



MIDSTREAM MARKETING PROGRAM ENHANCEMENTS FOR UTILITY CUSTOMERS

December 2018

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This report was prepared for a large utility in the Midwest that was challenged to improve adoption for the Food Services Midstream Energy Efficiency Program. The project identified several Major Marketing Strategies, key Digital Merchandising Tactics, and a number of new programs. The content has been modified to protect data and information that is specific to the client.

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FOREWORD

The objective of the Midstream Food Strategic Marketing Project (MFSMP) is to identify program enhancement opportunities for the Midstream Food Program (MFP). Specifically, the primary objective of this effort is to answer three questions:

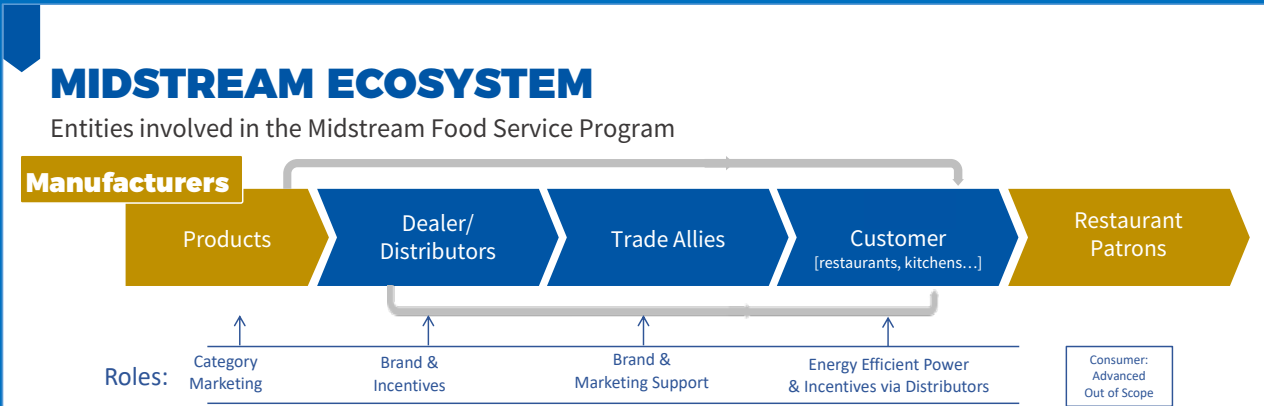
What are the best markets for Fryers and Griddles?

What is the best channel to sell Fryers and Griddles to these markets – Direct, Trade Ally or Distributors?

What are the best marketing & sales strategies for these target markets?

PROJECT APPROACH:

The strategic approach starts with the assumption that the ecosystem is represented by the figure to the right. The overall analysis effort was bifurcated using two assumptions. First, it was assumed that the rebate “product” stays essentially the same as currently designed. The second assumption is that an expanded view of the rebate is possible.



FOREWORD

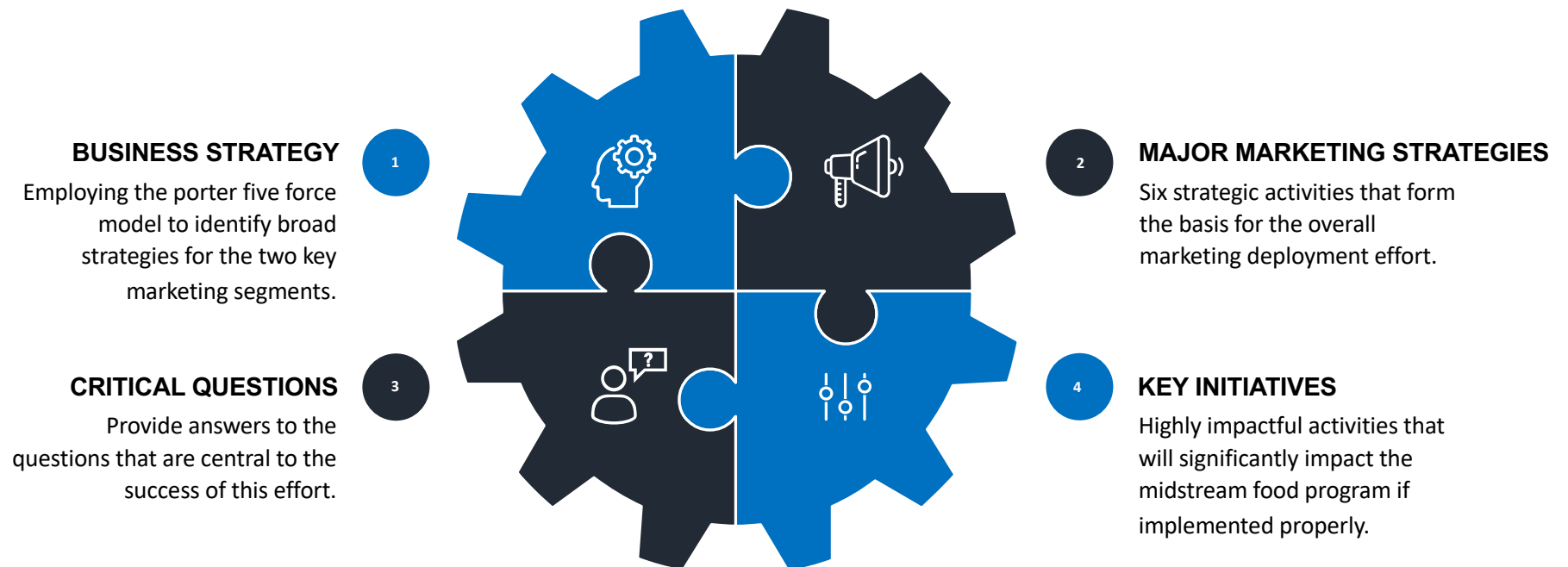
The executive summary will provide concise answers to the questions above, and highlight a number of supportive strategies and tactics. Several of these strategies require an understanding of the food preparation business. The project team established the objective to uncover simple improvements that can be implemented quickly and more advanced activities that require an expanded implementation timeline. Finally, the project team has created a strategy to reconceptualize the rebate program. To illustrate this strategy, the team designed the Sustainable Energy Network as a demand aggregation vehicle that any utility can use to engender satisfaction and value from the Midstream Food customer.

This document includes a collection of suggested activities and behaviors that can improve any Midstream Food Program.



EXECUTIVE SUMMARY

This executive summary is intended to provide an overview of the project deliverables by addressing several areas that can have significant impact on the Midstream Food effort moving forward:

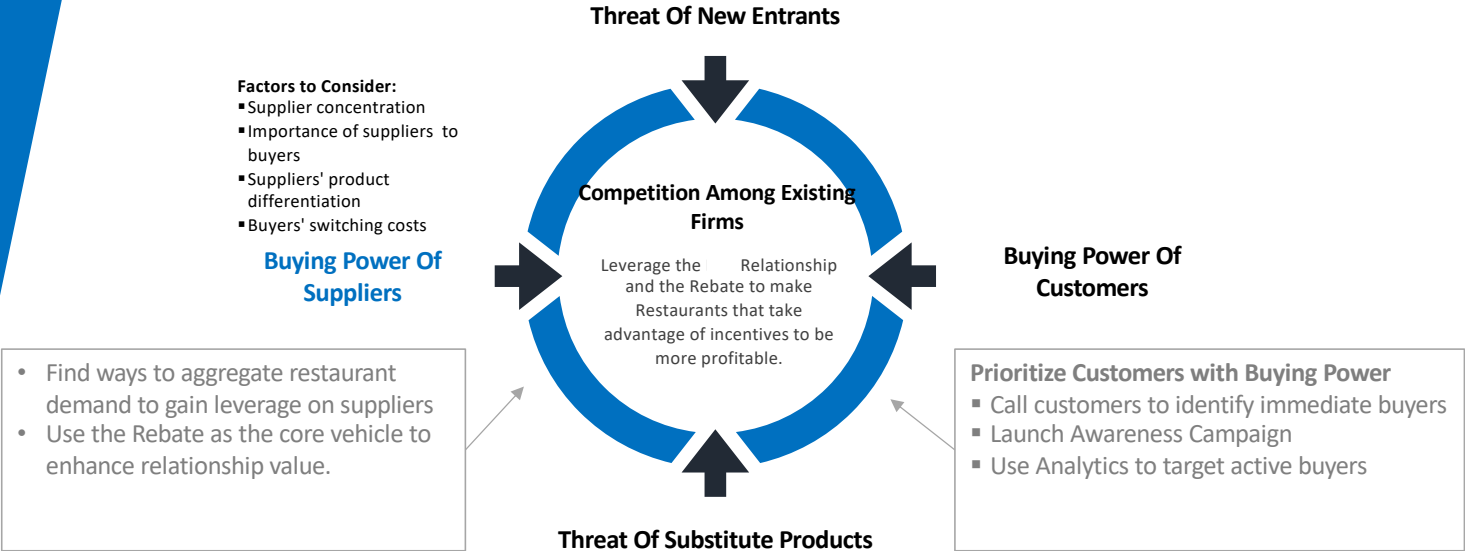


The Strategies and Activities Provided In This Summary Focus on Two Segments - Grocery Stores that view prepared food as a growth strategy and Restaurants that are committed to buying a Fryer or Griddle within 12 months.

EXECUTIVE SUMMARY

The Business Strategy is segmented into two components driven by the two key customer segments identified as the focal point for the Midstream Marketing Project. To summarize the strategy for each segment, Porter’s Model will be utilized to highlight the key activities. The first segment is Full Service Restaurants. This is a logical sector given the large number of participants and the overall consumption of Fryers and Griddles. The primary strategies are to identify customers that have a need to buy as a result of direct market research and analytics, and to find ways to make the rebate a larger element of value in the customer’s view.

MIDSTREAM BUSINESS STRATEGY: FULL SERVICE RESTAURANT SEGMENT



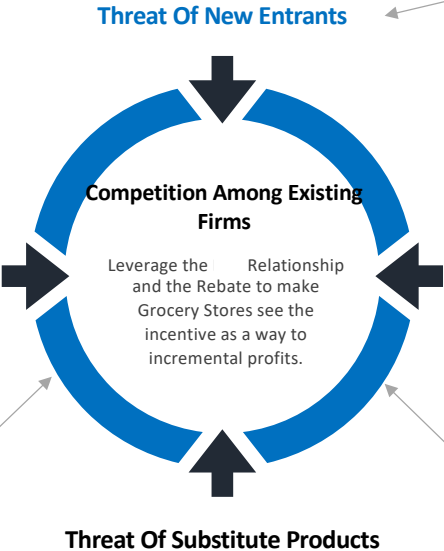
EXECUTIVE SUMMARY

Porter’s Model is used to highlight the strategic approach to the Grocerant segment. The activities illustrated are intended to support the growth tactics of grocery stores that have a desire to enter the prepared food niche, and to apprise stores of the profit opportunity in this food category. This is a new sector that was surfaced as a result of secondary market research.

