

## **Reforming the Energy Vision**

Demonstration Project Q4 2016 Report

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# **Energy Marketplace**



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## 1.0 Executive Summary

Rochester Gas and Electric Corporation (“RG&E” or “Company”) submit this quarterly report on the progress of the RG&E Energy Marketplace demonstration project. The RG&E Energy Marketplace is an e-commerce site to test energy related online transactions, customer satisfaction, and the delivery of more comprehensive energy solutions for customers. The Energy Marketplace platform will further test methods to customize, engage, and grow the market for energy related products and services by, connecting with customers on a range of DER offerings through targeted marketing and tailored content.

In Q2 2016, RG&E and its partner Simple Energy, a third party specializing in digital customer engagement entered into a mutual services agreement and commenced with planning and design activities of the Marketplace to include marketing strategy, branding, product offerings, incentive levels, and data sharing. We also named the Energy Marketplace, the RG&E Your Energy Savings Store (“YES Store”).

During Q3 2016, the project team implemented a staged launch of the RG&E YES Store starting with an alpha launch to employees, followed by a beta launch to 10% of eligible customers, and a full launch to all RG&E residential and small commercial customers who shared their email addresses with us. Each phase of the launch was executed with email marketing campaigns designed to motivate customers to take action toward purchasing energy efficiency products.

During Q4 2016, the RG&E YES Store introduced a range of new product offerings and also provided special incentives and limited time offers to heighten awareness of the store and create more value for our customers. Details of these activities are described throughout this report.

## 2.0 Demonstration Highlights since the Previous Quarter

### 2.1 Activity Overview

Activity and results during Q4 2016 include:

- Targeted Email Marketing Campaigns
- Increased variety of LED Lighting Products
- Addition of Connected Home Products
- Special Incentives and Limited Time Offers
- Continued collaboration with other programs - Demand Response (DR), Community Energy Coordination (CEC), Energy Smart Community (ESC)

Email marketing campaigns are the backbone of communicating RG&E YES Store offerings to customers. During Q4, weekly email campaigns included special themes designed to spark customer's interest and their call to action (CTA). They focused on such themes as LED lighting in conjunction with daylight savings time, Wi-Fi enabled thermostats for the heating season, and special incentives for black Friday and cyber Monday shoppers. Emails also included alpha/beta campaigns to test customer engagement levels based on content and placement of CTA buttons.

### **2.1.1 Activity: Expanded Product Offerings**

Product offerings on the YES Store were expanded during Q4 to include a larger variety of LED lighting products providing customers with even more options. Connected home devices, such as smart locks and indoor and outdoor security cameras were added to offer customers innovative ways to increase control and provide home security through use of a smart phone.

### **2.1.2 Activity: Holiday Marketing**

Leveraging the holiday season, the project team tested limited time offers (LTO's) with increased incentives on both LED lighting and Wi-Fi enabled thermostats.

On cyber Monday, the YES Store offered six packs of LED lights for \$6 resulting in 920 six packs sold in just one day or twice the amount sold since the store launch.

Starting November 18<sup>th</sup>, certain distributors offered \$50 discounts on qualified thermostat models. The additional incentive increased sales from 52 units in the first ten weeks of launch to 88 units sold in the 10 days prior to cyber Monday. On cyber Monday only, we then increased the incentive amount to match the \$50 distributor discount. The lower purchase price point further increased customer engagement with over 190 Wi-Fi enabled thermostats sold in one day.

### **2.1.3 Activity: Collaboration and Integration with other Projects**

During Q4, planning continued to leverage the YES Store as a distribution channel for the Demand Response, Bring Your Own Thermostat (BYOT) program. In December, BYOT project members met with Simple Energy to discuss options for marketing and promoting the BYOT program on the YES Store. We are working with the BYOT program vendor to include an informational page about the BYOT program on the YES Store and potential ways to bundle YES Store incentives with the BYOT program enrollment incentive.

Ongoing coordination continues with Simple Energy on both the Community Energy Coordination (CEC) and the Energy Smart Community (ESC) projects. In December, project team members participated in

kick off activities for the CEC marketplace which will support community and residential solar offerings and energy efficiency services in the Tompkins County region.

## 2.2 Metrics and Checkpoints

Since launch in early September 2016, the RG&E YES Store had 80,560 site visits (sessions) with 1,753 transactions, consisting of 3,064 products sold.

Marketing metrics are outlined in Table 1 below.

Table 1: Marketing Metrics

<b>Marketing Metrics</b>	<b>Q3</b>	<b>Q4</b>	<b>2016</b>	<b>IA*</b>
Email Open Rates	23.09%	18.59%	19.81%	18.20%
Email Click Rates	2.36%	1.48%	1.72%	1.30%
Email Click to Open Rates	10.22%	7.95%	8.67%	7.00%
Conversion Rate	.06%	.05%	.05%	n/a
<b>*Industry Average (IA)</b>				

As outlined in the Implementation Plan filed on April 15, 2016, we will measure the checkpoints listed in Table 2 below.

