Feature

Creating demand – how to market solar

15 January 2010

Mark Sinclair

Can ‘solar’ become as familiar to us consumers as Coca-Cola or McDonald’s? Clean Energy Group’s Mark Sinclair explores how to market the solar concept.

Solar comprises just a fraction of US electricity generation and is selling to only a small group of early adopters. To overcome the public’s solar misperceptions and create a robust marketplace, the solar industry must begin to market solar energy like Coca-Cola sells soda or McDonald’s sells hamburgers. Essentially, the industry must create a greater demand for solar energy. It must create a new ‘buzz’ about the technology. From a marketing perspective, solar photovoltaic (PV) panels should be as much in demand for new homes as granite counter-tops.

The federal government and the states are spending significantly on solar incentives to create demand and overcome the high upfront costs. In addition to these financial inducements, states are beginning to focus on how to teach people about the financial and other advantages of solar. No amount of tax credits is going to get Americans to buy into solar if they do not think it is reliable.

Therefore, state and utility solar programs must start to think and act like retailers. By creating new marketing initiatives, solar programs can help potential customers to understand that solar is both a smart financial investment and a reliable source of energy, and that there are many new state and utility financing programs that make buying solar as easy as financing a car.

The good news is that there are many examples of where solar marketing strategies are working – in states such Arizona, California, Connecticut, and Oregon and in the Department of Energy’s Solar America Cities partnership.

Clean Energy Group and SmartPower, two national non-profit organizations working to advance clean energy, recently developed the report, Smart Solar Marketing Strategies. It provides detailed recommendations on how solar programs can act more like retail marketers in creating product value and consumer interest in solar and it describes specific examples of effective marketing initiatives from across the country.

Here is an overview of the new CESA/SmartPower Report.

What is effective marketing?
Marketing is at the heart of every successful brand, business, organization, and cause. It is the process of identifying what consumers need, how the product or service can address that need, how to communicate that value in a compelling way, and how to deliver that message in the most efficient and effective manner.

When solar incentive program managers think like marketers, they will sharpen the focus of outreach efforts and improve the effectiveness of their program offerings.

The classic elements of marketing – the 4 P’s: Product, Price, Place, Promotion – offer a useful matrix to assess solar programs. Initiatives should address each of the 4 P’s. For example, a consumer will not buy a poorly manufactured product or one with a questionable reputation merely because the price is good. Similarly, the best quality product must be affordable to ensure market share. Although solar programs do not produce solar panels, price them, or control the quality of technology, their success is integrally linked to the success of solar suppliers. Both share the same goal: building a strong customer base for solar power in their region. Each plays an important part in marketing solar.

Therefore, state solar programs must begin to think and act like retailers, as they know how essential it is to inform the public about the product that is being offered; demonstrate and stand by the quality of the product, establish a price point that appeals to the consumer, create a desire for the product that generates action, and make it as easy as possible for the consumer to make the purchase.

The marketing challenges for solar

Consumers consistently report a preference for renewable energy but invariably fail to purchase it in sizeable numbers. Recent research conducted by SmartPower found that there are four primary barriers to solar market growth, and ALL four must be addressed to expand the market:

1. **Cost.** High up-front and out-of-pocket costs and long payback periods deter customers from installing solar;
2. **Reliability.** The absence of solar technologies in the public’s eye and confusion about its performance and capabilities create concern about the reliability of solar; it is not perceived as up to the task of powering our energy needs;
3. **Complexity.** The time consuming and complex nature of purchasing and installing solar systems discourages potential customers;
4. **Inertia.** The lengthy decision-making process and financial complexity of the solar sale often result in consumer inertia.

Because **Price** is one of the biggest barriers to growing the solar marketplace, many states are offering solar financing programs to help overcome concerns about up-front costs. However, states must ensure that prospective customers are aware of these new financing strategies and aggressively promote the financial ‘value’ of solar products.

The **Place**, or channels through which solar is sold, is also an area where solar programs have an important role through their work with installers and suppliers. Building a strong supplier network is critical in keeping up with rising demand; ensuring that customers can easily find an installer is part of this task. States also should look at the complexity of the sales process and how to minimize and ease the transaction process.

Lastly, **Promotion** of solar should be a primary focus, using communications and promotional strategies to favorably present solar in the marketplace, and ensuring that the right messages are presented.

As solar incentive programs examine their offerings through the lens of **Product, Price, Place and Promotion**, they will become more customer-focused, rather than program-focused, and, as a result, become more effective in achieving their goals.

Here are five strategies to create an effective solar marketing plan.

