

# **Orange & Rockland REV Demonstration Project: Customer Engagement Marketplace Platform**

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Q2 2018 REPORT

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## Q2 2018 Report

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## Q2 2018 Report

### 1.0 Executive Summary

Orange and Rockland Utilities, Inc. (O&R or Company) submits this quarterly report on the progress of the demonstration project it is implementing as part of the Reforming the Energy Vision (REV) proceeding, as required by the Order Adopting Regulatory Policy Framework and Implementation Plan, issued by the New York State Public Service Commission (NYPSC or the Commission) on February 26, 2015.

This demonstration project, known as the Customer Engagement Marketplace Platform (CEMP), was designed to build partnerships with a network of third-party product and service providers to help increase customer awareness and education of energy consumption, motivate customers to participate in O&R programs, increase distribution and adoption of Distributed Energy Resources (DER) and develop new revenue streams for O&R and its partners.

The beginning of 2016 was the official launch of the My ORU Store offering a selection of Wi-Fi thermostats. Since then additional energy savings products have been added to the store ranging from LED lights, advanced power strips, connected home and water-energy saving devices. By mid-year, the offerings expanded beyond the sale of products to include no cost in-home energy assessments, as well as a variety of fixed-priced services provided by local contractors in the community. Weekly messaging highlighted new product introductions, seasonal promotions and limited time offers (LTO). Efforts to build awareness of the My ORU Store continued throughout the year and in Q4 the team included media buys in radio and digital advertising to promote the holiday shopping season.

In 2017, the focus shifted beyond building the product assortment and brand awareness, to furthering customer engagement through more targeted messaging. Post-transaction engagement strategies were designed and implemented to solicit feedback and design customized messaging. June marked the beginning of a unique collaboration with O&R and Suez Water NY (Suez) designed to help customers save water and energy while lowering their utility bills. Added incentives for mutual customers on water saving products were made available by Suez on the My ORU Store. By Q3, large appliances were introduced and home services were marketed to customers with comfort and cost-savings in mind. The fourth quarter was the My ORU Store's busiest holiday selling season since program launch. Dozens of new products in a variety of categories were introduced to customers along with numerous promotions and manufacturer discounts. The comprehensive marketing campaigns, included email, digital, social, print and radio, helped drive customers to the My ORU Store.

The start of 2018 was met with strong sales in January and February. Messaging shifted from a focus on promotions and holiday sales to one of product education and energy efficiency. Two of the largest outreach events of the year occurred this quarter which helped introduce new customers to the marketplace. A storm-filled March negatively impacted traffic and sales, but the project team was able to adapt with appropriate messaging.

In the second quarter of 2018, seasonal offers and limited time promotions helped drive sales in some of the key product categories. Growing partnerships with third party vendors provided an expansion of the product mix and allowed for more discounted pricing and promotional offers to stimulate customer interest and increase purchases. A more robust marketing plan with an integrated approach provided a broad reach to a larger audience of customers. Additional educational content about energy use during the warm summer months continued to drive engagement in the My ORU Advisor behavioral platform.

### **1.1 Cybersecurity and Personally-Identifiable Information Protection**

Consistent with corporate instructions and Commission policy related to cybersecurity and the protection of personally-identifiable information (PII), each partner agreement executed for the implementation of the REV demonstration projects includes specific protections related to cybersecurity and PII. Assurance of this protection is critical in encouraging customers to sign up for new and innovative services offered by utilities.

## **2.0 Demonstration Highlights**

### **2.1 Major Tasks Completed**

#### Launch of Additional Products and Services

- Connected home
- Smart thermostats
- EV chargers

#### Seasonal Promotions/Limited Time Offers

- Earth Month, Mother's Day, Father's Day, Memorial Day
- Nest and Google Home Mini LTO
- Flash Lighting Sale LTO

#### My ORU Advisor

- Seasonal messages

#### Suez Water

- Bill insert
- Press releases
- New rebate

#### Marketing Strategies

- Paid advertising
- Other marketing activities
- Outreach events

#### Customer Insights

- ORYou Exchange

## 2.2 Activities Overview

### Launch of Additional Products and Services

The My ORU Store project team continually introduces new products on the online store to meet the changing needs of our customers. In Q2 of 2018, fifteen additional products were added to the collection, representing a 9% increase to the store's assortment from last quarter. Many of the new items were added to the thermostat and connected home categories. There are now a total of 184 products and services available to customers for direct purchase and this number continues to grow.

One of the most exciting additions to the My ORU Store product lineup is residential electric vehicle (EV) chargers. These level 2 EV chargers are available to customers in 40 or 75 AMPS, and in plug-in or hardwire options from manufacturers like JuiceBox, ClipperCreek and AeroEnvironment. These chargers are outdoor rated, voice controlled, fully ruggedized and portable. They feature smart home connectivity, advanced Wi-Fi control and smart grid features. The JuiceBox Pro 75 Amp model offers the additional functionality of being the only charging station on the market that can max out the charging rate of the Tesla Model S or X with dual onboard chargers. An EV charger buyer guide was also added to the store to help customers understand the difference between the models.

Two new additions to the thermostat category included new designs from Honeywell and Lux. Honeywell, one of the oldest and most well-known names in thermostats, is beginning to redesign their product to better reflect the modern market. The Lyric T5 has a simple, user-friendly design, coupled with a Wi-Fi connected remote monitoring and control app. The LUX KONO smart thermostat has a simplistic and modern design that is easy to use and puts the customer in complete control of their comfort. These thermostats offer customers a contemporary look at a lower price point than some of the other competitors in the market.