MIDSTREAM BUSINESS STRATEGY: GROCERANT SEGMENT

- Factors to Consider:**
- Supplier concentration
 - Importance of suppliers to buyers
 - Suppliers' product differentiation
 - Buyers' switching costs
- Buying Power Of Suppliers**

- Find ways to aggregate demand to gain leverage on suppliers
- Use the Rebate as the core vehicle to enhance relationship value.



- Business Development Focus – Encourage Entry**
- Use Rebate as an efficiency strategy
 - Package with Financing to encourage purchase of Fryers / Griddles
 - Focus on bottom line of Grocery Stores that want to enter prepared food business.

- Direct Market based on Segmentation**
- Prioritize Grocery stores and use email and direct mail
 - Value Proposition – more efficient prepared food; let us cook-up a great bottom line!

EXECUTIVE SUMMARY

The Major Marketing strategies comprise the second component of the Executive Summary. These strategies are reviewed below and are referenced throughout the document.



MIDSTREAM FOOD: MAJOR MARKETING STRATEGIES

CREATE A DIGITAL MARKETING CAMPAIGN

The majority of customers have an inclination to use search engines to research and potentially select Fryer and Griddle competitors.

- Create geo-targeting strategies that capture searches from target customers
- Partner with Distributors to cooperatively market to customers in target geographies.

SEGMENTATION

Target customers in two Super Segments – Retail Food [722511 NAICS Code – Full Service Restaurants] and Grocerants [445110 NAICS Code – Supermarkets and Other Grocery].

- Grocerant Value Proposition – enable growth in this emerging prepared food segment with energy efficient Fryers and Griddles; integrate financing strategies into marketing effort.
- Full Service Restaurant Value Proposition – target those that are ready to buy (use direct contact and analytics).

ANALYTICS

Employ analytics to understand the market and effectively deploy dollars across the Midstream Food Portfolio.

- Rigorous segmentation to understand customers.
- Predictive intelligence that enables the prioritization of buyers based on purchase likelihood.
- Customer database that tracks anticipated purchase timeframes.

EXECUTIVE SUMMARY

The Major Marketing strategies comprise the second component of the Executive Summary. These strategies are reviewed below and are referenced throughout the document.



MIDSTREAM FOOD: MAJOR MARKETING STRATEGIES

OPTIMIZE THE VALUE AND CAPABILITY OF THE TRADE ALLY AND DISTRIBUTOR CHANNELS

In the near term, efforts should focus on SEO and direct marketing to customers that have a propensity to purchase.

- Distributors – incentivize and compete; increase the number of Distributors; co-market using digital/SEO.
- Trade Ally Network – generate LED leads and educate the Trade Ally to capture Midstream Food data on targeted appliances.

MOBILE, CLOUD, SOCIAL, SEO

Refresh digital assets to seize the trend to mobile applications and messaging.

- Transition web assets into the mobile domain.
- Integrate SMS messaging into the promotional effort
- Deploy mobile qualification tool
- Create robust Digital/SEO promotional/marketing plan

REDEFINE THE REBATE – “INSIGNIFICANT SWEETENER” TO “PURCHASE DRIVER”

Leverage Energy presence and the number of Midstream Food customers to create the Sustainable Energy Network.

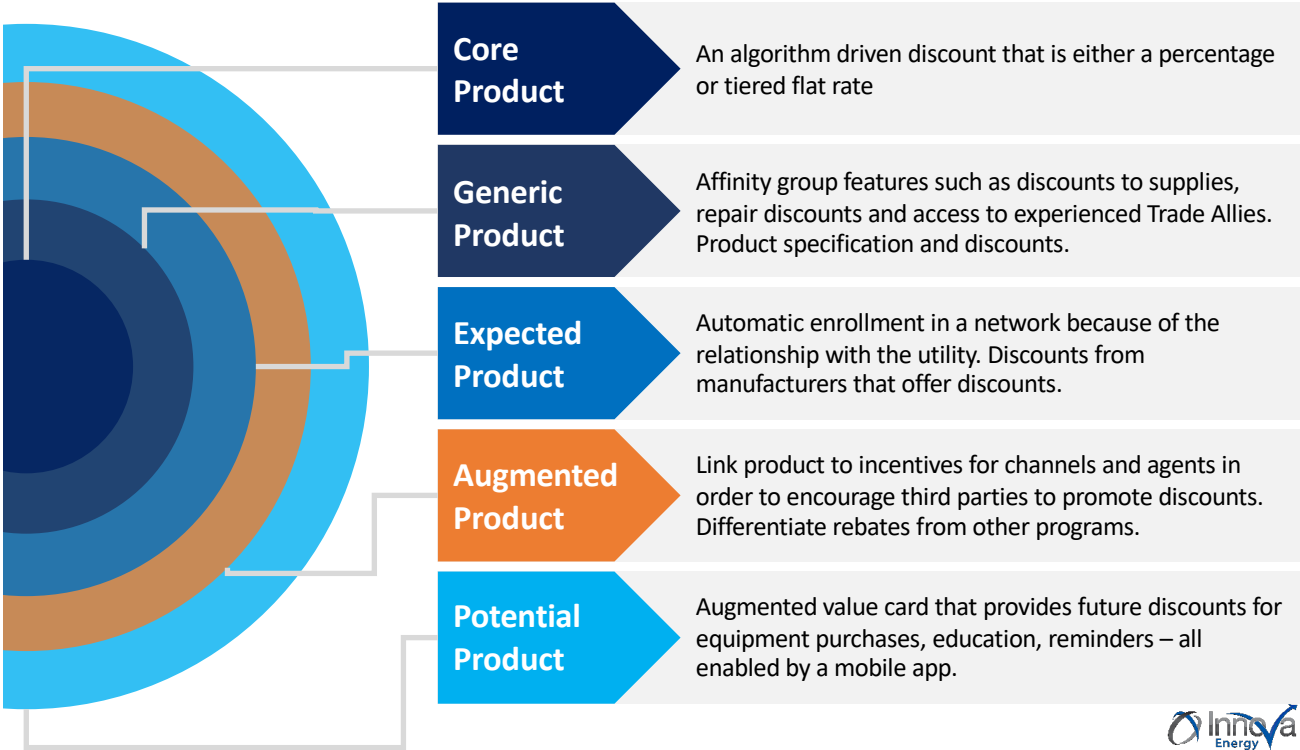
- Conceptual Approach to digitally aggregate customers to increase buying power.
- Employ Demand Aggregation strategies to reduce the cost of Fryers and Griddles for motivated customers (1-5 year purchase horizon)

EXECUTIVE SUMMARY

Using Kotler’s definition of the expanded product, the team identified five additional Product Levels that will augment the customer’s view the rebate. Augment the current incentive by digital incentives & affinity applications that reside in the energy platform. Transform the traditional “sweetener” into a robust “value laden” suite of services .

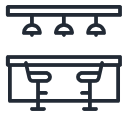
MARKETING STRATEGY: REDEFINE THE REBATE

Re-Conceptualizing the Rebate: Expanded Product View



EXECUTIVE SUMMARY

The third task is to answer the three questions presented to frame this effort.



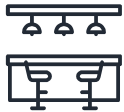
WHAT ARE THE BEST MARKETS FOR FRYERS AND GRIDDLES?

Best Markets:

Grocery Stores that are ready to grow and
Restaurants that are ready to buy

This question is addressed in a way that evaluates customer value by the likelihood to purchase a large volume of Fryers and/or Griddles within a defined near-term timespan. The assumption is that there are customer characteristics that make them more likely to purchase and that these characteristics can be used to predict the time horizon. Primary and Secondary Market Research was used to answer this question using Quantitative and Qualitative approaches.

EXECUTIVE SUMMARY



WHAT ARE THE BEST MARKETS FOR FRYERS AND GRIDDLES?

Best Markets:

Grocery Stores that are ready to grow and Restaurants that are ready to buy

An understanding of trends in the Food Preparation industry provided insight into a valuable and largely ignored Fryer/Griddle market – the Grocerant. Groceries stores are strategically focused on the prepare food segment given that they have first mover access to time-starved customers. Prepared food in the grocery environment is often viewed as more healthy and is typically found to be less expensive than fast food or restaurants. Grocery stores view prepared food as a growth opportunity and a margin enhancer. Tight margins and ready access to customers make grocery stores a market that should be targeted by individuals that seek to influence the adoption of Fryers and Griddles. The 445110 NAICS Code – Supermarkets and Other Grocery, was targeted within the service territory.

The second market is one that holds two characteristics – large volume and purchase readiness. The 722511 NAICS Code – Full Service Restaurants, is the target given the high volume. Within this segment, there are several sub-segments. Via primary research, it was determined that customers are very willing to divulge purchase timeframes for Fryers and Griddles. The data gleaned from representative customers enabled the team to create algorithms to predict the probability of purchase over specific timeframes. This insight was used to assign a probability to all customers in the project test group.

As a side note, grocery stores that seek to enter the prepared food business will require a number of new equipment components.

EXECUTIVE SUMMARY

The answers to the key questions is continued below. The "best channel question" is answered only after redefinition of the question.



WHAT IS THE BEST CHANNEL TO SELL FRYERS AND GRIDDLES TO THESE MARKETS – DIRECT, TRADE ALLY OR DISTRIBUTORS?

Best Channel:

Digital is by far the best channel to position products and rebates. SEO is key to this effort.

The most valuable answer is neither. Thus the question has been redefined using two questions:

1. What is the best channel to ensure that customers leverage the value of the rebate incentive.
2. How can the existing channels be utilized in the most optimal fashion in the marketing and promotion effort.

By overwhelming logic, the best channel to ensure that customers understand and take advantage of the incentive is the Digital Channel. Over 80% of the customers indicate that they utilize online search as a method to start the purchasing process, and 42% indicate that they use this method exclusively. Thus, a robust digital marketing effort that utilizes Search Engine Optimization (SEO) should be the premier method of promoting rebates and incentives. This approach will enable you to direct customers to incentive information and to specific dealer resources based on the geographic location of the customer.

