more expensive, from a first cost-perspective. However, these giveaways and subsidies have the unintended effect of “disrupting” or “polluting” the retail sales proposition for CFLs.

This fund raiser model was designed to create a delivery mechanism that leveraged non-profit community groups to explain the complex value proposition for CFLs in a direct (i.e. face-to-face) sales environment to support CFL sales of a premium quality product at its full retail price without utility customer cross-subsidies. This approach better supports customer’s trial experience of the bulbs through initial purchases from the groups during a targeted 2-week sales campaign while allowing the local retailers to generate follow-on sales at their full retail price for the remaining 50 weeks of the year.

For more information about developing a Light Bulb Fund Raiser or for program updates go to [www.lightbulbfundraiser.com](http://www.lightbulbfundraiser.com) or [www.marketdevelop.com](http://www.marketdevelop.com).