Three new offerings from Nest were added to the marketplace this quarter: Nest Secure, Nest Yale Lock and Nest Hello. These three products focus on providing customers safety, security and peace of mind. The Nest x Yale Lock is a keyless lock system that is secure, convenient and connected. It enables customers to use the Nest app to lock and unlock their door from anywhere, create passcodes for people they trust, and get alerts whenever someone comes and goes. The Nest Secure alarm system suite contains the Guard, Detect and Tag which act together to monitor a home. The Nest Guard acts as the alarm, keypad, motion sensor and the brains of the system. Nest Detect is the sensor that monitors doors, windows and rooms. The Nest Tag allows a customer to arm and disarm the system remotely. The last recent addition to the connected home category was the Nest Hello video doorbell. Nest Hello replaces existing wired doorbells and delivers HD video with bright, crisp images, even at night. It's designed to display everything at the doorstep with 24/7 streaming and motion alerts.

### **Seasonal Promotions and Limited Time Offers (LTOs)**

In the second quarter, seasonal promotions and LTOs helped drive sales in the lighting, Wi-Fi thermostats and connected home categories. In honor of Earth month, O&R partnered with Nest on the Nest Power Project, an initiative to help reduce the burden of energy costs for customers in need. This campaign focused on the many benefits of investing in a Nest thermostat, from energy savings and carbon reduction, to helping others. Informational and inspirational, this campaign provided an additional incentive for customers by donating 10% of the proceeds from the sale of Nest thermostats to support Habitat for Humanity and the United Way. To further promote this initiative, social media posts and internal communications were shared with both customers and employees. (Appendix A)

In May, email themes featured Mother's Day gift-giving ideas and Memorial Day weekend sales. To celebrate moms, an \$80 promotional discount was offered on select Hive product bundles. The campaign focused on how connected-home products provide convenience and efficiency, particularly for busy moms. During the Memorial Day weekend sale, Nest offered promotional discounts on several thermostats along with a free gift with purchase of the Google Home Mini. This limited time offer will continue through summer and into the third quarter. (Appendix B)

June offers focused on giving dad the gift of comfort and peace of mind with discounts on thermostats and security cameras. Seasonal messaging was sent to customers promoting services such as central air conditioning tune-ups and free in-home audits. The home energy assessments continue to generate interest with customers looking for long-term solutions to make their homes more comfortable and efficient. The My ORU Store also held a flash lighting sale this month. This utility sponsored marketing promotion brought back the pricing of the \$6/6pack for a limited time to increase sales in the lighting category. This six day promotion generated sales of more than 850 LED bulbs. (Appendices C & D)

### **My ORU Advisor**

Research gathered from surveys indicated that customers are motivated to save energy for a variety of reasons, whether it is the desire to lower their energy bill, reduce their environmental impact or earn rewards through the My ORU Advisor program. As a test, an email was sent to program participants in April focused on competition as a motivational lever. It prompted customers to visit the portal to see how their energy usage compared to that of their neighbors and to improve their ranking by reducing their consumption. Logins increased 27% over prior week proving that members were motivated by the competition.

An email encouraging customers to use natural cooling methods, such as closing blinds and curtains, was sent in May along with tips on how to keep the temperature in their homes, and their energy bills, low. A link to the Marketplace was also included encouraging customers to purchase a smart thermostat to help them reduce their energy use not only this summer but

throughout the year. Despite efforts, there were no thermostat purchases generated specifically from this email. (Appendix I)

Additionally, with the onset of vacations and busy summer schedules, an email was sent in June communicating to customers the energy-saving benefits of programming their thermostats to avoid unnecessary cooling costs when not at home.

The My ORU Store continues to play an integral role in customer energy education. To date there has been over 26,000 logins, 30,000 tips completed, more than 13,000 badges earned and nearly 600 rewards cards redeemed.

## **Suez Water**

June marked the one year anniversary of the collaborative efforts between Suez and O&R. This partnership on the My ORU Store was designed to increase engagement, promote water conservation, reduce thermal energy use and generate revenue. In support, O&R sent a co-branded bill insert promoting the utility partnership and highlighting the instant rebates available on water-saving products on the My ORU Store. (Appendix E)

Two press releases were published locally in the *Rockland County Times* and *Nanuet Patch* announcing the collaboration on O&R's marketplace where mutual customers can purchase products online that qualify for instant rebates from both utilities. The program strives to promote conservation, and the adoption of water-energy saving products to help lower customer's utility bills.

With summer approaching, SUEZ promoted a new rebate on outdoor water-saving irrigation devices. To drive interest and sales, a cobranded email was sent out through the My ORU Store specifically marketing the Rachio smart sprinkler controller. (Appendix E) There were no sales for the controller in the second quarter.

Ongoing bi-weekly strategy sessions are attended by members from both companies to discuss initiatives on the My ORU Store as well as the progress of the Suez Conserve program. Mutual efforts are coordinated to achieve water and energy savings goals and increase sales of these measures.

## **Marketing Strategies**

### *Paid advertising*

The project team continues to use an integrated marketing approach to optimize reach and minimize spending. It allows the team to evaluate the best results given the specific budget. As

part of this strategy, paid advertising is utilized to raise awareness of the store in a variety of mediums, including radio, social, search and digital.

Radio has a broad reach and is one cost effective way for the store to be promoted to a larger audience in a non-digital environment. During the week leading up to Memorial Day, a 30 second spot aired on WHUD, a regional adult contemporary radio station. This channel reaches residents and commuters in Westchester, Rockland, Orange, Dutchess, Putnam & Ulster counties. The spot ran during the morning commuter drive with the potential to reach a quarter million people. The station also has a broad demographic of adults 25-54, which aligns with the predominant age groups of the My ORU Store customers.

In terms of digital, programmatic advertising is our choice for banner ads. Programmatic advertising allows for automated serving of digital ads in real time based on individual ad impression opportunities. These ads are served on national websites like ABC, CBS, NBC, *Wall Street Journal*, *New York Times* and on regional websites like LoHud and Patch. Our advertising agency purchases ad inventory to reach the right customer, at the right time, with the right message, in an automated fashion, all transpiring within seconds.