The second aspect of the redefined question is how to most effectively utilize Direct, Trade Ally or Distributor Channels. Later in this document a slide is dedicated to this effort, but the abbreviated answer is as follows:

1. **Direct** – utilize robust digital marketing to capture the search request from the food preparation market. This technique will have tremendous benefit to the entire program.
2. **Trade Ally** – as will be discussed in a later slide, Trade Allies should be educated to understand the Food Preparation market and encouraged to collect data from customers when they visit for an unrelated energy efficiency project.
3. **Distributors** – the direct digital marketing program can be used to identify Distributors near the target customer. This is essentially a co-marketing effort where the Trade Ally is engaged when the customers searches for a food appliance.

EXECUTIVE SUMMARY

The answers to the key questions is continued below. The "best strategies" question is answered using the two primary market segments – Grocerants and Full Service Restaurants that are ready to buy Fryers or Griddles.



WHAT ARE THE BEST MARKETING & SALES STRATEGIES FOR THESE TARGET MARKETS?

Grocerant Strategies:

Leverage the desire that grocery stores have to increase their bottom line by entering the prepared food market.

- Introduce efficient Fryers and Griddles as a business strategy for organizations participating in this segment or considering entry.
- Assist grocery stores in gaining buying economies as they enter the market.
- Additionally, create packages of efficient products for Grocerants.

Full Service Restaurants:

Restaurants that have a propensity to purchase within one year and in two-five years can be identified using predictive analytics. These restaurants can also be segmented into sub categories using type of food, size, revenue, and owner demographics.

- Employ direct marketing to generate leads and to identify attractive segments.
- Utilize data to build models that predict adoption.
- Segment markets into sub-segments and create marketing programs that are sensitive to demographics of the owners.
- Bundle attractive financing packages for customers.
- Partner with the AFPD to gain access to one of the largest affinity groups in the service territory.

EXECUTIVE SUMMARY

FIVE KEY INITIATIVES HAVE BEEN IDENTIFIED

- 1 Digital Marketing with Focus on SEO
- 2 Closed Loop Sales
- 3 Sustainable Energy Network
- 4 Analytics & Predictive Modeling
- 5 Mobile App

EXECUTIVE SUMMARY



KEY INITIATIVE

DIGITAL MARKETING WITH FOCUS ON SEO

Define Distributor Geographies By Zip Code:

1. Identify three competitive Distributors for every market territory. This will call for an expansion of the Distributor network by two or threefold.
2. Map Distributors to specific territories and customers.
3. Establish a targeting database that associates customers with Distributors.

Create A Digital Marketing Strategy Comprised Of Six Elements:

1. Target Market Business Analysis – identify the exact target segments.
2. Keyword Research and Development – based on the target segments, create a keyword map that is associated with the key subsegments. Focus on products, marketing themes or business objectives.
3. Content Optimization – create page titles, meta tags and strategic search phrases for specific pages on Utility and Distributor sites.
4. Analytics – test, measure and adjust digital advertising campaigns.
5. SEO – associate key parameters to territories and distributors; build specific landing pages for Utility; create advertising for selected positioning strategies.
6. Merchandising – create promotional material with a call to action based on the value propositions for each segment.

INVEST IN SEO EFFORT:

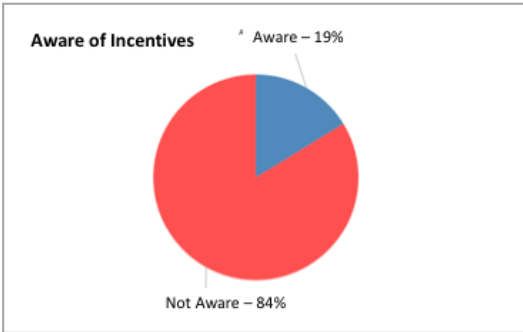
1. Target Google Adwords for key marketing campaigns.
2. Partner with Distributors to measure effectiveness of campaigns.

EXECUTIVE SUMMARY

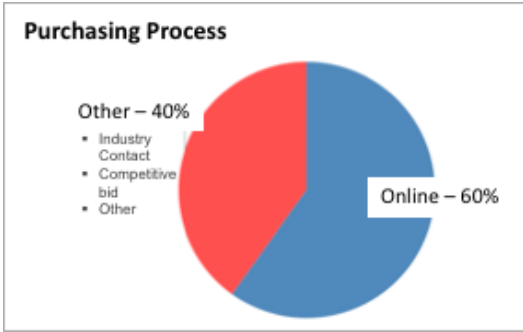
Primary Market Research revealed two findings that support this initiative - Awareness is low, and Online is Predominant. The objective was to contact 5% of the target group; 18% were successfully contacted.



KEY INITIATIVE DIGITAL MARKETING WITH FOCUS ON SEO



- 26% of those that were aware were informed by mail, 19% by email, 16% by phone
- Email is the preferred method (43%), mail is second (35%), Phone is third (19%).
- Efforts to make customers aware of the rebate program have been largely ineffective.



- The acquisition process starts with the online search for most customers.
- Thus, the primary buying channel is devoid of rebate/incentive information.
- A Google search for “Commercial Fryers” did not present any information on incentives.
- Awareness will drive adoption.

EXECUTIVE SUMMARY

KEY INITIATIVE: DIGITAL MARKETING WITH FOCUS ON SEO

This recommendations requires the reader to understand the fundamental changes in the environment that have influenced the way in which firms are made aware of opportunities and ultimately purchase new products.



A STRATEGIC OBSERVATION – EE PORTFOLIO DEVELOPMENT				
2009 EE Program Portfolio		Program Performance New Models • New Tech • New Measures	2018 EE Program Portfolio	
Measures	▪ CFL		▪ LED	▪ EaaS
Technology	<ul style="list-style-type: none"> ▪ Smartphones (35%) <ul style="list-style-type: none"> ▪ iPhone (2007) ▪ Droid released ▪ Twitter (18 m) ▪ Mobile Broadband (122 m) <ul style="list-style-type: none"> ▪ Broadband speed – 5.1 mbps ▪ Smart Meters (2008) 	Cloud, Mobile, Social Infusion into EE Environment	<ul style="list-style-type: none"> ▪ Smartphones (77%) <ul style="list-style-type: none"> ▪ 237 m devices ▪ Twitter (335 m) ▪ Mobile Broadband (230 m) <ul style="list-style-type: none"> ▪ Broadband speed – 25.9 mbps ▪ Smart Meters (mature) 	
Business Models	<ul style="list-style-type: none"> ▪ High marketing cost ▪ Word of mouth marketing 		<ul style="list-style-type: none"> ▪ Low marketing cost ▪ Social marketing 	
	<ul style="list-style-type: none"> • Serve Markets <ul style="list-style-type: none"> ▪ Computing – Client Server ▪ Financial – credit cards 		<ul style="list-style-type: none"> • Serve Individuals <ul style="list-style-type: none"> ▪ Computing - Cloud ▪ Financial – micro & crypto ▪ Virtuality 	

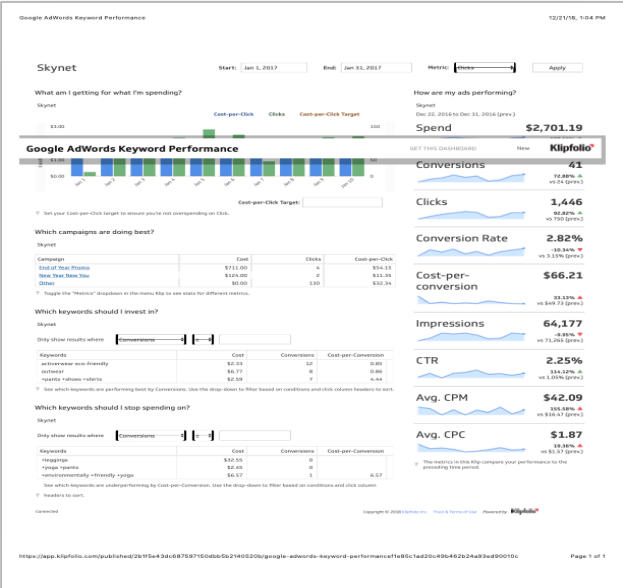
Since the inception of Energy Efficiency programs, customers have expanded their capability to understand and access the market. The search engine has changed the way individuals find products and compete vendors. The visual above identifies two key factors that underlie this recommendation. The proliferation of mobile device technology and the ubiquitous nature of cloud-based search engines has changed the business models related to acquisition of equipment with long Mean Time To Failure (MTTF).

EXECUTIVE SUMMARY

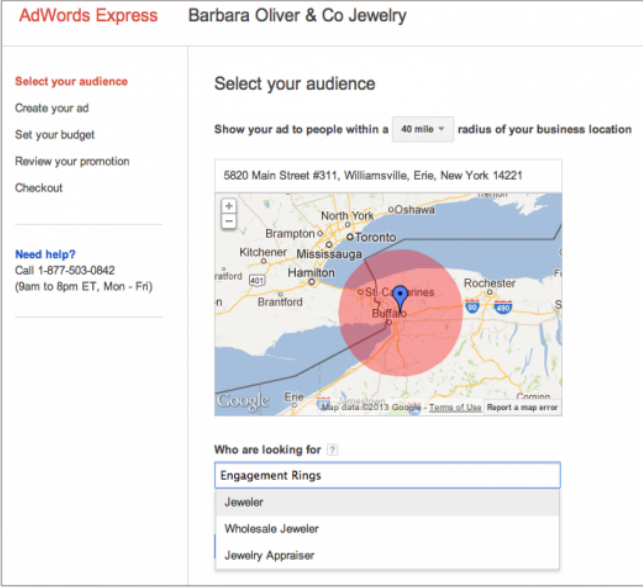
Emphasize specific concepts and market areas. Redirect customers to Distributors based on the location that the search originated.

