PSE and Vertex Tackle Energy Efficiency Enrollment with Predictive Analytics

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Combining analytics that predict customer behavior with proactive, targeted and customized messaging drives significant benefits for utilities seeking to increase enrollment in energy efficiency programs.

The Opportunity:

"Doing more with less" has become the theme song of the modern utility. As demand for energy continues to increase around the world, energy efficiency—as a means to address this growing demand—has become a critical component of the energy equation.

One of the main challenges in running a successful energy efficiency portfolio is matching the right programs to the right customers in a cost-effective way. Like many utilities, Puget Sound Energy was looking for a better way to drive uptake of their programs.
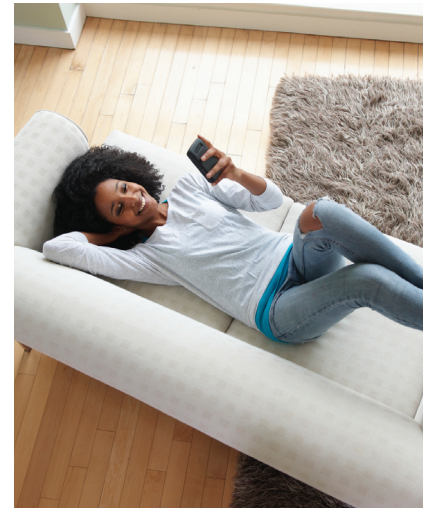
The Vertex Approach:

In 2013 Puget Sound Energy (PSE) partnered with members of Vertex's advanced analytics team to tackle this challenge through the application of predictive analytics. Identifying the right customers out of 1,200,000 to target for a refrigerator recycling program is no small task. However, understanding the ranked likelihood of every single one of those customers to participate in each energy efficiency program you offer makes this much more manageable.

Applying a variety of statistical data modeling techniques, Vertex's advanced analytics team produced scores for each of PSE's residential customers indicating their likelihood to participate in each one of the utility's energy efficiency programs.

Partnering closely with PSE's marketing group, Vertex delivered four pilot campaigns in a champion/challenger experiment, testing the uplift in enrollment that could be achieved when selecting customers likely to enroll (as opposed to randomly selecting customers – the traditional approach). A variety of marketing media and messages were tested as well, including direct mail, email, and outbound phone calls.

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Results Delivered

The results measured from these initial tests were compelling, and assured Vertex and PSE that predictive analytics for enrollment would continue to deliver improved response and reduced marketing costs regardless of the program marketed or direct marketing channel used. Averaged across all pilots, targeting customers identified as "high propensity" proved the following:

- Program Participation: Improved offer uptake by 70%

- Enrollment Per Marketing Dollar Spent: Decreased cost per enrollment by 40% (Translation - enroll the same amount of customers for 40% less direct marketing spend)

Since the completion of the pilot, PSE and Vertex have continued to leverage these propensity scores in a number of applications, from email marketing to positioning PSE with trade allies. The ability to make data-based decisions has changed the way they operate in a fundamental way. Not only is their organization able to focus their resources on programs that are most likely to be effective, but the insights have allowed them to pursue new opportunities with greater confidence of success. Now, PSE's theme song, in the area of energy efficiency enrollment, has become "doing more and more and more with less."

"Vertex's predictive analytics solution allows us engage our customers in a smarter, more cost-effective way. We've seen compelling results, and we are excited about our future as we extend applications of the service to further boost our energy efficiency programs."

— Jeff Tripp, Manager
   PSE Residential Energy
   Management

For more information, contact Vertex at info@vertexgroup.com   www.vertexone.net

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