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Memorandum

Business Program Process Research

To: Fernando Morales, AIC and Jennifer Morris, ICC Staff

From: The Opinion Dynamics Evaluation Team

Date: July 9, 2020

Re: Standard Initiative Small Business Offering 2019 Survey Results

Overview

The Ameren Illinois Company (AIC) Small Business offering provides direct install energy efficiency measures to AIC's small (primarily DS-2 and/or GDS-2) customers. While the Standard Initiative is designed to serve business customers of all sizes, this offering is a critical participation channel for AIC's small customers, who prior to 2018 were targeted by a series of stand-alone Illinois Power Agency approved energy efficiency programs. 2019 was the second year the Standard Initiative included a Small Business offering. The Small Business offering includes mostly LED replacements for linear lighting, but also offers specialty LEDs and occupancy sensors.

The evaluation team conducted research to better understand Small Business offering participants. More specifically, the evaluation team aimed to provide a better understanding of the following:

- How customers heard about the Small Business offering
- Customer satisfaction with their participation in the Small Business offering
- The barriers customers face related to participating in the Small Business offering
- Customer awareness of and interest in other Initiative offerings
- Small business lighting product purchase behaviors.

To meet these research goals, the evaluation team developed and fielded an online survey in December 2019. The evaluation team invited a census of the customers who completed the Small Business offering projects between mid-December 2018 and early July 2019 to the online survey. The survey was designed to gather data from the person responsible for making decisions about energy-using equipment within their companies. The sample included 684 unique contactable Small Business offering participants, and total of 124 participants completed the survey, yielding a response rate of 24%.[1]

[1] The evaluation team used the Response Rate 3 (RR3) method recommended by American Association for Public Opinion Research (AAPOR). RR3 excludes partially completed survey from the numerator and includes estimated number of eligible sample in the denominator.

Summary of Key Findings

Key findings and recommendations from this study are explained below:

- **Key Finding #1: Most participants received information about the Small Business offering by discussing the program with a contractor or Program Ally.** Although there were several ways participants may have seen or heard information about the offering, most respondents (73%) indicated they have discussed the program with a contractor or Program Ally. Other common ways respondents heard information about the offering include through friends and family (42%), the AIC website (27%), and information on their monthly utility bill (27%).
- **Key Finding #2: Participants are highly satisfied with AIC and the Small Business offering overall.** Almost all respondents reported being satisfied with AIC overall (94%) and the Small Business offering overall (98%). The vast majority of respondents (94%) reported they did not experience any problems during their participation in the offering.
- **Key Finding #3: Small Business offering participants are interested in non-lighting equipment currently not offered by the program.** When asked if they would be interested in various non-lighting equipment if an assessment report recommended it, most respondents indicated they would be interested in advanced or "smart" thermostats (55%), advanced power strips (60%), and air sealing (64%). Additionally, when asked if there was any other energy-saving equipment they wished the Small Business offering provided, 23 respondents provided a recommendation, the most common being HVAC equipment (48%, n=23).
- **Key Finding #4: Most respondents were unaware of other Initiative offerings even though many of these offerings are likely applicable to them.** About half of respondents indicated they had not heard about Lighting Instant Incentives (50%), the Online Store (52%), or Standard Lighting (52%). Most respondents indicated they had not heard about HVAC and Water Heater Incentives (73%), or Steam Trap Incentives (93%). When asked if they were interested in learning more about each of the Initiative offerings, nearly half of respondents - whether they were aware or unaware of the offering - indicated they were interested in learning more about Lighting Instant Incentives (46%) and HVAC and Water Heater Incentives (49%).
- **Key Finding #5: Most respondents plan on replacing their T12 or T8 fluorescent lamps with Linear LEDs (TLEDs).** Nearly three-quarters of respondents who reported they had T12 lighting (73%, n=15) and more than half of respondents who reported they had T8 lighting (54%, n=35) installed in their facility reported they plan to replace these fluorescent lamps with Linear LED lamps. About 17% of those with T8 lighting plan to replace their T8 lighting with another T8 product. Among the respondents who indicated they had any kind of linear lighting installed at their facility, 76% reported they will purchase the most energy efficient product the next time their facility needs a replacement of linear lighting.

