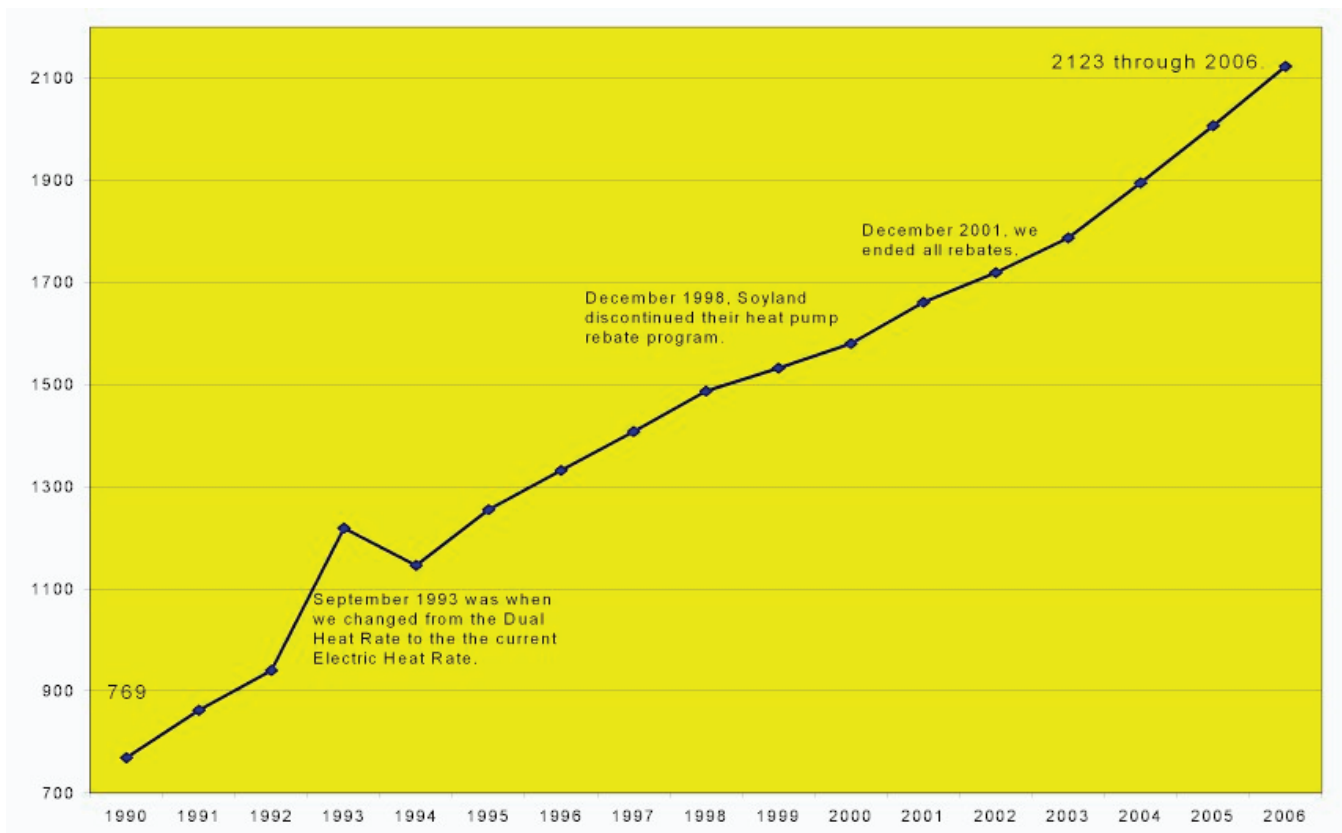


# Residential Electric Heating Marketing Program

*developed and implemented by*

**Eastern Illini Electric Cooperative with  
ConvectAir**



"Electric heat sales have grown from 17% in 1998 to 26.7% in 2006 despite the elimination of rebates."

## Case Study

### Summary

This case study explores the promotion of electric heating as part of a comprehensive residential utility marketing program. Eastern Illini is a 13,000-member electric cooperative that aggressively promotes a full range of product and service offerings from electric heating options to such non-energy offerings as personalized bottled water.

