

Long abstract submission for the 6th European Conference on Behaviour and Energy Efficiency

TITLE: DER Customer Insights: a values-based approach to motivate new DER customers

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1. Introduction

Bloomberg New Energy Finance forecasts that approximately one-third of Australia's electricity capacity will sit behind-the-meter by 2035 [1]. These resources – including solar, batteries, and demand management – are known as distributed energy resources (DER). As market forces drive Australia towards a more decentralised energy system, it is important to more deeply understand the customers that DER products and projects are seeking to serve.

To better understand DER customers, the customer experience was analysed from twenty DER projects funded by the Australian Renewable Energy Agency (ARENA, Figure 1). The core research question was: How can consumer insights from ARENA-funded projects be unlocked and shared to support the continued growth of DER in Australia? In particular:

- What types of customers were targeted in the projects? How can future DER projects find the right types of customers?
- What inherently motivates customers? What engagement strategies could encourage customers to participate in future DER projects?

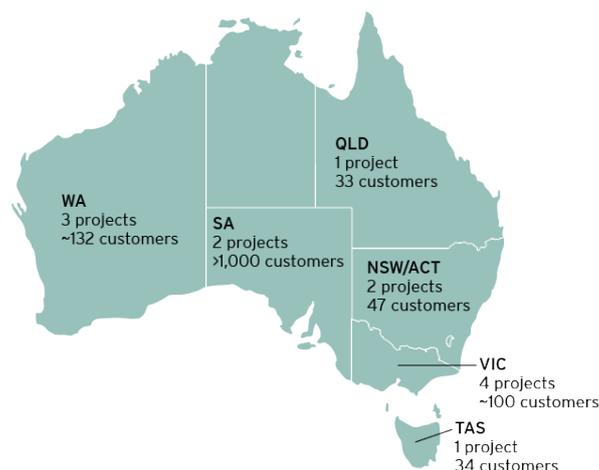


Figure 1. The DER projects were across almost all Australian states and territories, with demonstration projects involving over 1,300 customers [4]

In the absence of any consistent framework for characterising customers and their motivations across the twenty DER projects, the research turned to a values-based framework.

2. Background

Values are stable psychological structures that motivate behaviour and cut across demographics. Designing projects to appeal to particular values rather than specific demographic categories can be effective when projects need to appeal to the mass market.

The Values Mode framework is a proprietary motivational approach developed by a company called Cultural Dynamics Strategy and Marketing and applied by campaign strategists and market researchers including Chris Rose, KSBR and Futerra [2]. The framework identifies three primary “values modes” – labelled as Settlers, Prospectors and Pioneers. These groups can be thought of as living in three different worlds, with fundamentally different values and motivations. Settlers are drawn to seek out safety, security, tradition, identity and belonging. Prospectors yearn for success, the esteem of others, and self-esteem. Pioneers have a constant drive for new ideas, connections waiting to be made, and a life based on ethics.

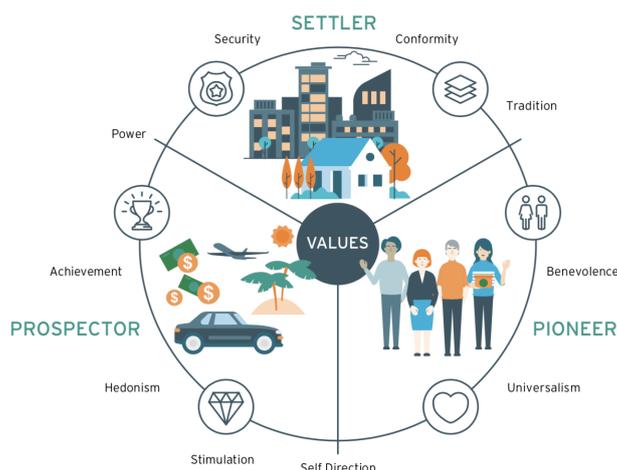


Figure 2. The Values Modes mapped to Schwartz' universal values [3], visualised in the ARENA DER Customer Insights Report on Values and Motivations [4]