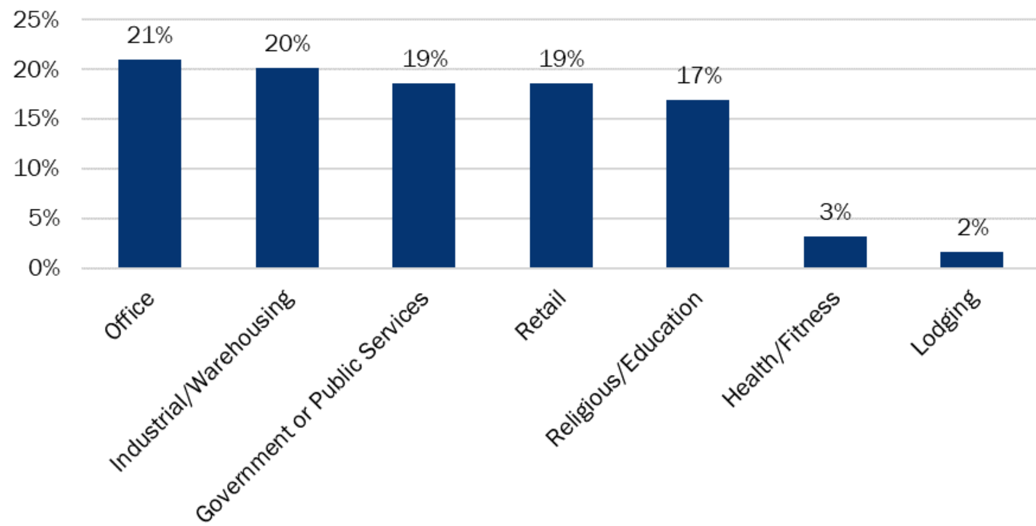
Detailed Results

This section outlines the detailed results from the online survey completed by 124Small Business offering participants.

Respondent Characteristics

The Small Business offering participants who responded to the online survey reported diverse firmographic characteristics, encompassing a wide range of business types and sizes. The most common business type was offices (21%), followed by industrial/warehousing (20%), government or public services (19%), and retail (19%). Figure 1 shows the distribution of the respondents' business types.

Figure 1. Small Business Offering Participant Types (n=124)



More than half of respondents (56%) reported their business was small, with fewer than ten total employees, while 29% reported their businesses were medium sized (ten to 49 employees), and 12% reported their businesses were large (50 or more employees). Additionally, 90% of respondents indicated their business was an independent business, not part of a chain or franchise. About 90% of respondents owned the facilities they occupied. Among the other 10% of respondents who rent their facilities, 100% reported they pay for their electric and/or gas bills, indicating all the respondents have an incentive to make energy efficient upgrades at their facilities. Eighty-four percent of respondents reported their facility was at least 20 years old.