Eastern Illini Electric Cooperative (EIEC) is a summer-peaking cooperative with 99% rural residential and agricultural members representing 90% of kilowatt hour sales. Member growth is less than 0.5% per year with member churn at about 9% per year. The cooperative serves a service territory of 6,000 square miles in Illinois with an average of just 3 meters per mile.

Investor-owned electric utility service for residential customers was deregulated in the state of Illinois in 1998. In response, EIEC contracted with Inside Information, Inc. to conduct an extensive Member Saturation Survey that year with a 39.8% response rate. The overwhelming survey responses led to an increase in the size and scope of the cooperative's marketing department and the end to rebates for energy efficient equipment purchases.

Bob Dickey, EIEC's Manager of Marketing and Economic Development, explains, "The problem with a rebate is that it is a one-time occurrence and soon forgotten. Our cooperative can involve many more members with the same investment and educate them on the benefits of proper insulation, building envelope sealing, CFL's, geothermal and air source heat pumps, and auxiliary heat options. We also increased the size of the marketing department to meet with our members in the field and provide more timely information through our database tracking. Since we have implemented this approach, heat pump installations have doubled and our off-peak kilowatt sales have increased substantially."

Eastern Illini offers a range of rate options to its residential customers that include:

- General Service Rate for single-phase power of 11.4 cents.
- Electric Heat Rate for any consumer who has permanently installed facilities using electricity as the sole source of energy for space heating and domestic water heating.
- Small Power Interruptible Rate for consumers who agree to allow the cooperative to interrupt all electric service for the period of time specified for all uses, including lighting and heating.
- Summer/Winter Rate for all consumers for all uses, including lighting and heating
- Time of Day Rate

The cooperative's marketing department, led by Bob Dickey, has responsibilities to:

- Increase off-peak kilowatt sales
- Improve the energy efficiency of members
- Contact all new members
- Visit with all new homebuilders
- Assist all members with solutions
- Build alliances that promote the benefits of cooperatives

Bob Dickey is the only department head at the cooperative who reports annually to the Board of Directors. "Each year I present a marketing plan and budget to the Board. I really appreciate the opportunity. It keeps me accountable - focused on results - and the Board is more comfortable with our marketing efforts."



### Implementation Tactics

EIEC promotes a range of products and services, and the cooperative achieves its marketing goals through a variety of promotional channels, including participation in home shows, community fairs, field days & open houses through the use of a mobile display. The cooperative also makes extensive use of billboards, radio, direct mail as well as its monthly newsletter and bill stuffers.

Those products and services that relate directly to electric heating options are:

- **Home Energy Evaluation.** EIEC offers online calculators for homeowners to consider the potential operating costs EIEC staff is available by phone or in their office to provide free electric heating operating cost analyses to determine what members might pay on each of the cooperative's rate options. In addition, EIEC staff will visit members in their homes to conduct a basic blower door analysis for \$175, infrared thermal imaging for \$250, home evaluation for \$350, or a comprehensive evaluation with blower door and thermal imaging for \$450.

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• **Heat Pump Promotion.** EIEC's web site and staff offer members extensive information about the value of geothermal and air source heat pumps and provide installation contractor recommendations. To become an EIEC Authorized Contractor, installers must consistently score high in cooperative-conducted surveys of new home building and heat pump customers asking:

1. Did your HVAC contractor provide you with a heat gain/loss analysis?
2. Did your HVAC contractor tell you about Eastern Illini's marketing rate & financing options?
3. Did your HVAC contractor talk to you about geothermal or air source heat pump systems as options?

Authorized Contractors are provided with information packets about EIEC product and service offerings, including laminated cards that describe the cooperative's electric heat rate options and operating cost comparisons. EIEC also sends information packets with a product/service survey to all new members (see photo) and to all new homebuilders. Staff tabulate and track the survey responses in a marketing database and follow-up as requested.

