



Silicon Valley Power

Testing Messages and Strategies Through Targeted Direct Mail

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About SVP

- City of Santa Clara's Municipal Electric Utility
- 51,000 electric meters
- 20 square miles
- 452 MW of peak demand
- Almost 3 million MWhs of sales annually
- Electricity usage is 87.5% industrial
- Lowest retail rates in California



About our Customers

- Home to the headquarters of Intel, Applied Materials, Sun Microsystems, NVIDIA, Agilent Technologies.
- Mission College and Santa Clara University
- Great America amusement park
- San Francisco 49ers headquarters
- 43,000 residential meters



About our Residents

- About 112,000 residents
- 48% white, 34% Asian, 18% Hispanic/Latino
- 64% U.S. born, 36% foreign born
- Median household income = \$80,000
- Median value owner occupied unit = \$671,200
- About half of residents are renters
- 70% are between 18 and 64 years old
- For those 25 and older, 25% have BA



Power Content Label

Power Content Label

ENERGY RESOURCES	2007 SVP ACTUAL POWER MIX*	2008 SVP PROJECTED POWER MIX*	2008 CA POWER MIX** (for comparison)
Eligible Renewable	28.5%	28.6%	5.1%
Biomass & Waste	0.1%	0.4%	0.3%
Geothermal	16.0%	13.7%	4.2%
Small Hydroelectric	1.6%	3.2%	0.3%
Solar	0.0%	0.0%	0.0%
Wind	10.8%	11.3%	0.3%
Coal	18.8%	14.0%	28.6%
Large Hydroelectric	20.9%	21.5%	30.5%
Natural Gas	31.7%	35.9%	35.4%
Nuclear	0.1%	0.0%	0.4%
Other	0.0%	0.0%	0.0%
TOTAL	100.0%	100.0%	100.0%

* 69% was energy specifically purchased from individual suppliers

** Percentages are estimated annually by the California Energy Commission based on electricity sold to California consumers during the previous year.



- Residential customer rate \$15.00/MWh
- 8.5% participation
- 97.5% California Wind / 2.5% Local Solar
- Green-e Energy Certified®
- 2006 DOE "New Program of the Year" Award
- 2007 DOE/EPA "Green Power Program of the Year" Award
- 2008 "EPA Green Power Community"
- NREL Top 10 for Customer Participation Rate (#3) and Green Power Sales as a % of Total Retail Electricity Sales (#5)



Program Partners

3Degrees is marketing partner



Data Marketing Inc. is direct mail partner



Direct Mail Strategy

- Identify champion letter
- Regularly test against challenger letters
- Always send champion to at least half of mailing recipients
- Include a business reply card, but assume many recipients will enroll via the web or phone
- TRACK THE RESPONSES
- Structure a success fee with direct mail vendor
- Use sparingly (i.e. targeted) but often



Spring 2008 Campaign Hypotheses

#1 The “champion” letter we have been using is getting dated

#2 In neighborhoods with high participation rates, we’ll encourage them to “keep up with the Jones’ ” so we sent a letter with the headline “1-in-6 of your neighbors is enrolled” as per Cialdini’s Psychology of Persuasion



Spring 2008 Campaign Results

Data Cell	Response			
	Response	Mailed	Response Rate	Response Index
Challenger	37	2423	1.527%	130
16% Letter	22	2153	1.022%	87
Champion	23	2424	0.949%	81
Total	82	7000	1.171%	100

Conclusions:

1-in-6 is a small minority

Zip code 95051 had a 3.5% response rate overall



Current Campaign Hypothesis

What is the impact of letter formatting, and how effective are “re-mailings”?