Search engine marketing is also used to promote the store through paid advertisements that appear on search engine results pages. Advertisers bid on keywords that customers might enter when searching for products and services. This gives the advertiser the opportunity for their ads to appear alongside results for those search queries. Our media agency works on improving this ever-changing list of short and long-tail keyword phrases to improve metric performance. Terms like “LED lighting” and “smart thermostat” are examples of phrases the agency bids on to serve sponsored results for the My ORU Store.

Two sponsored posts on our social media networking sites, Facebook and Instagram, were in flight during Q2. One of these posts was in a “carousel” style, which showed 3-5 images in a single ad with headlines and links for a direct call to action. It featured evergreen content on smart thermostats with the call to action link to “Shop Now.” The second sponsored post this quarter promoted the Memorial Day weekend sales on Nest thermostats and the free Google Home Mini with purchase. Both Facebook and Twitter were also used to promote the My ORU Store through organic posts as a complement to the paid activity executed through the advertising agency. (Appendix F)

#### *Other Marketing Initiatives*

The My ORU Store was featured in two of three monthly bill inserts during Q2. The first insert in April coincided with Earth Month and focused on the connection between energy use and the environment. It demonstrated how the store could help customers manage their usage through energy-saving products available for purchase online. In June, O&R sent customers a cobranded bill insert reinforcing the collaboration of the two utilities, Suez and Orange & Rockland and the enhanced savings available to mutual customers. (Appendix E)



The project team utilized internal communications to keep the My ORU Store top of mind to all O&R employees, whether in the field or in an office. Efforts are coordinated with corporate communications to highlight any exciting promotions to company employees. This quarter, an LED lighting flash sale was marketed through internal video message boards and a news alert on the company's intranet site. Another e-board message focused around the Sealed HomeAdvance Comfort Package was deployed in April and ran for two weeks. (Appendix H)

### *Events*

Members of the project team participated in two events in April, specifically the Orange County Chamber of Commerce Business Expo and Orange and Rockland's annual Safety Day Summit. The business expo allowed the project team to engage with customers about the marketplace and network with contractors directly about listing their services on the store. At Safety Day the team was on-hand to interact with O&R employees displaying safety related items for sale on the store and to raffle off a Nest Protect Smoke + Carbon Monoxide Alarm. Conversing with other O&R employees allowed the team to engage with them about the store with hopes that they become brand ambassadors. (Appendix H)

In May, members of Customer Energy Services (CES) department met with customers at the Nyack Street Fair to share information about energy efficiency programs and to promote the My ORU Store. This family-friendly street festival attracted over 20,000 visitors with over 300 vendor booths on display. Other events in May were the Cornell Cooperative Extension Environmental Day, Orange County Senior Day, and the Cottage Lane Elementary School Environmental Day. At this school O&R was joined by Suez to present jointly to students about water and energy conservation.

CES held an appreciation breakfast in June to award contractors with the highest participation in both residential and commercial energy efficiency programs. As part of the event a presentation on the My ORU Store was given to describe a unique business opportunity whereby contractors can list their services on the My ORU Store. The O&R marketplace provides a transactional platform for contractors to attract new customers and generate sales, a much different offer than the traditional utility trade ally list. For this reason, O&R charges each contractor a listing fee which helps drive additional revenue used to offset some of the cost of the project. New marketing collateral was developed for this event and will be used as a selling tool to attract additional third party partners. In the next few months the project team will mail the brochure to a list of additional contractors in an effort to expand O&R's contractor network.

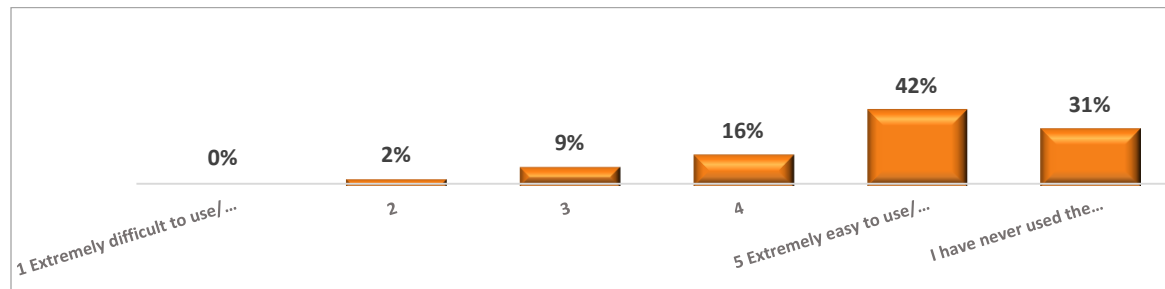
### **Customer Insights**

Orange & Rockland formed an online advisory panel for customers to participate in surveys and forum discussions to help gain a better understanding of the needs and preferences of our customers. The ORYou Exchange is an invitation-only online community where Orange &

Rockland (O&R) and Rockland Electric (RECO) customers have the opportunity to provide their feedback and opinions on all things related to O&R/RECO and the energy industry.

The platform allows for gamification as participants are able to earn rewards for completed activities. As they provide input, they earn points that can be redeemed for gift cards. The more a customer participates, the more points they can earn and redeem. In May, a journal activity was fielded through the ORYou Exchange to determine customer experience and knowledge of O&R's marketplace. Journaling involved asking panelists a few in depth questions in a one-on-one style format followed by several polling questions. Below are some of the results of this survey.

Through the journal activity the project team received both quantitative and qualitative insights into the store's functionality.



*Q3 Poll: Please rate the myORUstore on ease of use and navigation. (n=184)*

Overall, panel members found using the My ORU Store to be a very positive experience. Members of the ORYou Exchange felt the marketplace looked very clean and professional and was extremely easy to use and navigate. They also found it easy to sort through products using filters, but would like to see more advanced filter functionality. The project team is working on making enhancements to the marketplace platform in the future.