**Marketing strategy #1: Improving the value equation of solar**

A primary marketing challenge is to ensure that the public hears the positive message about solar’s value equation. The recent proliferation of creative solar financing strategies provides the tools to address the price/value barrier. While many of these initiatives are relatively new, they reflect the need to give consumers more financing options and reduce the out-of-pocket cost of solar installations to a manageable monthly expense that is more comparable to their electric bill.

Just as with financing the purchase of a home, a car, or a college education, financing options for solar purchases are necessary...
to overcome high up-front costs. Paying cash for a new car is not possible for most consumers, and the same applies to solar systems.

Car dealers have long understood the value of promoting their product by highlighting affordable monthly installments rather than full-price stickers. Similarly, when solar incentive programs provide a website calculator that informs the prospective customer of the total cost of installing solar, the message often serves as a deal stopper. By ‘calculating’ the cost of solar installation at US$20,000 or more, the homeowner may hit a mental ‘delete’ signal. Total cost information may be hindering the advancement of a solar sale.

Therefore, while many states are putting financing programs in place to overcome the high cost, they also must ensure that consumers are aware of those financial offerings. States should prominently feature the message of affordability to inform potential solar customers of the programs available. Consumers must hear that solar can reduce a homeowner’s annual electric bill by as much as 60% and increase a home’s property value an average of US$20 for every US$1 annual reduction in utility costs (Source: US Housing and Urban Development Department, CNN).

An example of how to use the new financing offerings to create a strong value message can be found on the Sacramento Municipal Utility District’s (SMUD) website. SMUD promotes its SolarSmart homes program with a value-oriented, investment-focused message:

*Make a SolarSmart choice today and enjoy a new home that is more affordable, comfortable, and environmentally friendly. Buy a SolarSmart Home and reduce your annual electric bill by as much as 60 percent. SolarSmart Homes combine the most cost effective energy efficient features and roof top solar electric generation in a package that makes homeowners money every month.*

*SolarSmart Homes is a wise investment that makes doing the right thing easy.*

Highlighting the specific monthly cost of a solar lease or loan has a much stronger effect than simply promoting ‘low interest loans’. Recent focus groups conducted by SmartPower with home energy audit customers confirmed this. Customers knew about the availability of 0% interest loans, and yet when a US$15,000 / 7 year loan was presented to customers as US$125/month ‘loan’. Recent focus groups conducted by SmartPower with home energy audit customers confirmed this. Customers knew about the availability of 0% interest loans, and yet when a US$15,000 / 7 year loan was presented to customers as US$125/month payments, the program had substantially more appeal. As one customer reported, “I knew about the loan offer, but the actual dollar amount makes me take a second look.”

### Marketing strategy #2: Reinforcing the reliability of solar

Concern about the reliability of solar is a major barrier to market growth; consumers believe they will be ‘buying’ into a lifestyle with solar that they are not ready for. Also, solar systems often are not visible in every day life, which contributes to a sense that solar is not up to the task of powering our modern world.

Questions about billing issues, confusing terms such as net metering, “what happens on a rainy day or in a snow storm?” and how much power solar customers will save, demonstrate just some of the concerns about solar’s reliability.

Solar programs can begin to address the reliability issue by ensuring that solar is as visible as possible in their markets and is presented as a powerful source of energy. There are many examples from the annals of consumer marketing that illustrate effective strategies for establishing a product’s quality. For example, when Nike™ wanted to demonstrate the high performance of its basketball shoes, it partnered with Michael Jordan. And a Timex™ watch was dropped from a high rooftop and it kept on ticking.

There are many effective tactics that solar programs can employ to reinforce the strength and reliability of solar. Here are a few:

- Create strategic partnerships with sports teams, local celebrities and media to create positive images and increase the presence of solar installations. Celebrity endorsements are very. For example, Arizona Public Service (APS) has found its celebrity partner in Steve Nash of the Phoenix Suns. Nash is the most popular sports star in Arizona. APS uses Nash in radio advertising and on their website, and extended their partnership by installing solar on the Phoenix Suns’ stadium;
- Installing solar in high visibility locations, such as airports, Governors’ mansions and sports stadiums, are excellent ways to address the reliability issue. These installations increase visibility to the public by not only creating a public relations opportunity, but on-going visibility to a wide range of constituencies that are not typically introduced to solar, such as sports fans and business travelers. For example, Denver installed a solar array with 9800 panels, covering 7 acres, at the Denver Airport that was visible to delegates coming to the Democratic National Convention in the summer of 2008;
- Employ educational seminars, press conferences, and informational materials to build the reliability story. Offer educational seminars for specific targeted segments (chambers of commerce, homeowners, municipalities) to build confidence in solar technologies;
- An increasingly important customer segment in advancing solar sales is the real estate industry. A realtor who cannot effectively talk about the value of solar on a home, may focus solely on purchase price, rather than factoring in energy costs. Many state solar programs, including those in California and Oregon, are now working with realty organizations to provide solar information seminars that help realtors speak more comfortably about the quality and value of solar power.