KEY INITIATIVE: DIGITAL MARKETING WITH FOCUS ON SEO

KEYWORDS



GEOTARGETING

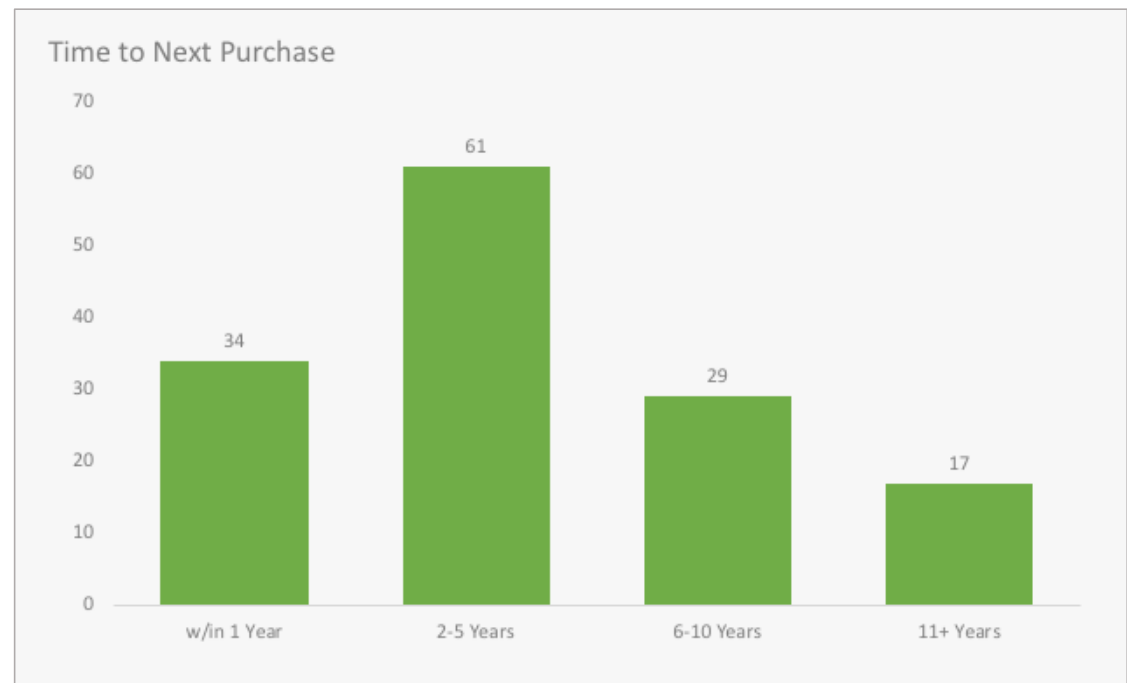


EXECUTIVE SUMMARY

Primary Research revealed that 67% of the customer base plans to purchase a Fryer or Griddle within the next five years. A total of 34 (out of 293) customers contacted indicated that they plan to purchase within the next year.

KEY INITIATIVE CLOSED LOOP SALES

There is a healthy pipeline of future rebate customers. Lack of awareness has inhibited the adoption of the rebate.



EXECUTIVE SUMMARY

The number of customers interested in purchasing Fryers and Griddles makes it economical to direct market to identify those that will purchase within one year. These leads should be communicated to Distributors and Trade Allies for competitive follow-up. Customers that plan to purchase in 2-5 years should be placed in a database for future contact.

KEY INITIATIVE CLOSED LOOP SALES

- Direct marketing provides an opportunity to generate leads at a reasonable cost point.
- Awareness can be enhanced by outbound calling.
- Utilities have the opportunity to nurture the sales and marketing process by using analytics to segment, direct/digital marketing to find, channel management to promote and follow-up to close – all leading to more Midstream Food measures.
- Simple SEO and CRM initiatives will improve the performance in this area.
- In less than two weeks, over 90 active leads were generated and included in the pipeline.



EXECUTIVE SUMMARY

The Sustainable Energy Network (SEN) is a mechanism to access the power of the food customer base to build a network that aggregates demand to achieve buying power, builds an engaged customer community and makes the rebate relevant. In today's digital age there are new ways to effectively market to the customer base. It is our recommendation that you leverage the digital wallet and mobile app concepts to provide Midstream Food Customers with 24x7 access to the benefits of the SEN and promote EE features.

KEY INITIATIVE SUSTAINABLE ENERGY NETWORK

These products and platforms position the utility alongside leading consumer marketing companies.

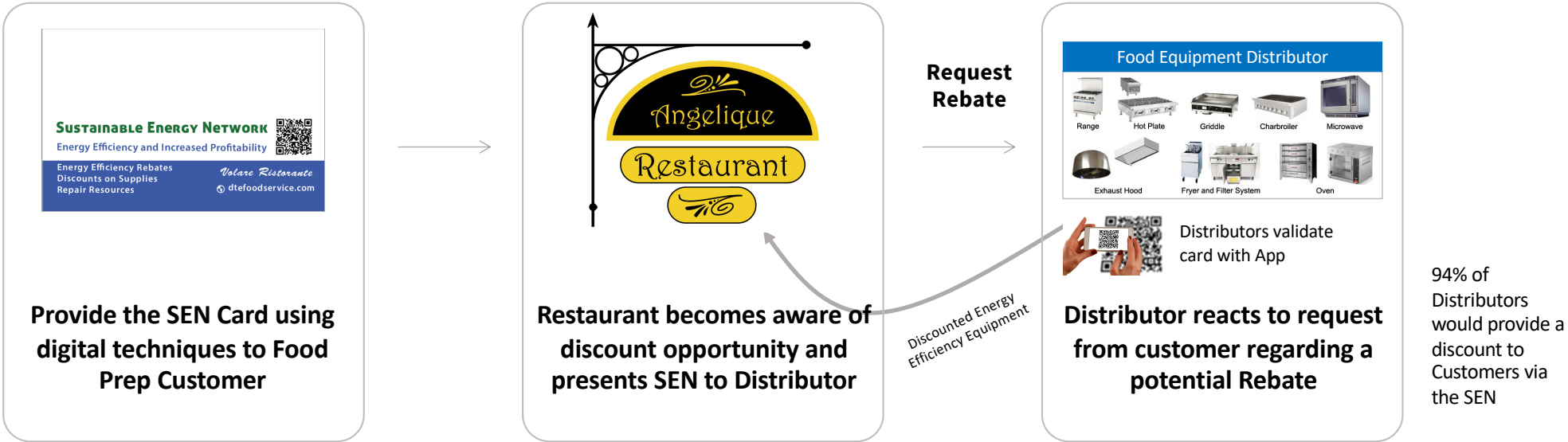
- Product promotion
- Distributor guide
- Financing
- Repair network
- Discounts on supplies



EXECUTIVE SUMMARY

The Sustainable Energy Network (SEN) provides customers with a physical representation of the rebate that is enabling. By “productizing” the rebate, you will enable customers with the ability to visit the Distributor and ask for a discount.

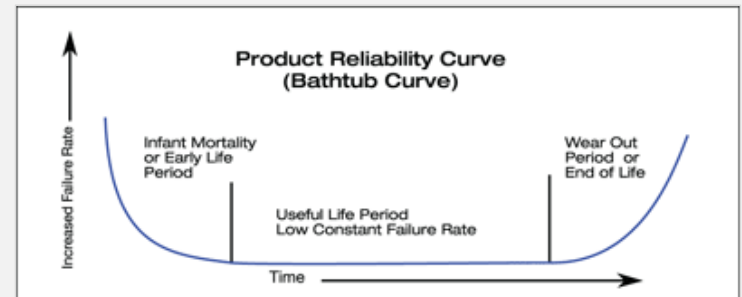
KEY INITIATIVE: SEN & PULL THROUGH MARKETING



Customers should be integrated into the rebate process by providing them with a digital representation of a card that enables them to request a discount from approved Distributors.

EXECUTIVE SUMMARY

The underlying principle of the analytics portion of the project is rooted in the Mean Time To Failure (MTTF) concept. This is the point in the life of a Fryer or Griddle when the product is deemed unreparable from an economic perspective. This approach can be modeled utilizing a rule of thumb called the Bathtub Curve. After a period of early life failure, and a useful life period, a product enters the “wear out” period which is typically where replacement occurs. This concept is illustrated by the figure to the right.



KEY INITIATIVE ANALYTICS

A variety of control related issues will lead a proprietor to decide that a replacement product is necessary. To predict the time at which a purchase of a new Fryer or Griddle would occur, a model was created using Number of Employees, Sales Volume, Years in Business (Yellow Pages initiation), Credit Score, and Square Footage. One model was created using all of the noted factors and a second model was created using a descending stepwise regression approach. This approach attempts to identify the independent variables determined to be most significant by first accepting a high significant risk (30%), and then we eliminate the variables whose p-value (probability) is greatest and so on until we find the model that is the best fit to the collected data.

Model 1: Best Fit Variables

$$\text{Purchase Time} = -141.87494 - 0.0001679 (\text{Sales Volume}) + 0.06878016 (\text{Years in Business}) + 0.09661303 (\text{Credit Score})$$

Model 2: All Variables (less sales)

$$\text{Purchase Time} = -258.197 + 0.016 (\text{Employee \#}) + 0.124 (\text{Years in Business}) + 0.165 (\text{Credit Score}) - 0.078 (\text{Square Footage})$$

EXECUTIVE SUMMARY

The result of this modeling is scoring every customer to predict when a purchase will occur. The table below lists the customers from the sample where the models converge to within one week. Caution: Models must be integrated using a common sense approach to the market and the customer segments. The projected time to purchase should only be used as a guideline for initial targeting, not as an absolute or proven prediction. The simplest way to determine when the customer plans to make a purchase is to ask.