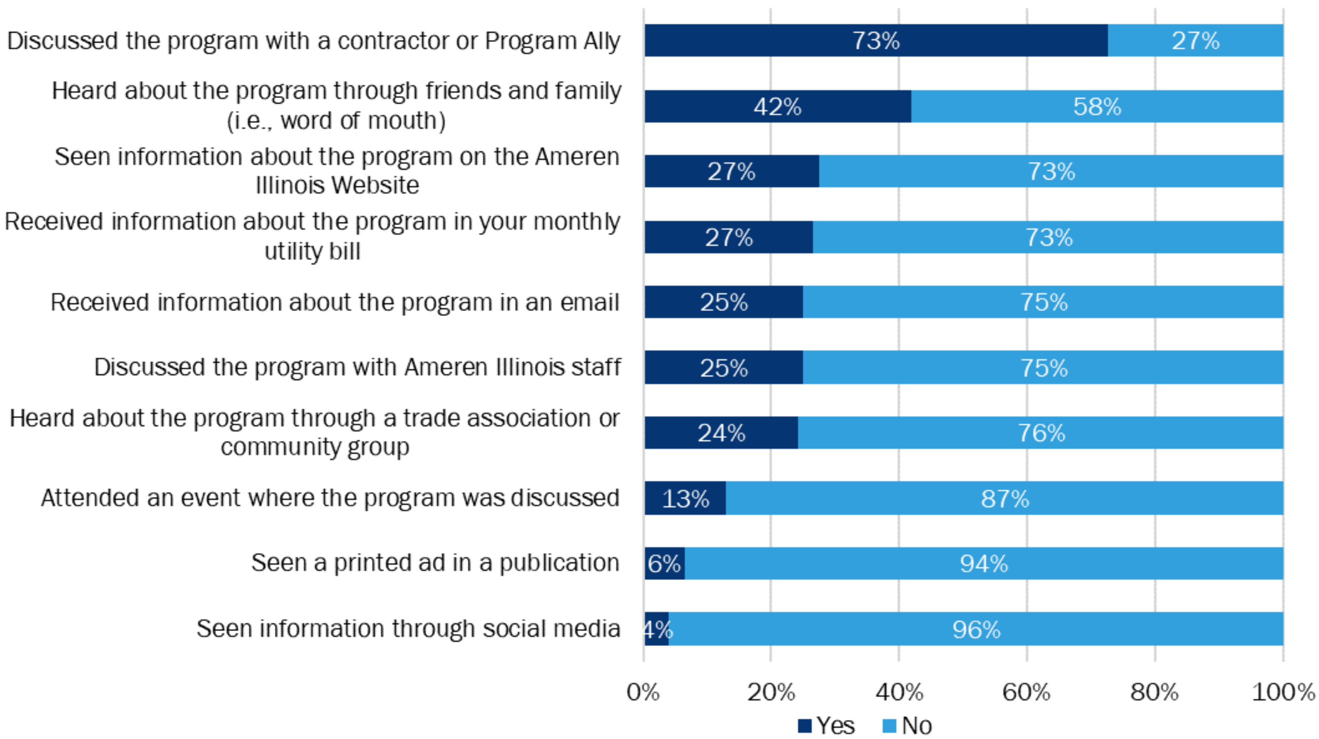
Program Awareness and Interest

Sources of Information

There were several channels through which respondents learned about the Small Business offering, as shown in Figure 2. Respondents most commonly reported they learned about the offering from a contractor or Program Ally (73%) or heard about through word-of-mouth (42%). About one-quarter also reported seeing or hearing about the program from the AIC website (27%), information on their utility bill (27%), program emails (25%), AIC program staff (25%), or at trade associations (24%). Only a few respondents reported seeing program information through social media (4%) or in printed ads (6%).

The evaluation team found that large businesses with 50 or more employees were more likely than smaller businesses to learn about the program at an event where the program was discussed (47% among large businesses, while 8% among small-medium sized businesses). This indicates that AIC's presence at these events is an important way to funnel larger businesses into the Small Business offering.

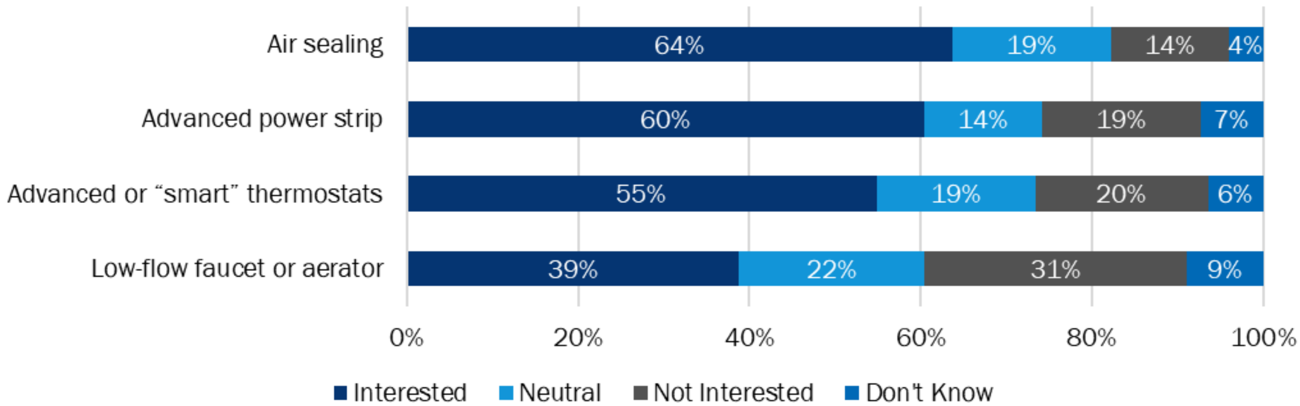
Figure 2. Program Awareness Channels (n=124): Have you ever . . .