Most members have not purchased products from the myORUstore and some indicated the primary reason was not having a specific need for them. However, many expressed they would consider purchasing from the store if the need arose. Others mentioned that they have not purchased because they were unaware of the store but would be interested in purchasing lightbulbs or smart thermostats.

The survey allowed participants to provide direct feedback on the website's functionality. Below are some of the direct customer comments from the activity.

*"The site was not cluttered with information, easy to use with navigation bars for different topics, I liked the rebate information. Just a very clean website and easy to navigate through. ..."*

*"I don't plan to shop online because I currently don't need anything. Let me talk about shipping though.... if there is free shipping on something I want or need I am 100% more likely to buy it without hesitation then if there was a shipping charge. Something about shipping makes it breaks the deals almost instantly."*

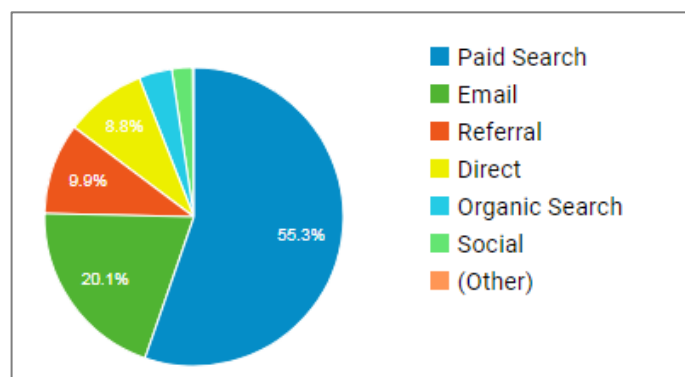
*"I do a lot of shopping online and one thing that I always look for in a good site is filters. I noticed that at the page where it says products, you can select what type of item. It took me some time to find that as most sites either have their filters on the left or directly above the product listing. More filters are always better such as price point, type of product, brand name, features, etc."*

### 3.0 Key Metrics

Sales in the second quarter outperformed last year with a 5% increase in gross retail dollars and a 2% increase in units sold. The average price per order also increased 3% as many customers purchased more of the higher priced products in the connected home category.

In terms of website analytics, users, new users, sessions and page views were all up exponentially when compared to Q2 2017. New users accounted for 89% of all website visitors this quarter, demonstrating that our advertising initiatives, marketing efforts and outreach events are increasing awareness and bringing additional customers to the website. The effects of paid advertising have been so impactful that 168% more visitors browsed the store this quarter when compared to last year, generating a 115% increase in site sessions and 52% more product pages viewed.

In the chart below, paid search was the top performing acquisition channel driving more than 55% of customers to the store in Q2 as compared to only 8% last year. Paid search also generated 22% of the revenue for the quarter. Email, which drove 53% of acquisitions last year decreased to 20%, losing share to paid search efforts. Email was the second highest revenue generator for the My ORU Store contributing to 22% of gross retail sales. Surprisingly, the My ORU Store earned the most revenue through direct, meaning a user typed out the web address for the store and made a purchase. While this only accounted for nearly 10% of the audience, it represented 35% of the sales revenue.

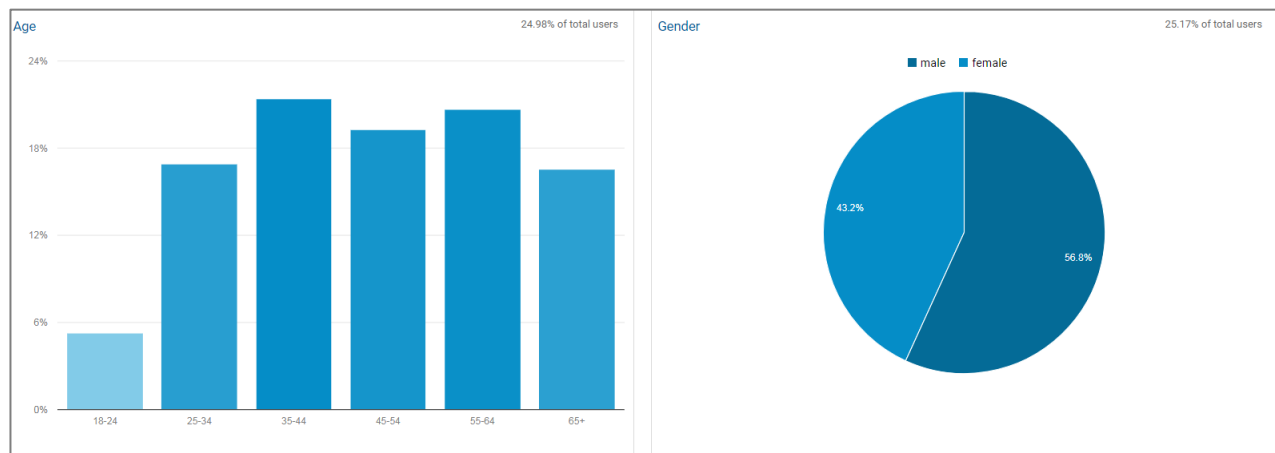


*Chart: Q2 2018 Acquisition Channels*

To learn more about the My ORU Store customer, the project team used Google Analytics to analyze performance engagement metrics. Understanding the audience demographics in terms of gender, age, and interests allowed the team to make more informed decisions regarding what

types of creative content to develop, what media buys to choose, and which audiences to target for marketing and remarketing campaigns. Some data is collected from people who are logged in to a Google account and from third-party DoubleClick cookies (user tracking cookies). Google uses pre-set personal information, such as age and gender to identify users who are logged in and browsing a website.

Based on recent data, males were 57% of the My ORU Store customer base. This number declined from 62% this time last year with females now accounting for 43% of the customer base. The 35-44 age groups are now higher than the 55-64 age groups with 21% of all users falling in this age range. The 55-64 groups now represent 20% of all customers, dropping 2% since last year. This shift in demographics can be attributed to advertising on Facebook and Instagram and the promotion of new connected home high tech products. The 35-44 age groups also spent the most on the store with 35% of revenue generated from this demographic.



