



# Five Best Practices

for Engaging Customers in Residential Demand Response

## HIGH PARTICIPATION RATES IN DEMAND RESPONSE ARE ACHIEVABLE

High participation rates in demand response (DR) programs indicate that consumers are willing and eager to become more engaged with their energy use. They also demonstrate just how valuable demand response can be as a resource.

Utilities across the country have been able to achieve high levels of customer participation in DR. In the Pepco Holdings, Inc. (PHI) residential markets of Washington, D.C. and its northern Maryland

suburbs, 60% of eligible households are participating in their Energy Wise Rewards demand response program. Of all eligible households, 50% are participating in the Southern Maryland Electric Cooperative (SMECO) CoolSentry program.

So how do utilities follow PHI's and SMECO's lead and drive high customer engagement and participation in their own residential demand response programs? Itron expert Pravin Bhagat, Director Program Marketing, recommends focusing on five key tactics.



## 1. PERFORM CUSTOMER ANALYSIS

Utilities will be better able to recruit customers for a program when they start with a strong understanding of customers' motivations for participating. Segmentation can identify customers most likely to participate in a residential demand response program, which is beneficial as a recruitment effort is aided by positive word-of-mouth from initial participants.

By reviewing published studies, consulting with experts or conducting their own research, utilities and their partners in deployment should work to understand the target demographics and psychographics of their customer base before presenting a program offer to them.

## 2. LEVERAGE EFFECTIVE CHANNELS

Today, there are a wide range of communication channels available to keep residential participants informed, both about the initial program offer and about ongoing program details. While direct mail has traditionally been the most effective, maintaining a strong web presence and a well-informed call center are equally important. A compelling program will leverage channels that continue to grow in popularity, including text messaging, email, phone applications, social media and web portals.

In the long run, utilities need to evaluate the potential efficacy of each channel and determine when to implement each as part of a comprehensive communication strategy. One thing is certain: a one-size-fits-all approach will not be successful. Each market is different. How, when and by what means are all important questions to explore before initiating any strategic plan for program recruitment.

## 3. CONTINUOUSLY EDUCATE CUSTOMERS

Most customer dissatisfaction results from reality not matching expectations. The solution? Build and set appropriate expectations with customers by educating them.

Provide information that is easily accessible online, along with simple, clearly written materials that can be delivered directly to the customer. Educate customers before attempting to engage them in a demand response program. Most importantly, be transparent about all elements of the program for the duration of customer participation and beyond.

## 4. GIVE CUSTOMERS CHOICE

In our experience working with many different types of utilities, we've found that giving customers the capability to choose their level of engagement is vital. Again, one size doesn't fit all, so providing utility customers with a variety of technology options and cycling strategies to choose from can make them feel more comfortable with a program and more likely to actively participate.

As customers gain experience and familiarity with the program over time, they can be invited to increase their participation in the program, graduating to higher cycling levels if their lifestyles and preferences allow.

## 5. BUILD SUPPORTIVE PARTNERSHIPS

Developing positive relationships early on will make it easier to gain the necessary approvals as the program evolves and communication is essential. Therefore, it's important for utilities to engage with regulators and stakeholders on an ongoing basis, providing frequent program updates and giving them a seat at the table for discussions around growing and improving the program.

## CONCLUSION

Each of these five best practices drove the impressive customer participation rates that PHI and SMECO have achieved for their DR programs and have contributed to our success in recruiting over 2.2 million customers for DR programs. With a focus on these practices at every stage of deployment, we're confident that utilities everywhere can achieve high customer engagement and participation rates in their demand management programs.



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