Table 2: Checkpoints as outlined in the Implementation Plan filed on April 15, 2016

Check Point	Description
Customer Marketing Engagement	<p><u>Measure:</u> Marketing KPIs (Opens, Click-throughs, Conversions...)  <u>How and When:</u> Monthly, using marketing analytic tools  <u>Expected Target:</u> 25% Open rate for emails received, and 3% click-through rate for emails received, 2.5% conversion rate for customers who visit the site following each campaign. Results will be formally reported quarterly representing monthly data.</p> <p><u>Solution/Strategy if expectations are not met:</u> Evaluate marketing strategy, evaluate communication methods/channels and evaluate/establish optional advertising levels.</p>
Sales / Transactions*	<p><u>Measure:</u> Number of Transactions, Average Price per Transaction  <u>How and When:</u> Quarterly, using Marketplace Portal data  <u>Expected Target:</u> 1,400 transactions quarterly, \$109 per transaction. Will report quarterly noting pace towards annual target.</p> <p><u>Solution/Strategy if expectations are not met:</u> Evaluate and add/change offerings; evaluate and add/change price structure; conduct customer survey to obtain direct suggestion/feedback; add additional marketing/PR channels.</p>
Incentivized Offers	<p><u>Measure:</u> Number of Transactions per incentive, Percent Increase  <u>How and When:</u> Quarterly, using Marketplace Portal Data  <u>Expected Target:</u> 5% overall Increase in transactions over previous quarter. Will report results quarterly.</p> <p><u>Solution/Strategy if expectations are not met:</u> Evaluate and add/change incentive structure. Conduct customer survey to obtain direct feedback.</p>
Customer Satisfaction	<p><u>Measure:</u> Customer Satisfaction using Net Promoter Score  <u>How and When:</u> Quarterly, Net Promoter Score (NPS) uses short 1 -2 question survey to establish propensity of a customer to promote or reflect positively about your brand displayed on an 1-10 scale. AVANGRID will conduct random survey across a random sample of customers (Ideally 200 – 400 respondents) to establish baseline before launch of Marketplace. Each Quarter after launch random samples of customer surveys will be conducted to gather NPS scores and reported on.  <u>Expected Target:</u> 8+ showing that the average customer engaging with new program is satisfied or even loyal enthusiasts who will keep buying and refer others.</p> <p><u>Solution/Strategy if expectations are not met:</u> Evaluate and modify customer experience. Conduct follow up survey to obtain direct customer feedback.</p>

\* The Sales / Transactions checkpoints outlined in the 4/15/16 implementation plan which were based on assumptions of higher thermostat rebates. Targets have been refined based on actual rebate amounts.

### 3.0 Work Plan

#### 3.1 Budget Review

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[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
[Redacted]	[Redacted]	[Redacted]		[Redacted]
[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]

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## 3.2 Updated Work Plan

Table 4 outlines the work plan included in the Implementation Plan filed on April 15, 2016. The work plan has generally not changed and remains on track.

	2016	2016	2016	2017	2017
Marketplace Project Plan	Q2	Q3	Q4	Q1	Q2
<b>Phase 0</b>					
<b>Planning Workshops and Artifacts</b>					
Program Design Workshop					
Customer Marketing Workshop					
Merchandising Workshops					
Reporting Workshop					
Final Review of Artifacts					
<b>Integrative Site Build out and Configuration</b>					
Deploy Marketplace Infrastructure					
Add Site Content and Merchandise					
Configure Customer Support Platform					
Configure Retargeting and SEO Advertisements					
Configure Email Service					
<b>Marketplace Data Integration Activities</b>					
Integrate Customer Data					
Create Rebate Reconciliation Process					
Integration Testing and Launch Prep					
<b>Marketing Content Creation</b>					
Email Copy					
Paper Mailers					
Press Releases/Earned Media					
Bill Inserts					
<b>User Acceptance Testing</b>					
<b>Training</b>					
<b>Phase 1</b>					
<b>Marketplace Launch (1st wave of products)</b>					
<b>Marketplace Marketing Plan Execution</b>					
Pre-launch Press Release					
Execute marketing plan					
<b>Phase 2</b>					
<b>Add products and fixed fee services offerings</b>					
<b>Project Evaluation / Scale to NYSEG</b>					

## 3.3 Next Quarter Planned Activities

In Q1 2017, the Company and Simple Energy will continue to explore methods to achieve even stronger customer engagement. We will continue to refine and enhance email marketing campaigns by leveraging previous customer interactions. Additionally, we will continue expanding the product mix in order to maintain a robust customer journey.



Coordination will also continue to leverage the YES Store as a distribution channel for the Demand Response, BYOT program.

In Q1 2017, we are on track to launch the CEC Marketplace to connect NYSEG customers in Tompkins County with service providers for residential solar, community solar, and energy efficiency services. Planning for expansion to the ESC Marketplace will be ongoing to bundle products and services to customers in the Tompkins County footprint.

## **4.0 Conclusion**

During the fourth quarter 2016, the RG&E Your Energy Savings Store (Energy Marketplace) was fully operational showing positive customer engagement. We expanded product offerings to include a greater variety of LED lights and connected home devices. Additionally, we leveraged the holiday shopping season to promote energy savings and connected home products on the store. Limited time offers significantly increased transactions for both thermostats and LED lighting during the black Friday and cyber Monday time periods. New product offerings and carefully designed marketing campaigns will be used to continually attract new and repeat visits to the RG&E YES Store.