Interest in Energy-Saving Measures

The evaluation team also asked respondents how interested they were in non-lighting energy-saving equipment the program could offer in the future for qualifying small business customers. A majority of respondents indicated they would be interested in moving forward with air sealing (64%), advanced power strips (60%), and advanced thermostats (55%) if an assessment report recommended it. A smaller share of respondents (39%) indicated they would be interested in low-flow aerators if the assessment report recommended them. Figure 3 displays respondent interest in non-lighting measures the program could potentially add to the Small Business offering.

Figure 3. Customer Interest in Energy Efficiency Measures (n=124)



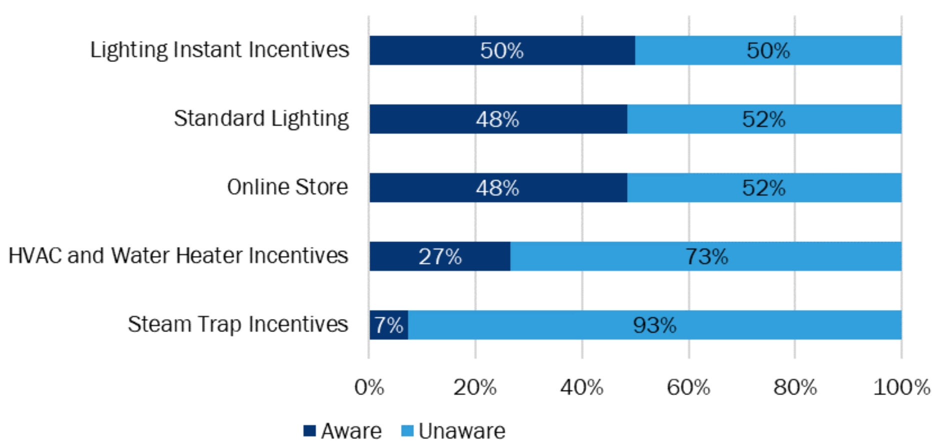
Note: The research team asked the respondents to rate their interest in each measure using an 11-point scale, where 0 is not at all interested and 10 is very interested. The responses were coded to 'Not Interested' (0 - 3), 'Neutral' (4 - 6), and 'Interested' (7-10).

When asked if there was any other energy saving equipment they wished the Small Business offering provided, respondents most commonly reported they would like HVAC equipment, such as furnaces and air conditioning equipment (11). Other frequent responses included outdoor lighting (4), solar panels (2), and water heaters (2).