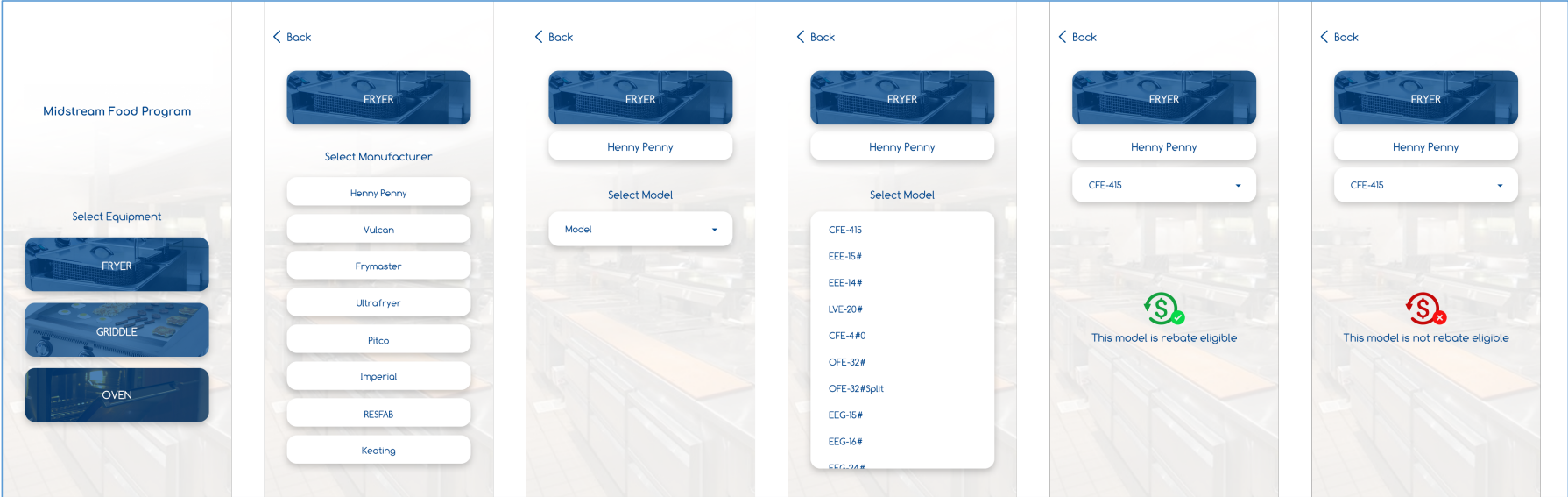
KEY INITIATIVE ANALYTICS PREDICTIVE MODEL

COMPANY NAME	Customer ID	Sales Volume (000)	Years in Business	Credit Score	Actual Employee Number	Square Footage Code	Model 1	Model 2	Model Delta	Percentage Model Difference
N J'S FISH & CHICKEN	249585738	110	2004	83	2	1	4.0	3.9	(0.01)	0%
ARD BAR-B-Q & GRILLE	300843174	1091	1984	96	20	4	3.7	3.7	(0.01)	0%
RECIPES	143001634	1091	1984	96	20	4	3.7	3.7	(0.01)	0%
OFF FAMILY DINING	143012631	1091	1984	96	20	4	3.7	3.7	(0.01)	0%
IDER THE GREAT	143020691	1091	1984	96	20	4	3.7	3.7	(0.01)	0%
WALL CHINESE RESTAURANT	250270436	155	2004	85	3	3	4.1	4.1	(0.01)	0%
RST TAP ROOM	142838226	927	1984	96	17	3	3.7	3.7	(0.01)	0%
WOK	557614484	155	2000	86	3	1	4.0	4.0	(0.01)	0%
N WALL	557604600	155	2000	86	3	1	4.0	4.0	(0.01)	0%
OHN SILVER'S	143026599	764	1984	96	14	2	3.7	3.7	(0.00)	0%
FE	820884591	491	1990	93	9	2	3.9	3.9	(0.00)	0%
I'S CONEY ISLAND	821247780	491	1990	93	9	2	3.9	3.9	(0.00)	0%
I'S	704813898	515	1987	94	10	1	3.8	3.8	(0.00)	0%
I SUPERMARKET	725234105	434	2017	73	2	2	3.8	3.8	(0.00)	0%
I'S	708263744	721	1987	96	14	4	3.9	3.9	(0.00)	0%
N WORKS	485191126	309	1994	91	6	2	4.0	4.0	0.00	0%
	821046455	709	1986	96	13	3	3.9	3.9	0.00	0%
I SH & CHICKEN	421211839	55	2011	78	1	1	4.0	4.0	0.01	0%
R SPOT	888264025	382	1995	91	7	3	4.1	4.1	0.01	0%
I RIM BY KANA	142787803	927	1984	96	18	3	3.7	3.7	0.01	0%
R KING	142865823	818	1984	97	15	3	3.8	3.8	0.01	0%
ESTAURANTS	142882836	818	1984	97	15	3	3.8	3.8	0.01	0%
H'S CHICKEN	143305506	818	1984	97	15	3	3.8	3.8	0.01	0%
I NEST BAR & GRILL	821156973	546	1990	94	10	3	4.0	4.0	0.01	0%
RESTAURANT	142909506	982	1984	96	18	3	3.7	3.7	0.02	0%
HAMBURGERS	143021822	982	1984	96	18	3	3.7	3.7	0.02	0%

EXECUTIVE SUMMARY

The web assets associated with Midstream should be quickly converted to the mobile domain. Two sets of assets have been created to demonstrate the possibility in this area. Mobile designs for iOS and Android, as well as, HTML 5 assets were developed. The screens below provide an overview of this design.

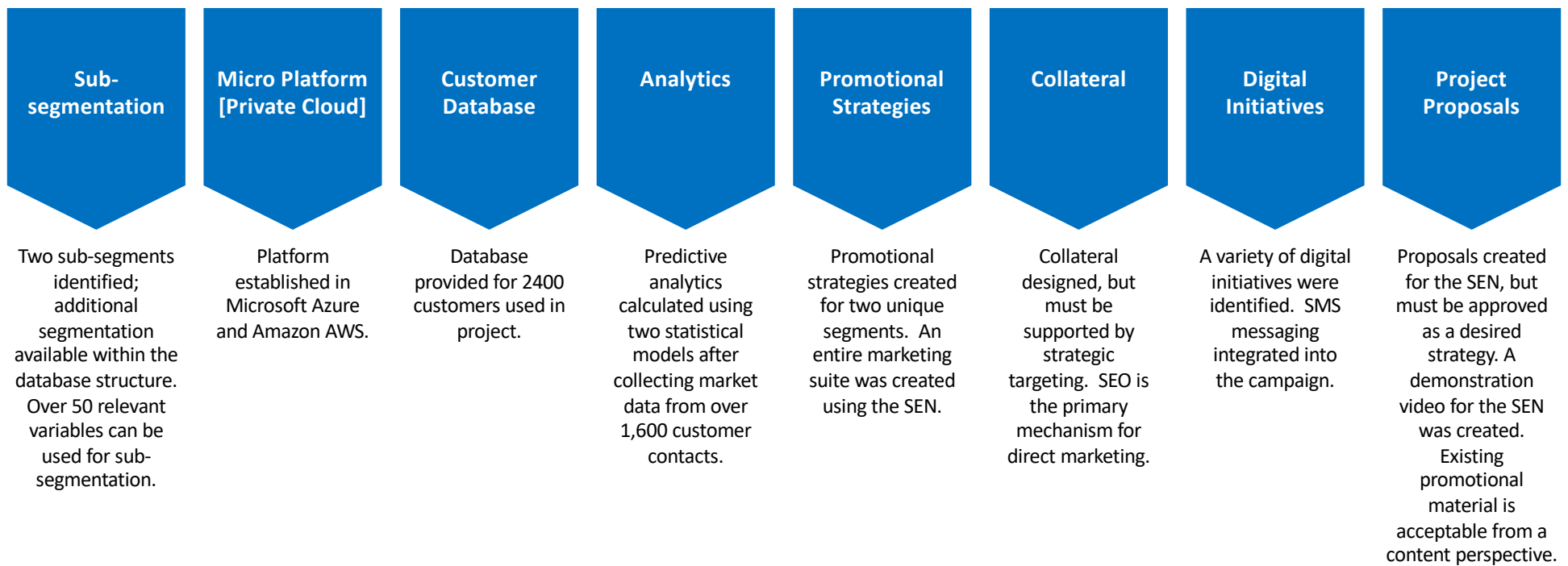
KEY INITIATIVE: MOBILE APPLICATION



The logic is easily expanded to other product segments. Distributors or customers can identify models by product type and manufacturer.

EXECUTIVE SUMMARY - SOW DELIVERABLES REVIEW

The illustration below, which is taken from the SOW reviews the deliverables and provides a very high level summary of results.



SECONDARY MARKET RESEARCH

Several findings that may explain current performance in the Midstream Food Program and information that support the team's recommendations resulted from a thorough review of Secondary Research.

- ◆ Programs to incentivize Distributors are in favor.
- ◆ The market prefers a rational method of calculating
- ◆ the rebate amount – this could be driven by investment amount or energy savings.
- ◆ The Grocerant segment requires special attention
- ◆ Given the importance of prepared foods to the grocers bottom line.



**OBVIOUS
INSIGHTS**

With the exception of the Grocerant segment, these are obvious program adjustments. Moreover, they are fairly simple to implement. Yet, based on the current structure of the program, these activities will increase costs.

PRIMARY MARKET RESEARCH

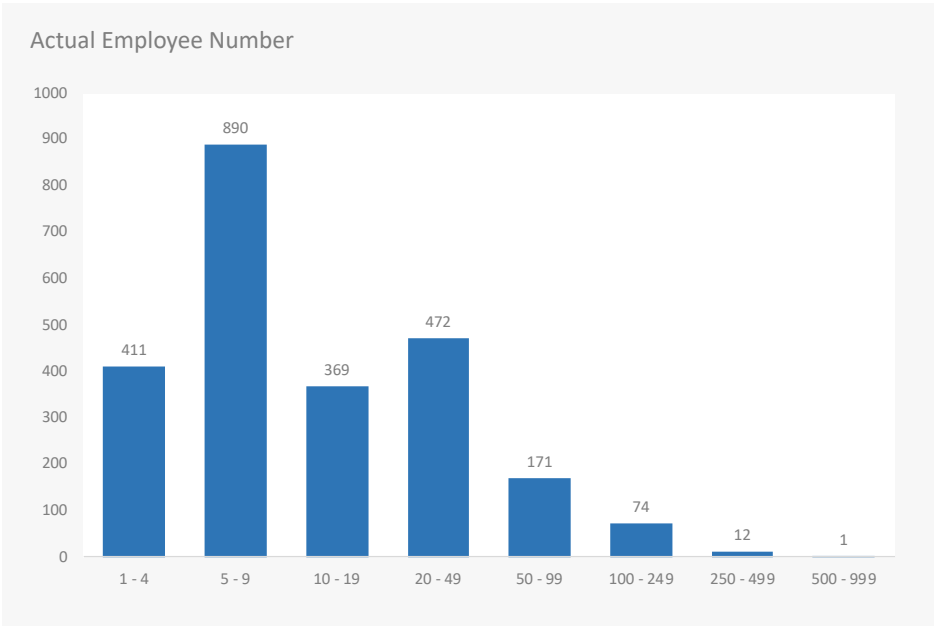
Primary research was conducted in five areas. The information learned from the customer was eye-opening and resulted in valuable findings.