*Chart: Q2 2018 Age and Gender Demographics*

The My ORU Store customers are also grouped into “affinity categories” like banking/finance, food/dining and travel based on their user app activity. Google defines these affinity categories as broad content categories that identify users in terms of their lifestyles. The project team uses these categories to reach potential customers with specific product and service offerings and build awareness of our brand. Data shows that customers with an affinity for banking and finance generated the most revenue for the marketplace while those interested in food and dining represented the most visitors. Although sports fans represented a relatively small segment of the population (<1%), they had the highest conversion rate at 10%.

The products driving unit volume for the store in the second quarter were lighting at 43%, followed by services at 30%, and thermostats at 13%. In terms of retail sales, the connected home category generated 27% of the revenue for the quarter, followed by thermostats at 26%. The My ORU Store sold 229 6 packs of LED lights in the second quarter largely in part to the \$6/6-pack limited time offer that ran for six days in June. This sale helped to improve unit sales in this

category by increasing 12% over prior year and 24% from previous quarter.

High usage residential customers participating in the My ORU Advisor behavioral pilot were responsible for more than 26,000 logins to the online Advisor portal since the launch in 2016. To date, customers have redeemed nearly 600 rewards, earned over 13,000 badges and completed nearly 3,300 home profiles. Email engagement remained strong as click and click-to-open rates trended above industry benchmarks, demonstrating that consumers continue to actively seek out information about energy efficiency and saving money.

### 3.1 My ORU Store Metrics

My ORU Store		
Email Performance	Q2	IA*
Email Open Rates	22.0%	18.3%
Email Click Rates	1.1%	1.6%
Email Click to Open Rates	5.0%	8.0%
* Industry average (IA) -2016 Epsilon Email Benchmarks - Retail Specialty Category		

My ORU Store		
Ecommerce Metrics	Q2	% Var LY
Sessions	29,852	115%
Users	24,574	168%
New Users	89%	19%
Page Views	57,282	52%
Transactions	338	11%
Units Sold	517	2%
Conversion Rate	1.1%	-48%

My ORU Store		
Savings Metrics	Q2	YTD
kWh	51,935	51,935
kW	11	11
Therms	1,908	1,908
Rebate dollars paid	\$5,031	\$5,031
Total # of Rebates paid	260	260
* Estimated GROSS savings are analyzed and reported in the following quarter - as of Q1 2018		

My ORU Store		
Product Categories	% Total Sales Units Q2	% Total Sales Revenue Q2
Advanced Power Strips	2.8%	1.2%
Connected Home	8.4%	27.3%
LED Lighting	42.8%	21.7%
Home Services	30.1%	21.8%
Outdoor Living/Other	0.2%	0.1%
Wi-Fi Thermostats	11.4%	26.5%
Water Saving Devices	4.3%	1.5%
Window A/C Control	0.0%	0.0%

My ORU Store		
Visits by Channel %	Q2	% YTD
Email	27.7%	33.6%
Direct	8.7%	14.2%
Referral	11.1%	12.1%
Organic Search	3.8%	4.7%
Paid	46.5%	33.5%
Social/Other	2.2%	2.0%

### 3.2 My ORU Advisor Metrics

My ORU Advisor		
Ecommerce Metrics	Q2	YTD
Logins	1,469	4,843
Unique Logins	147	701
Tips	1,981	6,126
Badges Earned	375	1,772
Home Profile Completed	84	389
Reward Redemption	35	117
Unsubscribes	162	382
* Data through 6/3/2018		

My ORU Advisor		
Visits by Channel %	Q2	% YTD
Email	81.0%	83.4%
Direct	9.7%	7.9%
Referral	0.3%	0.8%
Organic Search	2.4%	2.0%
Other	6.6%	5.9%

<b>My ORU Advisor</b>		
<b>Email Performance</b>	<b>Q2</b>	<b>IA*</b>
<b>Email Open Rates</b>	21.9%	24.0%
<b>Email Click Rates</b>	1.3%	1.4%
<b>Email Click to Open Rates</b>	6.0%	4.8%
* Industry average (IA) -2016 Epsilon Email Benchmarks - Retail Specialty Category		

### 3.3 Demand Response Metrics

To date, smart thermostats purchased from the MY ORU Store represent 11% of the total enrollments in O&R's Bring Your Own Thermostat Program (BYOT), with 272 customers connecting 330 smart thermostats. The energy savings from these Wi-Fi thermostats represent up to 272 kW of demand reduction when a load reduction event is called.

<b>Demand Response/BYOT</b>		
<b>Metrics</b>	<b>Q2</b>	<b>PTD*</b>
<b># of Customers Enrolled</b>	13	272
<b># of Connected Devices</b>	14	330
<b>kW Savings</b>	13	272
* Program to Date (original launch October 2015)		

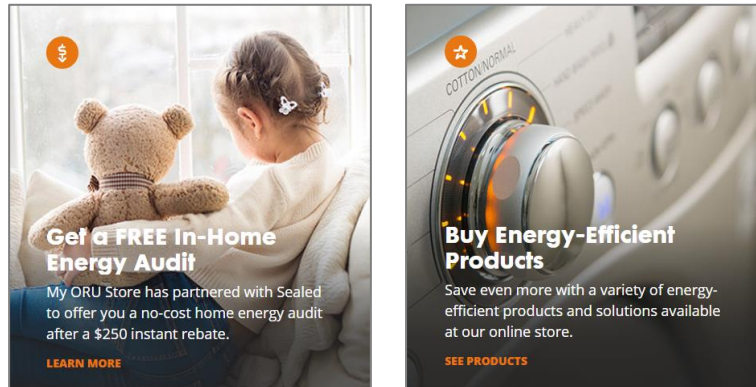
### 4.0 Strategic Objectives

The project team continually evaluates new products to add a variety of offerings on the marketplace. The goal is to provide products that meet the needs of our customers and at the same time help achieve the company's objectives in terms of profitability. The product mix is constantly evolving as customers' tastes change and new technology enters the market. The My ORU Store provides a variety of pricing across categories that allow customers the option to decide what products and services meet their needs and fit within their budget.