Awareness of and Interest in Other Offerings for Small Business Customers

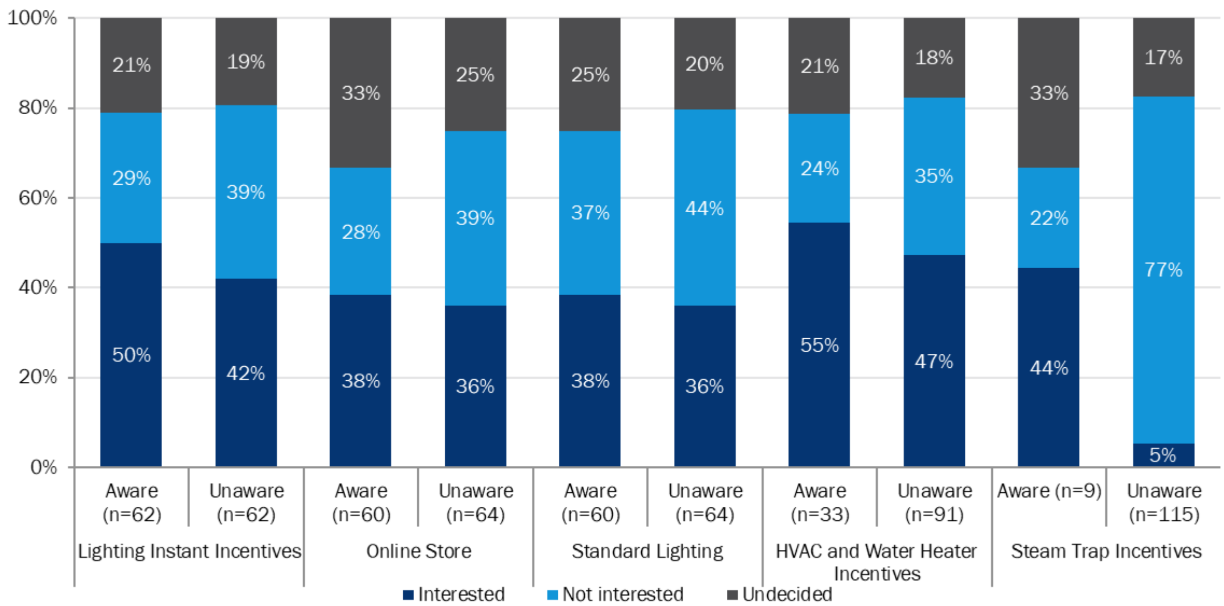
Many respondents indicated they were aware of other AIC offerings that provide small business customers with energy-saving equipment. As shown in Figure 4, about half of respondents reported they were aware of Lighting Instant Incentives (50%), the AIC Online Store (48%), and the Standard Lighting offering (48%). Awareness of HVAC and Water Heater Incentives and Steam Trap Incentives were much lower, at 27% and 7%, respectively.

Figure 4. Customer Awareness of Other Program Offerings (n=124)



The evaluation team also asked respondents if they were interested in learning more about these offerings to understand if these offerings may be applicable to them. Figure 5 shows the responses for each offering or program by awareness of the offering. Generally speaking, both respondents who are aware of the offering and those who are unaware reported a similar level of interest in the offerings. This indicates that many of the participants are still uninformed of these offerings even though these offerings are likely applicable to them. Another interesting finding is that, despite lower awareness than most programs, HVAC and Water Heater Incentives program received the highest share of the respondents who are interested in learning more (49% overall), followed closely by Lighting Instant Incentives (46% overall). Many respondents were also interested in learning more about the Standard Lighting offering (37% overall) and the AIC Online Store (37% overall).

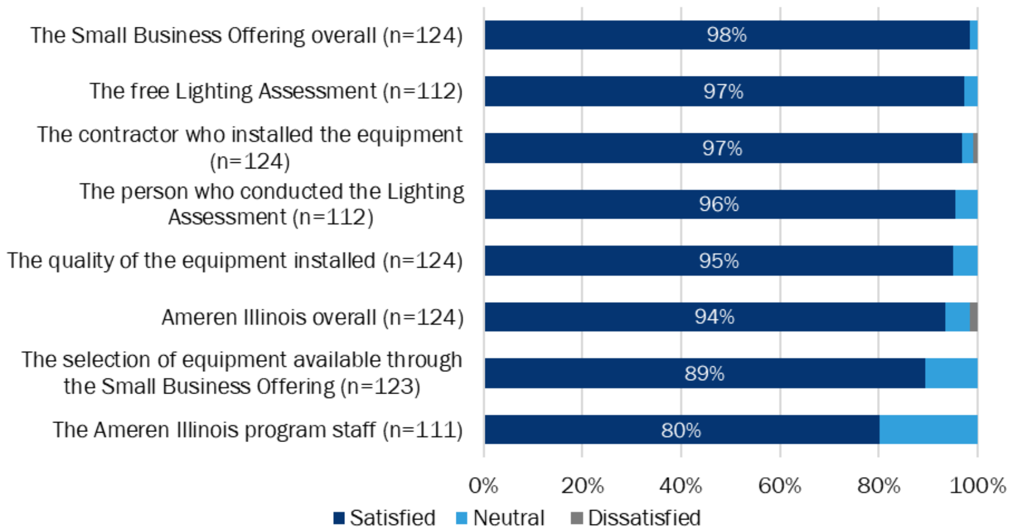
Figure 5. Customer Awareness of and Interest in Other Program Offerings (n=124)