3. Methodology

The research used the following process:

- ⇒ Initial review of select reports to identify high-level themes, captured as nodes in qualitative research software (Nvivo)
- ⇒ Full review of 100 reports against high-level nodes
- ⇒ Granular coding of all customer insights into existing and emergent nodes
- ⇒ Draft findings reviewed by 20 ARENA DER project leads

4. Results and Findings

The research found that future DER projects can benefit from better understanding their target customer base before developing *and* communicating the product offering.

Most projects experienced delays in customer recruitment and many did not reach their original participant targets. As many projects required customers to be able to afford (generally >\$1,000) and accommodate a new battery storage unit, it was challenging to recruit the target number of customers and, in some cases, keep them fully engaged and responsive over the life of the trial. DER products needed to be communicated more broadly and deeply than originally anticipated, for example by holding community events and one-on-one (and sometimes face-to-

face) conversations with prospective customers. This was time and budget intensive, which is unlikely to be feasible in a commercial context.

Few (<6) projects formally segmented their customer base prior to developing the product and engaging the target market, which may have contributed to the recruitment challenges. Most trials were led by electricity distributors who were focused on solving network constraints and needed to approach the ‘mass market’ but used blanket marketing strategies. They often required high levels of uptake (sometimes over 20% in a limited geographic area) which was not achieved easily. In comparison, the energy retailers used Experian’s proprietary Mosaic tool [5] and several community- and developer-led projects involved customers in the design process. The deeper engagement approaches appeared to improve customer satisfaction.

Deeply understanding customer values can help reveal motivations. The ‘gold standard’ in understanding customers is segmentation based on specific audience research, however it is costly and time consuming. A values modes method may offer an effective targeting heuristic for future projects that do not have the resources to undertake new research to formally segment their customer base. The research found nine common motivators for project participation, and eight mapped neatly against the universal values and values modes (Table 1). Developing and communicating DER products to align with these motivations will likely lead to better customer uptake in the future.

Table 1. Eight of the nine motivators of DER customers can be mapped against the values modes [4]

MOTIVATORS OF DER CUSTOMERS	UNIVERSAL VALUES	PRIMARY MODE
1 Financial security/benefits	Security, power*, universalism*	
2 Security of supply	Security, power, self-direction*	Settler
3 Maintaining the status quo	Conformity, tradition	
4 New technology	Stimulation	
5 Aesthetics/ status symbol	Achievement	Prospector
6 Energy independence	Self-direction*	
7 Environmental benefit	Universalism	Pioneer
8 Community benefit	Benevolence*	
9 Trust	N/A	N/A

Applying this approach to the ARENA projects, it was evident that:

- ⇒ Financial benefit was a core motivator for all DER customers, cutting across values modes. However, effective ways of communicating about financial benefit vary across value modes, for instance, by highlighting cost savings for Settlers, the ‘smart investment’ for Pioneers and ‘fair value for money’ for Pioneers.

- ⇒ Settlers are motivated by security, desiring reliability and ‘maintaining the status quo’. Therefore, to maximise uptake by Settlers, it is important that products minimise their threat to a customer’s security, including energy reliability and financial risk.
- ⇒ Prospectors drive the first wave of mainstream DER adoption and are excited by ‘getting ahead’ or ‘making a smart investment’. When targeting Prospectors, it is important that the product is attractive financially and aesthetically.
- ⇒ Pioneers desire fairness and are willing to support ‘the greater good’. Ensuring social equity in design and implementation will protect a project from customer backlash.
- ⇒ Trust also cuts across the values modes and is critical to achieving a customer-centred energy future. Current trust levels in the Australian energy market are low – only 32% of households believe that the market is working in their interests [6]. To build trust, projects may want to consider models such as the “Trust Equation” (credibility, reliability, intimacy, self-orientation) [7].

References

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