Aligning with O&R's partner Simple Energy, plans are underway to introduce new categories, additional manufacturers, and expand on existing styles with new finishes and colors. By continually offering new technologies and manufacturers, the My ORU Store provides innovative product solutions to customers that can help save energy and money as well as provide convenience, control and comfort to them in their homes. To drive increased sales and energy savings, the project team is looking at opportunities to align the products offered on the store with the current measures available through the residential electric and gas rebate programs.

A key strategic objective of the project team this quarter was to enhance the O&R website with more reference points to the My ORU Store. Seven new additional links were added to oru.com to help increase awareness of the marketplace and its unique offers. This added visibility has

helped to increase website traffic and drive transactions in both products and services. Referral traffic from the O&R website had increased 32% over last quarter and contributed to 13% more transactions from customers originating from the O&R website.



*Images: New My ORU Store Tiles on O&R Website*

ORYou Exchange, the Orange & Rockland online customer advisory committee continues to provide valuable actionable insights. The project team is planning to continue to survey these customers on a quarterly basis to get a better understanding of our customers' wants and needs. By leading participants through various discussions and exercises, perceptions surrounding things like marketing efforts, brand attitudes, and product categories come to light.

The project team is exploring a unique opportunity to expand services by offering a new solar platform that would educate customers about solar and enable them to connect with qualified providers in the service territory. The project is still in development but the process would allow customers to compare a variety of solar offers and choose the one that fits their needs and budget. The enrollment process would be streamlined and automated for all parties, including customer, utility and solar developer. Customers would receive messaging to increase awareness and education surrounding solar, and the platform would provide tools to help them make well-informed decisions. O&R and Simple Energy are exploring features that include using customer data through a logic-based tool and an ROI (Return on Investment) calculator to help make financial decisions. This type of platform expansion would further position O&R and the My ORU Store as a trusted energy advisor for its customers.

Knowing that our business and nonprofit customers have unique needs, the project team continues to find opportunities to serve these requirements through bulk orders. In the past, lighting products have been provided to parishes in the Arch Diocese of New York when their needs were not sufficiently fulfilled by the Small Business Direct Install program. The project team will continue to support large orders when possible.






















In an effort to increase interest for the Sealed HomeAdvance Energy Audit and Comfort Package offers, the team expanded marketing initiatives to reach more customers through company email communications and non-digital channels. In addition to featured emails from the My ORU



Store, the HomeAdvance offer will be promoted in several ways including marketplace modules; O&R emails, bill inserts, home energy paper reports, Facebook posts, postcard mailings, and additional links from the O&R website. This steadfast approach is projected to increase visibility and generate hundreds of prospects a month.

The project team is always exploring opportunities to partner with other internal departments to help meet company goals and bring attention to the marketplace. In the past quarter, they worked with both New Business and AMI (Advanced Meter Infrastructure) to incorporate store messaging into their marketing efforts. In addition to working on a welcome kit for new gas customers, the project team collaborated on a joint presentation to the Wallkill Farms Homeowners Association on converting to natural gas and providing them with tips for ways to save energy with energy efficiency and the My ORU Store. For customers with newly installed smart meters, they receive a series of communications from AMI through direct mail and email. The project team worked with members of the AMI team to include the marketplace as part of this messaging. The team will continue to collaborate with other departments to evaluate new opportunities to engage O&R customers.

## 5.0 Checkpoints/Milestone Progress

Checkpoint *	Projected Date	Completion Date	Progress Status
Marketplace Launch	1/15/2016	2/2/2016	  
Add Additional Products	2/5/2016	3/30/2016	  
Add Fixed Price Services	2/5/2016	6/29/2016	  
Marketplace Quarterly Check in	3/22/2016	5/1/2016	  
Launch HERs and Engagement Platform	5/7/2016	6/12/2016	  
Add Variable Priced Services	4/1/2016	In Progress	  
* These timelines are pending and subject to change as the program evolves			
 Complete  In Progress  Delayed			

## 6.0 Work Plan & Budget Review

The project team continues to evaluate customer and contractor interest with variable priced home services. The work flow process for integrating this on the My ORU Store is still in development. The project teams are working to develop an enhanced web platform that would accommodate additional third party providers and non-fixed priced services.

## 6.1 Expected Changes

	2015		2016												2017												2018				
Phase	November	December	January	February	March	April	May	June	July	August	September	October	November	December	January	February	March	April	May	June	July	August	September	October	November	December	January	February	March	April	May
Phase 0: Implementation - Design and develop program components																															
Phase 1: Launch – Implement marketplace with limited offerings																															
Phase 2: Category Expansion – integrate data analytics and implement complete line of product and offerings.																															
Phase 3: Decision on Project Expansion – evaluate program performance to determine next steps.																															
Phase 4: Revenue Optimization – streamline product and service line to maximize revenue opportunities.																															
Phase 5: AMI Integration – upon implementation of AMI evaluate rate design plans for peak time rebates, TOU analytics, integrate TOU enrollment.																															
Project Schedule																															
Completed																															

The rollout of AMI in Rockland County is in progress and, to date, 46,013 gas and 62,234 electric smart meters have been installed in the O&R service territory. Data will be available for integration with the marketplace at a later date.

## 6.2 Challenges

Like any other startup business, the My ORU Store is faced with similar challenges. It's important to recognize that our utility marketplace is competing against the much larger online and brick and mortar retailers like Amazon, Best Buy, Lowes and Home Depot. As such, it is difficult to match the volume pricing these competitors get while still making our products affordable to customers and profitable to O&R and our vendor-partner.

