

Understanding Customer Motivations to Reshape Solar Programs

In 2021, ILLUME conducted research to help a southeastern utility understand customers' experiences with under-subscribed solar offers and to understand how best to serve customers through renewables.



The Challenge

Our southeastern utility client offered renewable energy credit (REC) purchases to residential and small and medium business (SMB) customers to fund future renewable projects, but adoption hadn't taken off. Eager to understand why, the southeastern utility put marketing efforts on hold and engaged ILLUME to conduct surveys to shed light on customer awareness and motivations regarding the program.



The Approach

ILLUME helped our client understand customer motivations and explore additional strategies to increase renewables. We asked survey questions regarding customer awareness, information sources, motivations, interest in renewables, customers' journey, and demographics—such as:

Are customers aware of the utility's RECs program?

Do they understand the program?

What prompted customers to participate in the renewable program?

How interested are customers in renewables in general and in the utility's offers?

What motivates their interest?

What customers are not participating?

How do motivations and satisfaction vary by type of customer?

ILLUME conducted three discrete surveys: one with current residential participants of the utility RECs program, one with nonparticipating residential customers, and one with nonparticipating SMB customers. These surveys helped our client understand customers' motivations and barriers to participation. Respondents received an email invitation to complete the survey on their phone, computer, or tablet (total n=420).

The Results

Our survey results confirmed our client's hypotheses about low program adoption. Simply put, clean power values are a strong motivator, costs are a barrier, and significant untapped customer interest exists. Fairly consistent motivations emerged among participants and nonparticipants alike, both residential and SMB. And opportunities surfaced to nuance messaging and marketing to different groups. Our findings were:

Promote clean power values in marketing and communications.

Surveyed customers were motivated to support renewable energy production, reduce their carbon footprint, and generate renewable energy in the state. Program participants selected these as top reasons for participating, and nonparticipants identified these as top reasons they were considering participating. Nearly 75% of participants had investigated solar for their home before signing up, but cost was a barrier. These findings are consistent with research from other regions.¹

- **Recommendations:** Message the solar program to combat climate change by investing in renewable energy in the state. Market the program as a low-cost pathway to invest in renewables for those who are not ready or able to invest in solar panels.

Offer lower-cost options.

All groups referenced cost as their primary motivator in energy choices—from why they investigated installing solar, to their primary concern about participating in a renewables program. When faced with RECs plan options, nonparticipants overwhelmingly preferred the least expensive option.

- **Recommendations:** Lower the monthly cost and/or create an option where participants can opt out or pause their monthly contribution to help reduce cost barriers to participation.

Promote use of local renewable energy and explore adding community solar to the program portfolio.

Participants named generating renewable energy in the state among top reasons to participate in the program—80% of program participants chose this as a top reason. Significant interest exists across nonparticipants to support and invest in renewables and to participate in a community solar offering; approximately 30% of nonparticipants found a hypothetical community solar offer appealing.

- **Recommendations:** Use clean energy generated in the state to the extent possible. Consider adding a community solar program to the renewables program portfolio to increase local clean energy production.

Provide clear guidance about how the program works.

Many participants didn't understand what RECs are or what their contributions would fund. Participants indicated wanting more regular updates about the quantifiable impact of their contribution, and nonparticipants wanted to know how the utility spends program dollars and where the energy comes from.

- **Recommendations:** Provide transparency about how the program works, where investments go, where the energy comes from, and the impact from participants' contributions.

Clarify the program brand.

A separate program brand can be confusing. Among participants and nonparticipants alike, the utility has higher trust than the separately branded renewables program. Most program participants signed up through the utility and expressed frustration at difficulty finding program information through the utility.

- **Recommendations:** Market the program under the utility name to help build brand awareness and trust. Explicitly branding renewable programs under the utility name demonstrates that the utility proudly supports the program and invests in renewables and clean energy.

For residential customers: reach out to diverse customers with climate-forward messaging.

Participants were more likely to be middle-aged, white, wealthy homeowners with a college degree. Nonparticipants who found the offers appealing tended to be younger, more racially diverse, and lower income. This difference points to an opportunity to market the program to customer groups who are under-represented in the program. National research on program participation is divided—some studies find that higher-income customers are more likely to be interested in voluntary clean energy programs while others find that level of education is a stronger determinant. However, national research on concern about climate and support for climate-related programming shows high interest across race, income, and age categories.²

- **Recommendations:** Leverage this interest by messaging to a wide array of customers, including renters, condo owners, and racially and socioeconomically diverse customers. Ensure marketing materials (i.e., imagery, messaging) reflect customer segments who express interest in the program and include real stories from real program participants.

For SMB customers: increase transparency and streamline the enrollment process.

Currently, SMB signup requires a phone call with a utility representative to determine monthly costs. About 60% of SMB respondents said the signup process should take 15 minutes or less.

- **Recommendation:** Clearly outline plan options on the program webpage, including monthly cost, and create a streamlined signup process that does not require a phone call.

Based on our research, our client is re-thinking how to package their renewables programs, which currently comprise solar panel offsets and REC purchases. They are rethinking their renewables strategy, potentially to add community solar; exploring lower-cost options; and updating their marketing strategy based on their increased and more nuanced understanding of customer motivations.

¹ <https://doi.org/10.1016/j.erss.2020.101457>, <https://core.ac.uk/download/pdf/6223864.pdf>

² <https://www.pnas.org/content/115/49/12429>



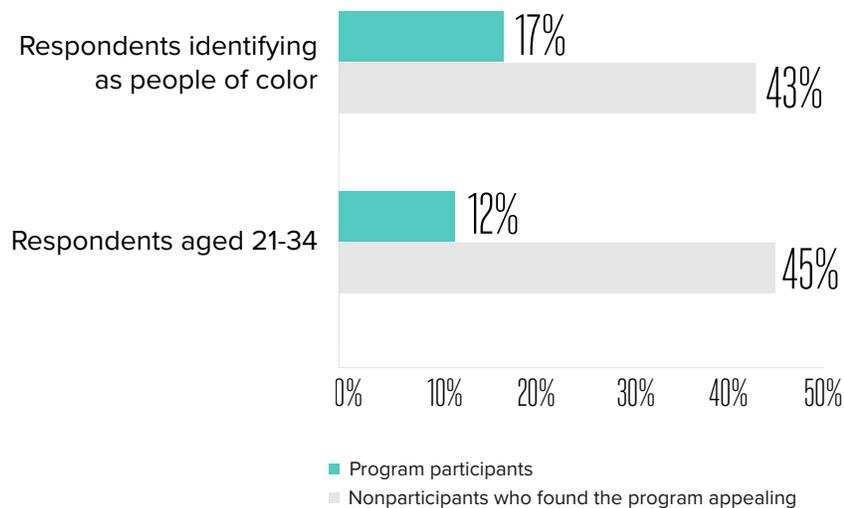
The Takeaway

For renewable programs to fully subscribe and succeed, they should: include robust offerings that deliver tangible value to customers, reach diverse customers with the right messaging, and increase renewable energy generation. Otherwise, utilities risk leaving significant customer value, program participation, and decarbonization opportunities on the table.

Renewable program success factors:

- Include robust offerings that deliver tangible value to customers.
- Clearly articulate the value to customers.
- Price it right—cost can be a barrier to participation.
- Reach diverse customers with the right messaging and motivators.
- Increase renewable energy generation, not just offset dirty power.

Opportunity to Expand Program Reach to Diverse Customers



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