NEW
LEARNING

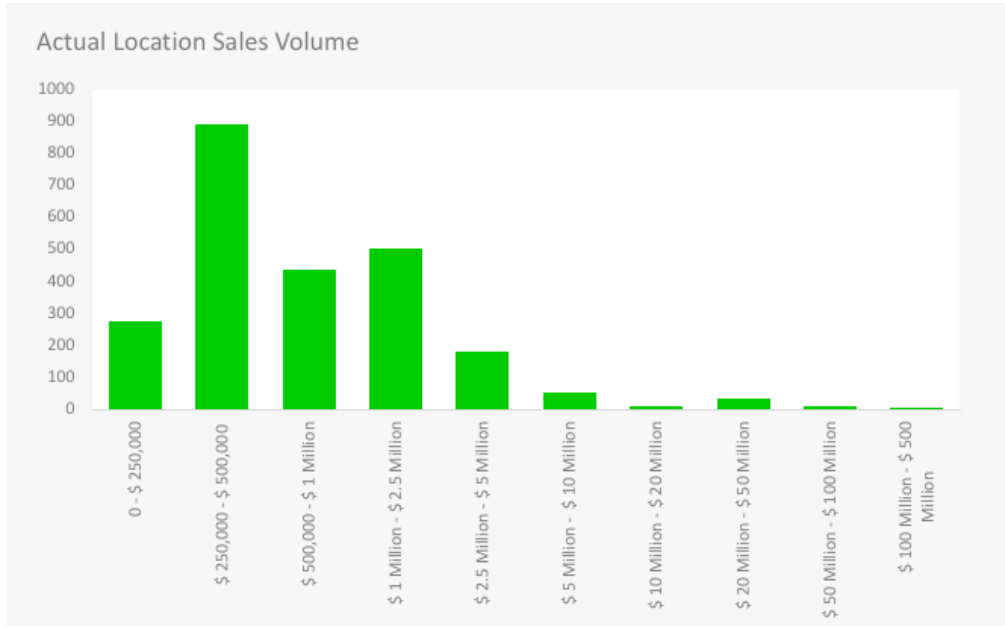


PRIMARY MARKET RESEARCH

Firmographic characteristics provide insight into marketing strategies and techniques. Employees and Revenue are two obvious ways to segment the market.



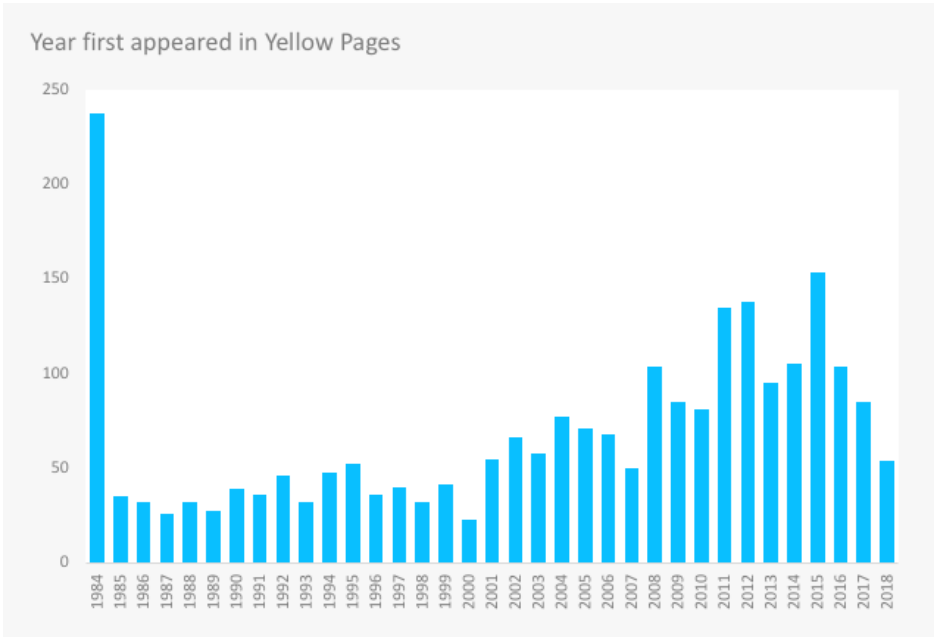
The majority of firms have less than ten employees. Marketing efforts should be simple and beneficial to small firms.



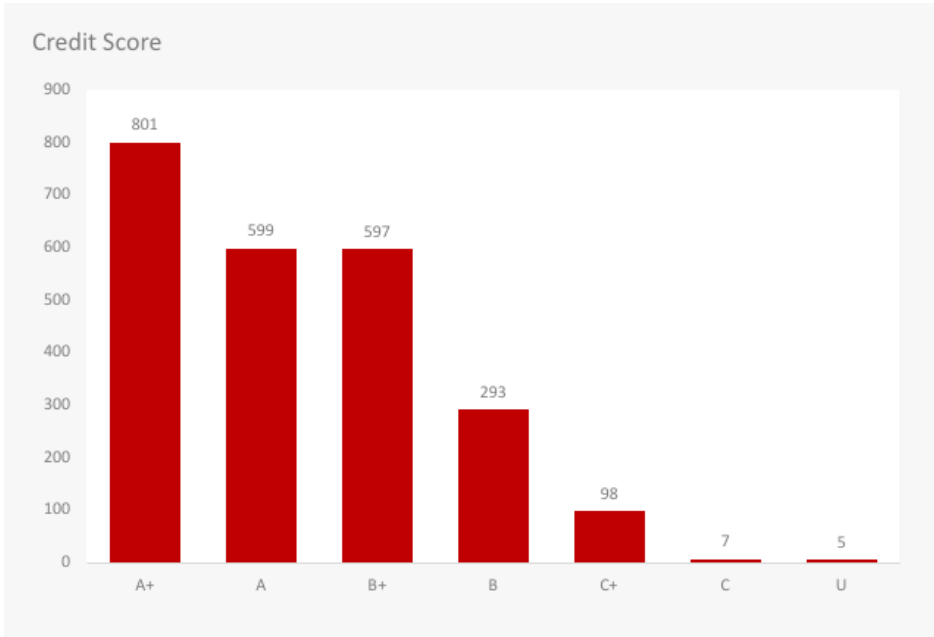
Most firms earn between \$250K - \$500K in revenue. Financing is critical to this tier of customer.

PRIMARY MARKET RESEARCH

Years in Business and Credit Rating are factors that are utilized in the analytics process to determine purchase timeframe. These are also factors that enable preselection for financing.



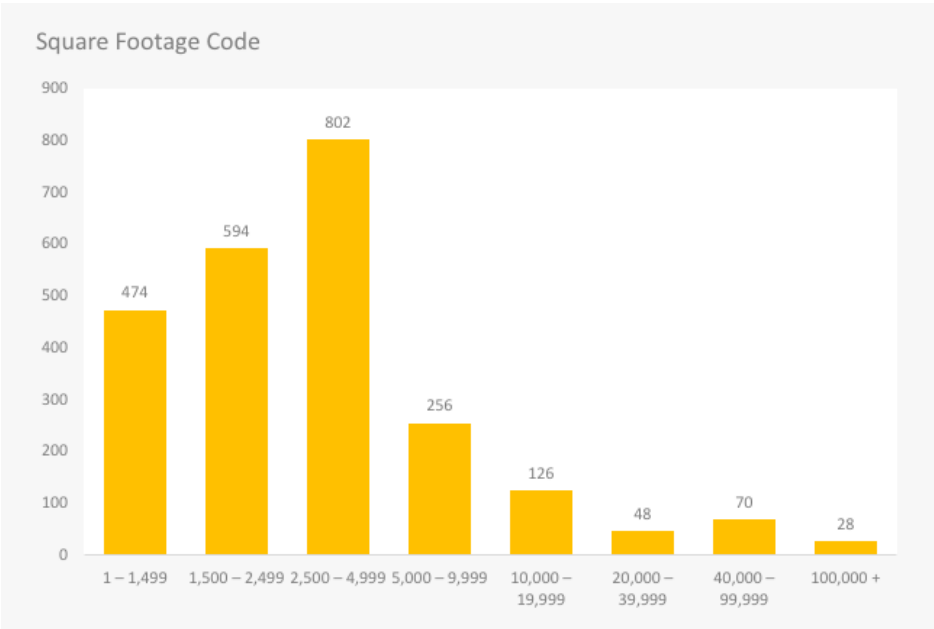
The year that a firm first appears in the Yellow Pages is the best indication of age of firm. As noted, most firms in the service territory possess business longevity.



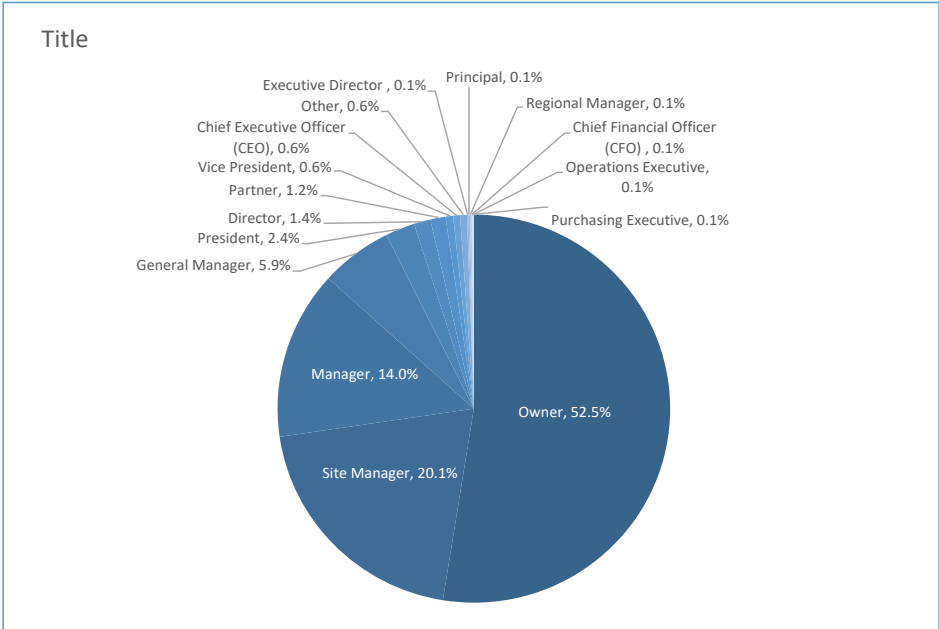
Firms tend to have good credit, which indicates that financing is a viable option to acquire equipment.

PRIMARY MARKET RESEARCH

Size of Establishment in square feet is a predictor of MTTF. A key factor in designing the sales process is accessibility of leadership. In the targeted NAICS sectors, Owners and Managers are highly accessible.