http://www.renewableenergyfocususa.com/view/6448/creating-demand-how-to-market-solar/
Marketing strategy #3: Reducing the complexity of solar

There are not currently any iconic brands for solar products, leaving consumers to rely on installers for much of the information. SmartPower’s research in both Arizona and Oregon found that, for most people who had installed solar PV, the decision-making process took more than one year, often more than two years.

To address the complexity issue, solar programs have the opportunity to take on the important role of trusted advisor and to guide prospective customers through the installation process. There are many ways that state programs can help make the solar installation process less onerous for consumers. Examples include:

- Work with installers to reduce time delays in providing estimates to solar prospects;
- Create a solar ambassador program that connects existing solar customers with prospective customers to ease the decision-making process;
- Offer free estimates and/or an energy advisor program to guide prospects through the solar incentive application process. Oregon’s solar program uses home energy auditors from the state energy efficiency department to provide free solar installation estimates. They offer the added benefit of serving as a trusted advisor. Madison, Wisconsin created an Energy Advocate program that allows interested solar prospects access to an unbiased, credible source of information to help them navigate the complexity of energy solutions customized for their home.

Marketing strategy #4: Finding the right message

Consumers need a fresh and powerful message that will put solar on their radar screens and bring new customers to the technology. This requires rethinking how solar programs talk about and promote solar power.

Solar message research has determined that the ‘environmental’ message is not the answer to motivate consumers. They already understand the environmental benefits of solar, but those benefits have not been persuasive enough to broaden market adoption. Solar programs also must instead create a connection with customers through marketing messages that are likely to enhance interest and lead to further inquiry. Messages that connect on a financial or value level are most likely to succeed.

In delivering these messages, a state solar program website is an essential marketing tool.

Marketing strategy #5: Reaching new customer markets

It is critical to broaden the customer base and open new markets for solar. Each solar program has a prospective customer base that has not yet reached its potential. Identifying creative ways to reach new customers is not just the job of solar installers and suppliers – state clean energy programs also are an important part of this outreach effort.

Many solar programs across the country are providing just such targeted outreach. Examples include:

- San Francisco created The Mayor’s Solar Founder’s Circle with a goal of encouraging solar on top of the city’s largest buildings. It targeted installations on 1500 roof tops in and offered financial incentives for those companies that install them. The program also involves mailings from the City, site visits and technical assistance;
- Energy Trust of Oregon reached out to companies who have already installed solar to enlist their employees as new solar customers. A corporate challenge provides on-site seminars for employees and encourages the companies to offer additional incentives;
- The Connecticut Clean Energy Fund implemented a Clean Communities Program that promotes clean energy purchases by a municipality and its residents and offers a 1 kW solar panel as an incentive. Over 80 communities across Connecticut have met this challenge and earned the designation of Clean Energy Community.

How to think like a marketer

As solar programs begin to think like marketers, they can assess how they’re doing by asking a series of questions to determine whether their solar marketing plan is on the right track.

1. How are new customers learning about solar? Should we do more to help? Where are our best opportunities?
2. Are we providing consumers with value-oriented financial offerings that make solar more affordable?
3. Are consumers aware of the new financial approaches that we offer? Are we adequately promoting the value and affordability of solar? Is it prominently displayed on our website?
4. Are there non-profit organizations and other stakeholders in our market that we should be aligning with to advance our goals and leverage our investment?
5. How can we create more visibility for solar in our market? Are there high visibility locations, personalities or opportunities that will increase solar penetration? Are there other solar partners (utilities, chambers, cities and towns, sports venues) that we should be working with to increase interest in solar power?
6. Do we have a sufficient group of installers in place? Will we need more? How can we attract them?
7. Do realtors understand the value of solar and know how to speak about it effectively?
8. Is there a role for traditional and new media in our marketing mix to build awareness? Are there innovative ways to utilize earned media beyond press releases and ribbon cuttings to increase interest in solar?

A final thought

While the future for solar technologies looks bright, solar programs must learn to tell solar energy’s ‘value’ story. Creating
messages that connect to consumers on a financial or value level are the keys to increasing solar installations. Doing so will mean stronger state economies, more jobs, a cleaner environment and another step toward energy independence.

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