• **Auxiliary Heating Options.** EIEC offers direct sales of the full line of Convectair products. Bob Dickey explains, "We sell Convectair because it's 20% - 30% more efficient than other electric space heaters available through retailers in our service territory. I've been to their factories and seen their extensive testing procedure as well as studies funded by utilities in Canada and France. EIEC staff is available to go to members' homes at no cost to help calculate their heating requirements to determine proper equipment selection using an online calculator available at Convectair's web site at <http://www.convectair.net/calcul/calcule>. EIEC also makes Convectair product information available through a link on its web site at [www.eiec.coop/Services/svcs\\_convect.htm](http://www.eiec.coop/Services/svcs_convect.htm). The web site page emphasizes that Convectair heating units feature:

- o 120 volts - just plug it in
- o Thermostat controls
- o Simple installation
- o Safe for bathroom use
- o Space saving designs
- o 2 year warranty
- o Other styles (including bigger 240-volt units) are also available



## Results

EIEC closely measures the effectiveness of its marketing efforts. The following was achieved in 2006:

- New electric heat members – 116
- 70% of new homes have a geothermal or air source heat pump
- Generators – 28
- Convectair heating units – 46
- Electric fireplaces – 8
- Whole house surge suppression systems – 18
- Energy audits/evaluations – 21
- Compact fluorescent lamps – 750

EIEC's wholesale power provider, Prairie Power, discontinued heat pump rebates in 1998 and EIEC ended all rebates in 2001. Nonetheless, the number of EIEC members with electric heat has continued to grow on a consistent trajectory. Perhaps more importantly, electric heat sales as a percentage of total kWh sales have grown from 17% in 1998 to 26.7% in 2006.

## Lessons Learned

Bob Dickey offers these observations for other cooperatives that are looking to enhance their electric heating marketing efforts:

- **Rebates aren't as important as you might think.** Homeowners value a cooperative's advice on how to achieve affordable comfort more than a rebate check. Our efforts to promote innovative rates as the primary incentive to choose electric heat emphasizes that members can save every month on their home heating costs rather than receive a one-time reward. Also, contractors appreciate that we're helping them convince customer to install more efficient home heating systems than the member might otherwise choose.
- **Track all member contact and inquiries.** I insist that our staff complete a tracking form every time they talk with a member about any of our product or service offerings (see photo). It is an invaluable way for us to track which members we've "touched" and know what interests them.

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- **Recommend only those contractors who recommend you.** We don't apologize for the fact that we only recommend those contractors who do things our way. All we ask is that our members have the opportunity to choose how they heat their home based on a complete presentation of all their options. In 2006, 70% of all our new home building members chose electric heat. That tells us that the more people know about the value of heat pumps and our rate options that the more likely they are to choose electric heat. Contractors who don't make it onto our Authorized Contractor list know why.
- **Offer member a range of electric heating options that are properly sized.** We believe geothermal heat pump systems are the most energy efficient and earth friendly way to heat and cool a home. But they are not the right system for everyone. That's why we make sure our customers learn about air source heat pump systems and Convectair space heaters as well. Regardless of the heating system they choose, we urge members to be sure their heating equipment is properly sized. Convectair's calculator allows us to help members choose the right product based on their rooms' size, insulation levels and other factors. It's as important to selecting space heaters as a heat loss/gain calculation to size whole house systems.

## To Learn More

### Cooperative Overview and Key Contact:

#### Bob Dickey, Manager of Marketing and Economic Development, Eastern Illini Electric Cooperative

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Eastern Illini Electric Cooperative (EIEC) provides electric service to over 13,000 member meters located over a 6,000 square mile service territory in the counties of Champaign, Douglas, Edgar, Ford, Iroquois, Livingston, McLean, Moultrie, Piatt, and Vermilion. Currently, EIEC employs about 70 people and serves just 3 meters per mile.



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ConvectAir's creation in 1983 stems from a large Canadian public utility's search for innovative residential heating solutions combined with the experience and know-how of a leading European group. For over 20 years, ConvectAir has been dedicated to providing more energy efficient solutions to homeowners in North America. Its products include reliable electronic controls, proprietary heating elements and advanced cabinet design. This expertise is helping over 100 cooperatives better respond to their members' needs while improving their load profile.



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Formed in 1995, Inside Information has provided customer surveying, data collection and database target marketing services for more than 100 co-ops in 28 states. One of the key advantages that Inside offers is the experience of a group of former electric co-op marketing personnel, who are on staff and provide the primary services to clients. Inside Information is based in the Kansas City area, and is responsible for the development and administration of customer research, database marketing, Internet marketing services, and employee surveys for utility clients.