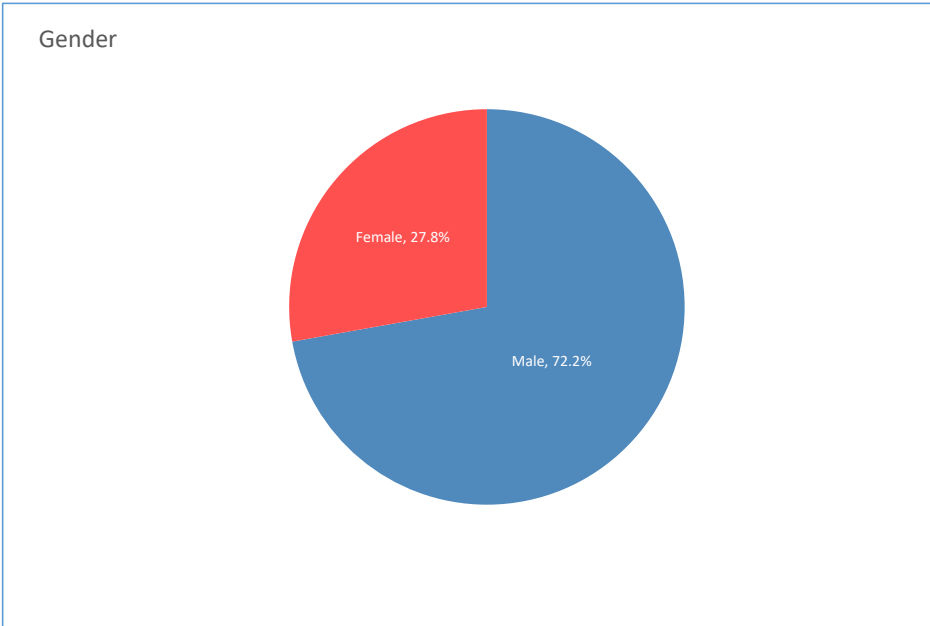
The most predominant size is 2.5K – 5K square feet . This is an indicator of usage for the food preparation equipment.



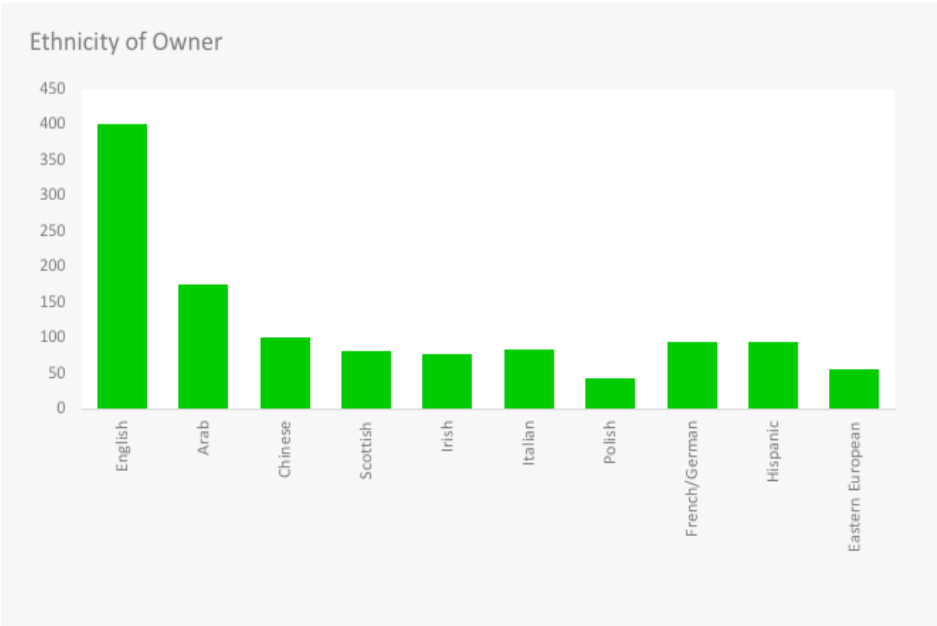
Leadership is accessible, which is positive for outreach campaigns. Calling enables a multi-contact approach to pitch a program versus random site visits.

PRIMARY MARKET RESEARCH

Gender and Ethnicity should be used to help shape the development of collateral and message. The fact that 72% of the market is owned by males will influence the generic approach; however, the female market should be grouped and targeted. Ethnicity should be evaluated when formulating communication strategies. Arab and Chinese sectors are large enough to support direct marketing programs.



The market is male dominated, yet females own or manage over 25% of the firms. This has great significance in the formulation of marketing campaigns.



Culture should influence communication. The diverse population of owners and managers dictates a multilingual promotion and marketing effort.

The background of the slide is a blurred image of a smartphone screen. A prominent circular icon on the left side of the screen contains a white silhouette of a person. Other app icons, including a calendar and a mail icon, are visible but out of focus. The overall color palette is light and soft, with a gradient from light blue at the top to light grey at the bottom.

SPECIFIC PROJECT DELIVERABLES

MANUFACTURER/PRODUCT

An analysis to understand where Fryers and Griddles are typically sold and how these products are sold. This analysis includes the following information from manufacturers:

Identify Most Viable Market and Potential: The optimal market segment as identified by third party data and the manufacturers.

Using qualitative and quantitative analysis, the best markets for Fryers and Griddles were determined:

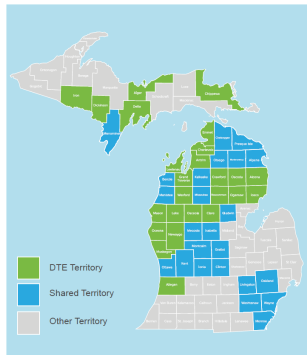
Market Determinants	Implications and Approach
General Themes	Three important factors in selecting the best target markets are: <ul style="list-style-type: none">▪ Large number of targets in the market subsegment.▪ Mean Time To Failure characteristics within the specific segment, including length of time in business, older components, higher revenue per location – all leading to more usage and more product failures.▪ Sensitivity to quality of cooking element as related to food preparation.
Large Numbers	Focus was placed on size and rapid sector growth. Traditional restaurants were identified as the largest segment, while grocery stores that seek to enter the prepared food industry are one of the fastest growing.
Sustainability IQ	The propensity of segments to purchase green, have socially responsible owners, or have sensitivity to socially responsible positioning that influences business performance. This was not a large factor or market driver.
Practical Purchase Likelihood	Manufacturers agree that MTTF characteristics are key drivers.
Ease of Promotion	Efforts to determine how accessible decision makers are to sales approaches were important to the selection of a target sector.

MANUFACTURER/PRODUCT

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Identify Most Viable Market and Potential: The optimal market segment as identified by third party data and the manufacturers.

See Executive Summary for detail. Two sectors were identified within the addressable market. One for size and one for growth.



722511 - Full-Service Restaurants

This U.S. industry comprises establishments primarily engaged in providing food services to patrons who order and are served while seated (i.e., waiter/waitress service) and pay after eating. These establishments may provide this type of food service to patrons in combination with selling alcoholic beverages, providing carryout services, or presenting live nontheatrical entertainment.

445110 - Supermarkets and Other Grocery (except Convenience) Stores

This industry comprises establishments generally known as supermarkets and grocery stores primarily engaged in retailing a general line of food, such as canned and frozen foods; fresh fruits and vegetables; and fresh and prepared meats, fish, and poultry. Included in this industry are delicatessen-type establishments primarily engaged in retailing a general line of food.

Product Positioning: Manufacturers tactics intended to present products in the best possible light to the target audiences. Positioning addresses the questions - what's the customer really buying in terms of benefits; how is the product different from competitor's offerings; what makes the product or service unique.

Manufacturers are typically focused on efficiency from a productivity standpoint. The objective is to make the customer believe that throughput is a differentiator. There are a variety of other technology related factors that manufacturers utilize to position, including more efficient use of oil. For this exercise, the manufacturer perspective was not overly relevant.

MANUFACTURER/PRODUCT

An analysis to understand where Fryers and Griddles are typically sold and how these products are sold. This analysis includes the following information from manufacturers:

Channel Selection: The methodology used to select channels to deliver the manufacturers products.

While digital marketing has tremendously impacted the way in which we think of the four Ps of marketing, given the outline of the channel question, this effort first focused on addressing the physical channel question – how do trade allies, distributors, manufacturers, and other physical entities influence the purchase process. Key to the channel selection effort are the Place and the Promotion elements of the four Ps. As discussed in the Executive Summary, the most important variable is the Place. In other words, understanding how and when the customer starts the buying process is one of the critical factors that will drive the overall marketing effort. This concept is clearly discussed in the Executive Summary.



MANUFACTURER/PRODUCT

An analysis to predict how segments consume these Fryers and Griddles-what are the over-consuming segments. This analysis includes an understanding of the following:

- 1. Customer Acquisition Strategy - The best mix of media and engagement tools to gain new customers through targeting and reaching them through online and offline methods.**
 1. The most important method to reach the customer is the online vehicle as discussed in the Executive Summary.
 2. Lead generation is accomplished via SEO activity.

- 2. Lead Generation Strategy - The process used for manufacturers to generate leads.**
 1. Manufacturers are inconsequential in the EE rebate process. Lead generation is accomplished through positioning with agents or via print marketing.

- 3. Segment Consumption - an analysis to identify which segments purchase Griddles and Fryers most frequently.**
 1. This analysis was transitioned to an analytics focus to identify segments based on direct marketing success. See Executive Summary and Analytics questions.
 2. Essentially, the marketing effort should focus on the unique customer in order to identify when a product has reached its useful life. Trends can be established to target specific segments for estimated life cycle purchasing, but this is a more advanced aspect of the project.

DEALER/DISTRIBUTOR

Create a database of all dealers/distributor by industry code and cross reference with the firmographic data in the Platform. This enables a dealer segmentation.