Customer Satisfaction

Respondents were, overall, highly satisfied with the Small Business offering. An overwhelming majority of respondents provided "satisfied" ratings with the Small Business offering and AIC overall as well as various offering components, including the free lighting assessment (97%) and the installation contractors (97%). Figure 6 shows the distribution of satisfaction ratings with various components of the Small Business offering.

Figure 6. Customer Satisfaction with Small Business Offering



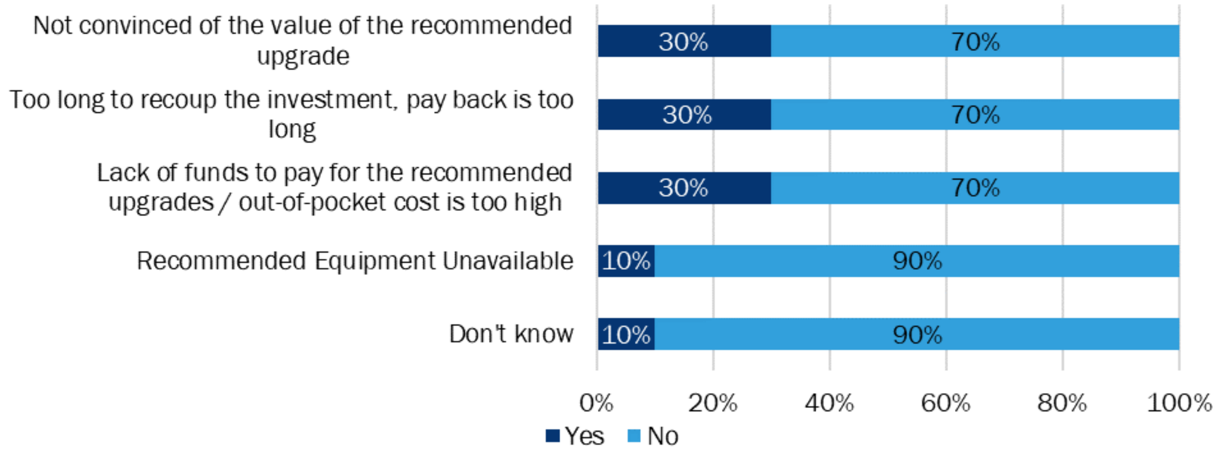
Note: The research team asked the respondents to rate each of the satisfaction questions using an 11-point scale, where 0 is very dissatisfied and 10 is very satisfied. The responses were coded to 'Dissatisfied' (0 - 3), 'Neutral' (4 - 6), and 'Satisfied' (7 - 10). Responses of "Don't know" were included as "Neutral".

Only 8 respondents (6%) indicated they experienced problems during their participation in the Small Business offering. The most common problems respondents reported were related to equipment (installation problem, or equipment availability) and administrative issues (scheduling problems, longer than expected time it took for project approval).

Barriers to Participation

Approximately 77% of respondents recalled receiving both the free Lighting assessment and the assessment report, and among these respondents, 84% installed all the equipment recommended in the assessment report. For those who did not install all the recommended equipment (n=10), the research team inquired about the reasons not all the recommended equipment was installed. The most common reasons include the payback period for the investment was too long (30%), respondents were not convinced of the value of the recommended upgrade (30%), and a lack of funds to pay for the recommended upgrades (30%). When asked if they plan to have all the recommended equipment installed, two respondents indicated yes, two respondents indicated no, and six respondents did not know if they would have all the recommended equipment installed.