5,000 pieces of standard black/white
5,000 pieces of color including photo
5,000 pieces of follow-up letter

First 10,000 letters drop in 2 weeks



Spring 2009 Campaign Concept

- Target to census blocks with high concentration of hybrid car registrations (see study Green Market Geography by Professor Matt Kahn of UCLA)

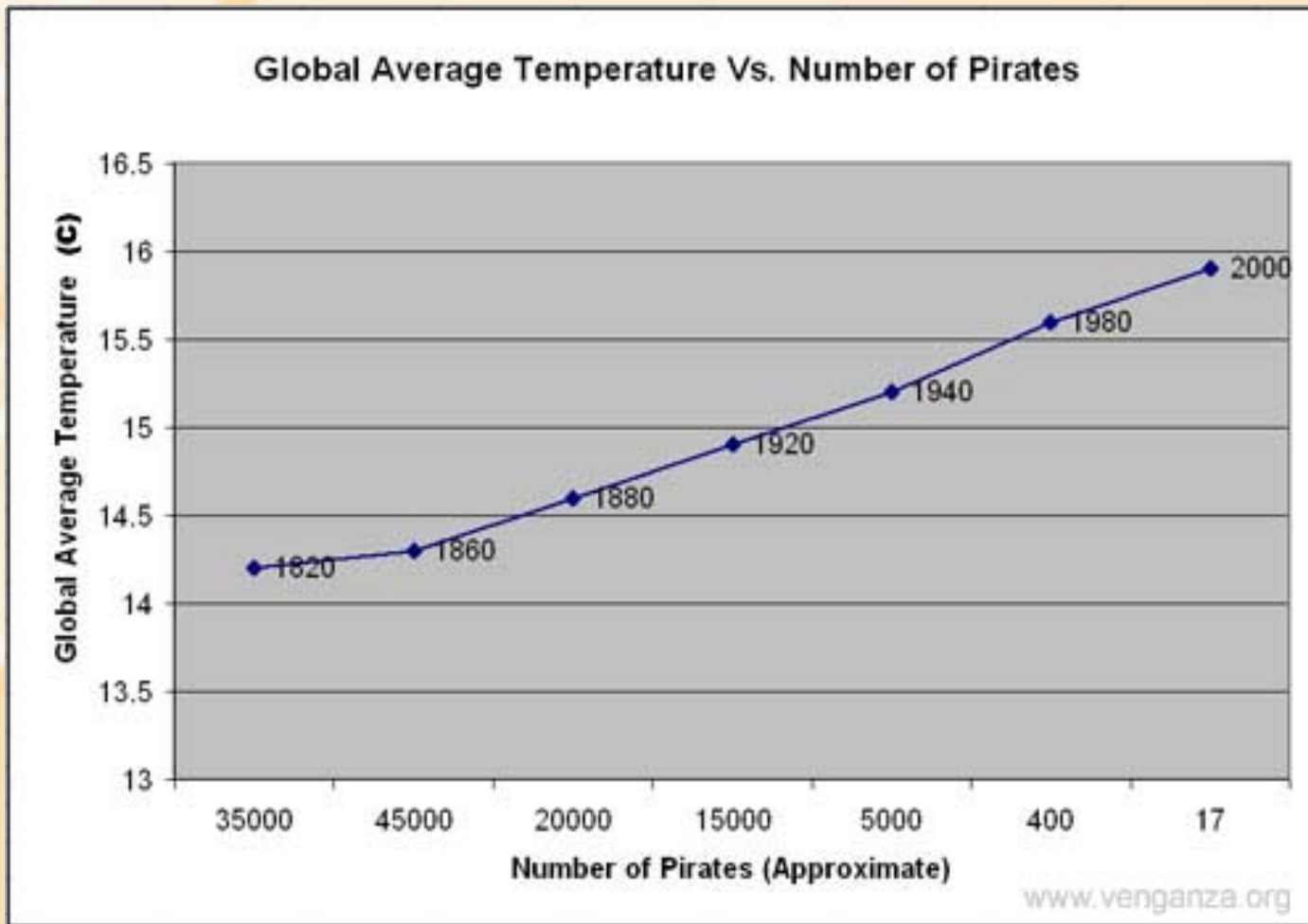


Lessons Learned

- Collect all relevant data over time to do post-game analysis and observe trends
- Re-engineer the next campaign based on past results
- Web and phone enrollments are often triggered by direct mail or bill inserts - attribute web/phone enrollments of anyone who received direct mail to the direct mail campaign (for 2 months)
- Keep testing



Don't Be Misled



Thank you

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www.siliconvalleypower.com