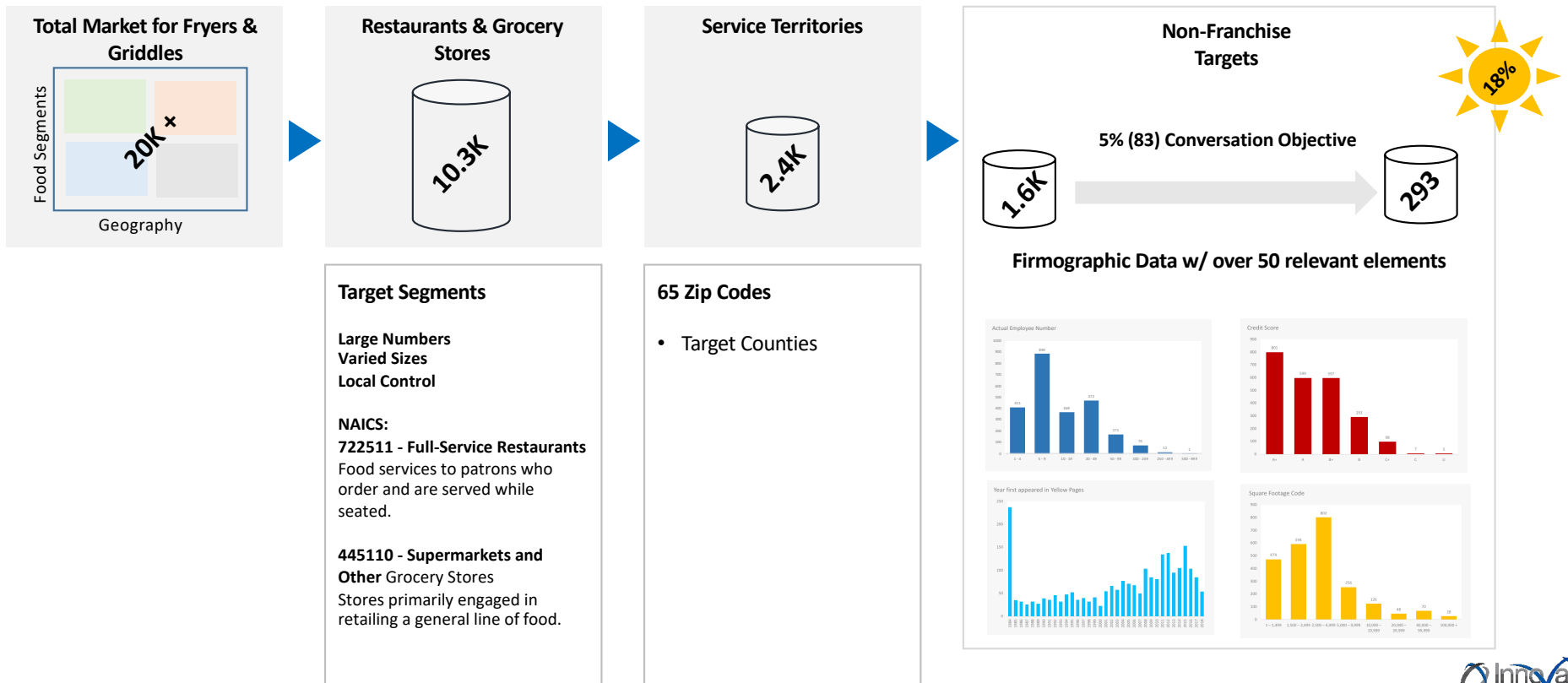
- 1. Segmentation of existing dealers and identification of industry codes associated with these dealers.**
 1. Dealers that participate in the program were identified and a list of more than 200 dealers were identified using NAICS codes.
 2. Dealer segments were evaluated based on participation in the program, understanding of the program and willingness to offer discounts to food service customers.
- 2. Secure firmographic data for organizations in the service territory that fall within these industry classifications.**
 1. Firmographic was secured and stored in the platform.
- 3. Input Dealer/Distributor data into the Platform.**
 1. This was complete; although was not a significant element to the deliverable set.

The practical and primary consideration with respect to Distributors is will they promote the rebate. The simplest approach to accomplish this objective is to utilize a Pull Through Marketing approach. In order to encourage Distributors to promote, they should be made to compete.

THE CUSTOMER

Sub-segment the Fryer/Griddle customer market.

The segmentation approach considered sub-segment volumes, market trends and the availability of measurable elements. The direct marketing effort proved even more useful than anticipated. Not only were we able to answer key questions, a number of immediate leads were identified.



THE CUSTOMER

Develop analytics to identify the segments likely to consume these products.

Prepare an analytical model to identify consumption likelihood for the targeted subsegments. [Two models were created].

Model 1: Where: Y, Z, T and E represents successively time purchasing, Sales Volume, Years in Business and Credit Score.

Suppose now that we have another observation in which we want to predict the value of Y given that we have information about Z, T and E, the predicted value of Y will be:

$$Y = -141,87494 - 0,0001679 Z + 0,06878016 T + 0,09661303E$$

Model 2:

Model		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-258.197	113.456		-2.276	.029
	ACTUAL_LOCATION_EMPLOYMENT_SIZE	.016	.079	.082	.204	.840
	ACTUAL_LOCATION_SALES_VOLUME	.000	.000	-.165	-.662	.512
	YEAR_FIRST_APPEARED_IN_YELLOW_PAGES	.124	.053	.464	2.321	.026
	ACTUAL_CREDIT_SCORE	.165	.123	.360	1.335	.190
	SQUARE_FOOTAGE_CODE	-.078	.511	-.046	-.152	.880

a. Dependent Variable: DEPENDENT VARIABLE Fryer Purchase Time (Years)

Regression Equation

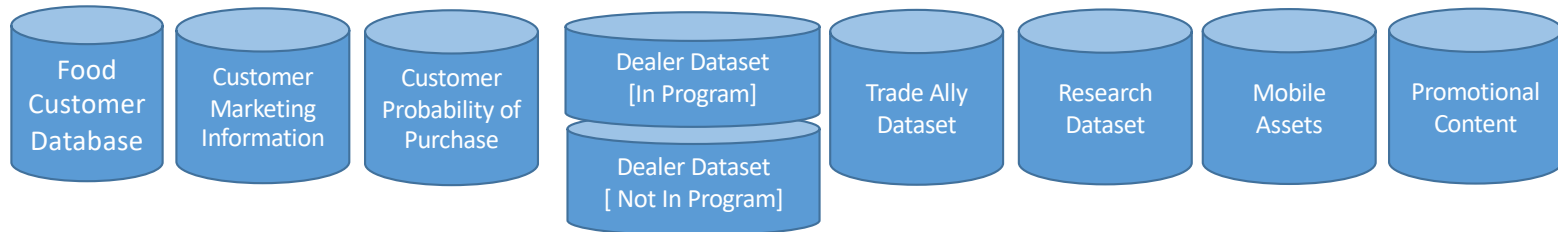
$$Y = -258.197 + 0.016x1 + 0.000x2 + 0.124x3 + 0.165x4 - 0.078x5$$

Code the customers in the targeted segments with a probability factor that represents purchase likelihood. [Completed].

DIGITAL PLATFORM

Deployment of a cloud-based platform that includes databases for the entities in the ecosystem. The Platform also includes applications for mobile application creation, scheduling and data analytics. All databases mentioned in the aforementioned deliverables will be included in the Platform.

The following information has been included in the Platform utilized for this project. All information will be made available to the utility.



Ongoing execution related to the program can make use of the Platform, but there would need to be additional discussion to identify specific requirements. Database of target customers will be provided within the Customer Marketing Information dataset.

SEGMENT DRIVEN MARKETING STRATEGIES - RESTAURANTS

Provide a consolidation document that that creates a conceptual thread

- Fryer/Griddle market analysis.
- Customer segmentation.
- Mission statements and Marketing Strategies
- Goals and Targets for each sub-segment
- Channel Management Strategy and Analysis
- Direct marketing and promotional tactics for Trade Allies.

Market Analysis	Customer Segmentation	Mission	Goals and Targets	Channel Management Strategies	Direct Marketing / Promotional Tactics
Fryer/Griddles are viewed from a MTTF perspective.	Customers are segmented by projected time to purchase – within one year, 2-5 years, 6-11 years and beyond.	Support customers that look to acquire new equipment by providing a discount and access to the Sustainable Energy Network.	<p>Establish take rate goals on a monthly basis that align with the Midstream objectives.</p> <p>Targets can be achieved by direct marketing to customers, or by using SEO to capture customers that are in search of new equipment.</p>	Channels should be pulled-through the purchase process by targeting end-user customers with SEO or Direct Marketing.	<p>Use three methods:</p> <ul style="list-style-type: none"> ▪ SEO and direct push to rebates and Distributors. ▪ Direct contact via Telesales to uncover opportunities. ▪ Position the SEN to offer incremental value to the customer

The Marketing Approach is very simple, but elegant. Find customers that have Fryers and Griddles that have exceeded their useful life by direct marketing and buy employing analytics. Depending on the anticipated cost per sale and the other marketing mechanisms, the customer acquisition effort is completely saleable. Goals should be driven by corporate EO objectives and the budgets can be calculated based on the targeted acquisition rate. The physical channel will be pulled through by direct calling and by digital marketing.

SEGMENT DRIVEN MARKETING STRATEGIES - GROCERANTS

Provide a consolidation document that that creates a conceptual thread

- Fryer/Griddle market analysis.
- Customer segmentation.
- Mission statements and Marketing Strategies
- Goals and Targets for each sub-segment
- Channel Management Strategy and Analysis
- Direct marketing and promotional tactics for Trade Allies.

Market Analysis	Customer Segmentation	Mission	Goals and Targets	Channel Management Strategies	Direct Marketing / Promotional Tactics
Fryer/Griddles are viewed from a MTTF perspective for shops that provide food, and from a business development perspective for stores that have not entered the prepared food market.	<p>Customers "in food" are segmented by projected time to purchase – within one year, 2-5 years, 6-11 years and beyond.</p> <p>Customers that are targeted for business development should be viewed from a revenue and number of employee perspective.</p>	<p>Support customers that look to grow by entering the prepared food business.</p> <p>Support customers that seek to acquire new equipment by providing a discount and access to the Sustainable Energy Network.</p>	<p>Establish a business development goal for IC, where a selected number of new Grocerants are created within the grocery store segment.</p> <p>For the existing providers:</p> <ul style="list-style-type: none"> ▪ Establish take rate goals on a monthly basis that align with the Midstream objectives. ▪ Targets can be achieved by direct marketing to customers, or by using SEO to capture customers that are in search of new equipment. 	<p>Digital is the key channel and should incorporate two messages. The first message is for grocery stores that look to increase the bottom line by entering the prepared food sector. This message will work for multiple midstream food products.</p> <p>Channels should be pulled-through the purchase process by targeting end-user customers with SEO or Direct Marketing.</p>	<p>Use three methods:</p> <ul style="list-style-type: none"> ▪ SEO and direct push to rebates and Distributors. ▪ Direct contact via Telesales to uncover opportunities. ▪ Position the SEN to offer incremental value to the customer ▪ Use the SEN to support

Many of the approaches utilized in the Restaurant sector will have traction in the Grocerant sector. However, this sector is a marketing utopia because utilities can employ the Energy Efficiency Rebate to enable a growth strategy for a set of target customers. Grocery stores have tight margins, so there is a desire to enter prepared food. Efficiency is of prime importance in this area. Thus efficiency is a double-green strategy - sustainability and profitability.