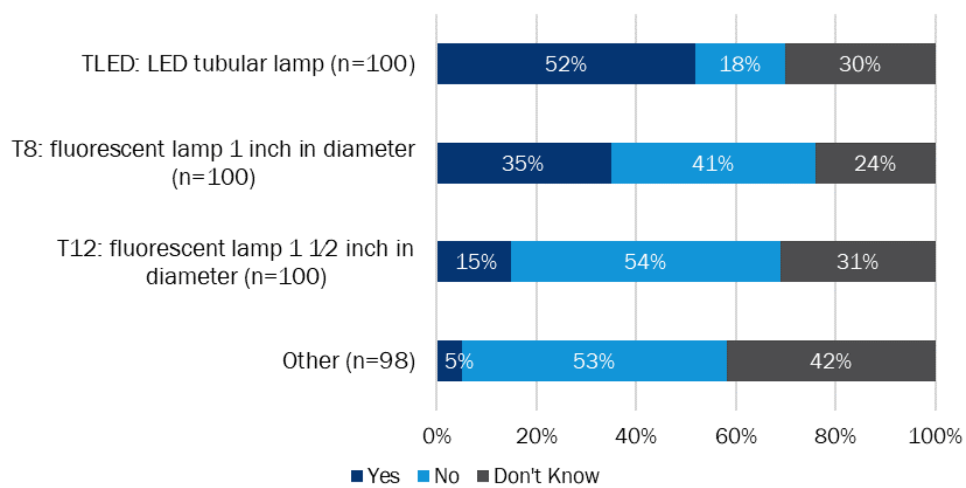
Figure 7. Reasons Customers did not Install all the Recommended Equipment (Multiple Responses Allowed, n=10)



Lighting Product Purchase Behavior

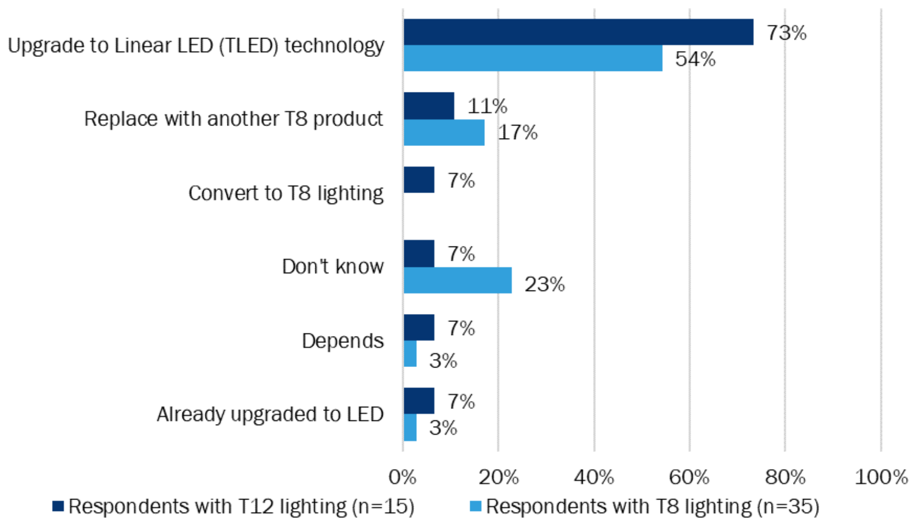
The evaluation team asked respondents a series of questions about their lighting-related purchase and installation decisions at their facilities. Four out of five respondents (81%) reported their facilities used linear tube-shaped overhead lighting. Figure 8 shows the types of linear lighting currently installed in their facilities. While many respondents could not provide specific types of linear lighting installed in their facilities, more than half (52%) reported they have efficient TLED installed. Non-LED linear lightings are still commonplace in many respondents' facilities. T12 lamps are in less than one-fifth of the respondents' facilities (15%), and T8 lamps are in more than one-third of the respondent's facilities (35%). This suggests there is a remaining opportunity for the Small Business offering to help these customers.