While paid advertising efforts successfully drive traffic to the store, these customers have not converted (or purchased) at the same rate that email, referral or direct traffic have. For an increase in traffic to lead to an increase in conversion, the traffic must consist of highly targeted users sent compelling purchase-intent content and being funneled to high-converting pages. So while these efforts are successful in increasing overall awareness, they are not as impactful at closing the prospect loop.

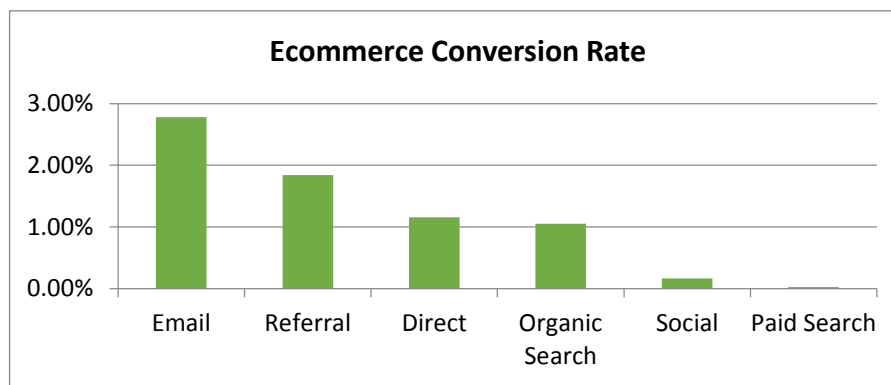
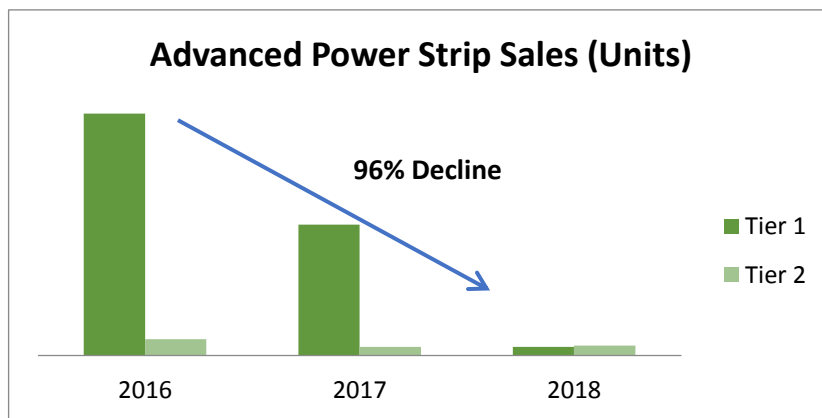


Chart: E-Commerce Conversion Rates by Channel

There has been no status update on Program Opportunity Notice (PON) 3578 submitted to NYSEDA in February 2018. Orange & Rockland and Simple Energy collaborated on PON 3578, proposing an innovative program to accelerate plug-in electric vehicle (PEV) adoption and improve grid integration of electric vehicles (EVs) in our service territory. Through education, emails and an incentivized EVSE with bundled program enrollment offering, this platform can help O&R meet its goals of carbon emission reduction, drive transactions on the My ORU Store, and accelerate PEV adoption in New York State. Without approval of funding, meeting these internal and state goals will be a more difficult challenge.

Tier 1 advanced power strip sales continue to be significantly impacted by the reductions in rebate levels made in Q4 2017. Once a thriving category, it now struggles with declining sales. My ORU Store customers are price sensitive as evidenced in a previous ORYou Exchange customer survey. Although Tier 2 category rebates have increased sales for these smart strips remain relatively flat as these are a higher price point product.



*Chart: Q2 2018 Advanced Power Strip Unit Sales*

Although the introduction of the new EV Charger category has generated interest with customers, driving key revenue in this category remains a challenge. These products are not rebated and therefore, customers remain price sensitive and hesitant to purchase. In addition, there is a small subset of our customer base that will have a need for this product as EV penetration is still relatively low.

Simple Energy has experienced delays in the development of a new solar platform. The O&R project team continues to prioritize and support this initiative and plans to launch have been shifted to Q3 2018.

## **7.0 Work Plan & Budget Review**

Actual costs to date will be filed confidentially and concurrently with the filing of this document.

### 7.1 Phase Review

The program has met most key milestones described in the work plan exhibited in previous reports.

### 7.2 Updated Budget

The program is still currently running under budget due to lower than projected payroll expenses resulting from positions remaining vacant for longer than anticipated. All positions have been filled with permanent employees as of August 2017.

### 7.3 Lessons Learned

- Customers continue to be price sensitive and are more motivated to purchase when “flash sales” are offered for a limited time period.
- Message content must be adapted to specifically target female customers and increase purchases from this growing demographic. Key motivators of comfort, convenience and safety resonate more with this segment with regard to specific product features.
- To broaden reach and build awareness of the My ORU Store, an integrated marketing approach is critical in meeting customers where they browse, shop and search.
- Improving website functionality with increased filter and search features are critical to improving the customer experience on the My ORU Store.
- Soliciting feedback from customers about their shopping experience is a useful way to gain valuable insight and to increase brand loyalty.
- Enhanced buyer guides provide customers with useful product comparisons and information to help guide their product purchases. This education supports the position of O&R as our customers’ trusted energy advisor.
- Collaborating with other internal departments within the company provides opportunities to support company goals and build a more sustainable online platform.
- Dedicating more marketing budget this quarter to support paid advertising efforts, specifically with regard to digital and search, proved to be a successful strategy as it helped drive traffic to the website from these channels.
- Using analytics to better understand our customers’ needs and interests is a critical component in marketing the most suitable products and home services to them.