Figure 8. Linear Lighting Products Installed at Small Business Offering Facilities



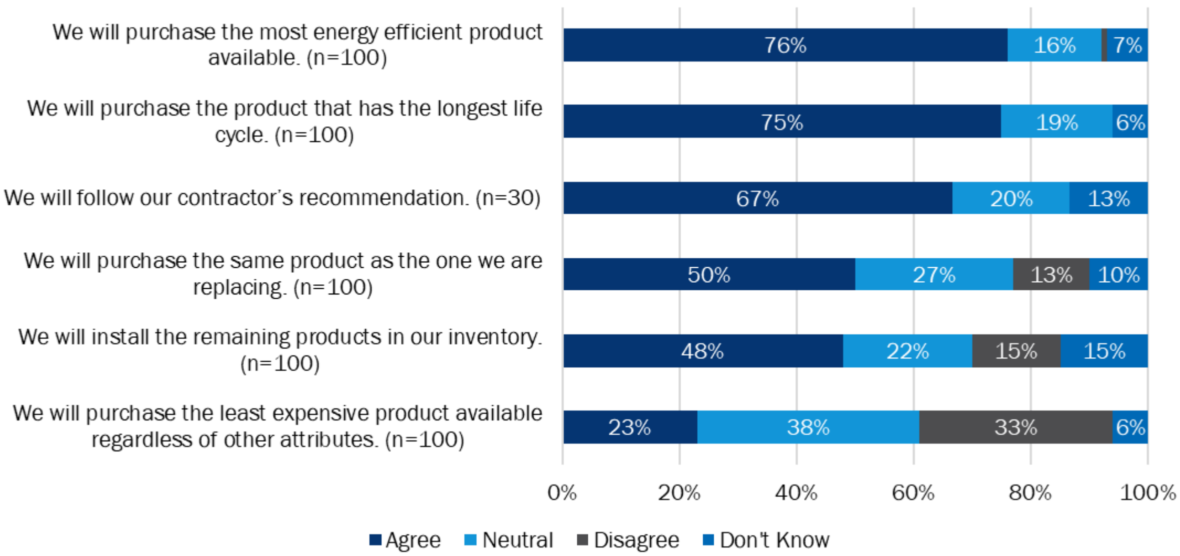
The evaluation team also asked respondents who indicated they have T12 or T8 fluorescent lamps what they plan to do when they replace those products. As shown in Figure 9, most respondents with T12 and T8 lamps indicated they would replace their fluorescent lamps with TLED lamps (73% and 54% respectively). A notable portion of respondents with T8 (17%) also indicated they plan to replace with another T8 lamps.

Figure 9. Respondents' Plans to Replace T12/T8 Fluorescent Lamps



The evaluation team asked the respondents whose facility has linear lighting installed about the importance of several attributes in their future purchase of linear lighting products, as shown in Figure 10. The next time their facility needs to replace linear lighting, approximately three-quarters of respondents indicated they will purchase the most energy efficient product available (76%) and will purchase the product that has the longest life cycle (75%). Contractor recommendations are also highly important to respondents, as 67% of those who indicated they normally hire a contractor to complete lighting projects indicated they would follow their contractor's recommendation. Only about half of respondents reported they would purchase the same product they are replacing (50%) or install the remaining products in their inventory (48%), although in many cases these could include already efficient lighting. Less than one-quarter (23%) indicated they would purchase the least expensive product available.

Figure 10. Respondent Lighting Purchase Behaviors: Agreement or Disagreement with the Following Statements



Note: The research team asked the respondents to rate each of the satisfaction questions using an 11-point scale, where 0 is strongly disagree and 10 is strongly agree. The responses were coded to 'Disagree' (0 - 3), 'Neutral' (4 - 6), and 'Agree' (7-10).

The Small Business offering encourages small business customers to consider early retirement of inefficient lighting products. Without the offering, nearly three-quarters (77%) reported they would have upgraded their lighting equipment when it failed. Only 6% of respondents said they would have upgraded their lighting before it failed. Figure 11 shows when respondents would have upgraded their lighting equipment had the Small Business offering not been available.

Figure 11. Upgrading Lighting Products in the Absence of the Small Business Offering (n=124)