## 7.4 Recommendations

The project team suggests the following recommendations:

- Broaden customer reach through a variety of marketing mediums, using internal and external resources.
- Develop platform enhancements to increase website functionality and improve the user experience.
- Create new promotional materials that can be distributed to customers at outreach events to increase awareness.
- Expand partnership with Suez Water through joint initiatives in support of conservation and energy efficiency goals; develop strategies to drive more traffic to the My ORU Store from the Suez conserve website.
- Solicit feedback from the ORYou Exchange customer advisory panel, to test the effectiveness of specific message content, website functionality and product/service offering.
- Explore opportunities to promote the My ORU Store through other department touchpoints with customers.

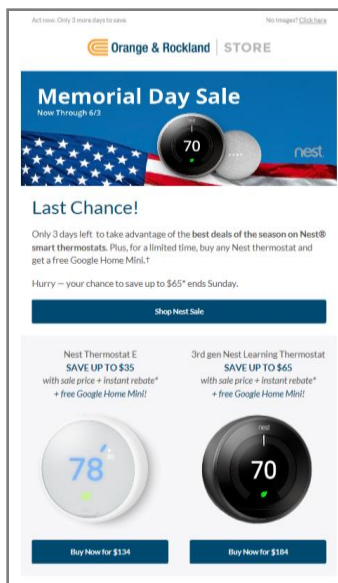
## 8.0 Appendix

### Appendix A: My ORU Store: Marketing Email – Seasonal Focus

#### *Nest Power Project*



#### *Memorial Day*



#### *Mother's Day*



### Appendix B: My ORU Store: Homepage Banner Ads

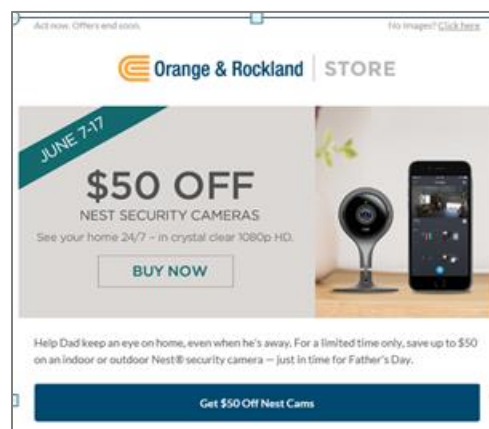




## Appendix C: My ORU Store: Marketing Email – Home Services




## Appendix D: My ORU Store: Marketing Email – Limited Time Offers





## Appendix E: My ORU Store - Suez Marketing


### Bill Insert



**O&R and SUEZ team up to shower you with savings**

Get extra savings and instant rebates on water-saving kits and showerheads when you shop O&R's online store.

[myORUstore.com](http://myORUstore.com)



**Heating your water takes energy.**  
Cutting down on unnecessary hot water usage can save you money.

**Get instant rebates on O&R's online store.**

Showerheads and aerators that save energy and water without sacrificing performance or water pressure.

Shower adaptors that alert you when the water is warm, preventing your hot water and money from running down the drain before you're ready to get in the shower.


Water-saving kits that bundle our most popular products.

**Did You Know?**  
You can save 2,000 gallons of water a year by just replacing one showerhead. \*That equates to powering your home for 13 days, or saving more than \$70 per year in utility costs.

shop [myORUstore.com](http://myORUstore.com)

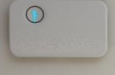
1885-0113-A 188501 \*Source: EPA

### Email




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The Sprinkler That Knows When and Where to Water



And, It's Even Better With Nest!



**Rachio Smart Sprinkler Controller**


- Gain control over your lawn's health with a sprinkler system that you can adjust from your smartphone.
- Connect your Rachio to your Nest thermostat and Nest Protect to better manage your outdoor water usage and protect your home from fire danger.

Choose between 8 and 16 zones.  
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## Appendix F: My ORU Store – External Communications

### Facebook




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[myorustore.com](http://myorustore.com)  
**Plus a free Google Home Mini**  
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**Orange & Rockland** @ORUConnect · May 24

Idle devices that are "off" but still draining energy, account for about 1/4 of all residential energy use in the country! Check out [myORUstore.com](http://myORUstore.com) for great deals on efficient products to cut down your costs and keep you #SavingAllSummer!




**Gear Up for Summer**

Comment Retweet Like




**Orange and Rockland Utilities, Inc.** Written by Adrianna Qi [?] · 11 mins

Shop smart. Shop MyORU Store.




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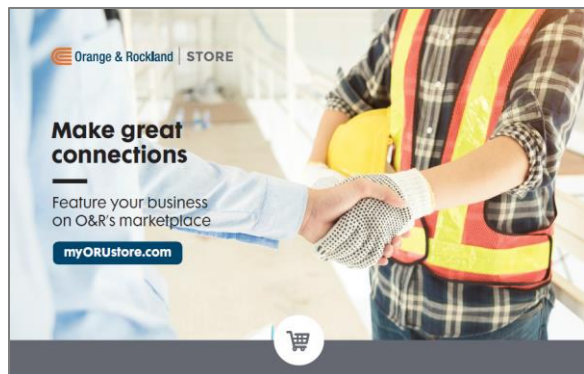
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EVERYTHING MATTERS

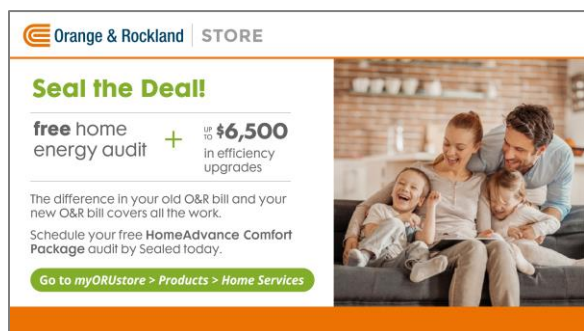
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## Appendix G: My ORU Store – Outreach Events



## Appendix H: My ORU Store: Internal Communications



## Appendix I: My ORU Advisor: Sample Emails

