



marketing mix

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PERC extols features of propane

CONNECT ENERGY SHOPPERS TO THE BENEFITS

Several notable figures were involved in the development of the “features and benefits” selling techniques dating back to the mid-20th century. My favorite quote on the topic was from Theodore Levitt, a Harvard Business School professor who popularized the idea, “Sell the hole, not the drill,” to emphasize that customers buy benefits rather than features.

Energy markets and equipment are evolving in the United States, creating additional positive features for propane. Now, it is time for you to convert those features into benefits when selling propane to energy consumers.

The Propane Education & Research Council (PERC) has now expanded the conversation about propane features beyond being “environmentally friendly,” a feature that has been a challenge to translate into a meaningful benefit for the average consumer. Detractors would quickly label propane as a dirty fossil fuel. With no other features in the conversation, the “environmentally friendly” feature was a tough sell. Environmentalists dismissed it, and consumers weren’t moved by it.

In the background was the accelerated campaign to convert the electric grid to wind and solar power. In the early years, the targets included the elimination of coal and oil-fired power plants in favor of a mixture of cleaner ways to generate electricity.

From there, it has become a race to completely convert the electric grid into wind and solar power generation in

many parts of the country. Maintaining and updating the aging grid infrastructure took a back seat to funding solar and wind projects. This slow capacity build comes in the face of surging electricity demand and higher prices. Most power companies, and in turn their customers, are being faced with the double whammy of soaring electricity costs and nose-diving reliability.

According to the U.S. Energy Information Administration (EIA), electricity prices increased by 9 percent in the last year, much higher than the rate of inflation, with no relief in sight. With thousands of households in every state already experiencing power outages every year, the U.S. Department of Energy is predicting a 100-fold increase in outage risks by 2030.

Meanwhile, the propane industry has been undergoing its own renovation with great success. The fracking phenomenon in the U.S. oil exploration industry created massive new supplies of propane that overshadowed the past dependence on refining propane from crude oil that was often coming from foreign sources. We quickly became a net exporter of propane, and the stable propane supply picture has helped to moderate the price to consumers.

As an example, the EIA reports that propane prices this year are at or slightly lower than last year. Overall, the propane industry now has a stable and long-reaching supply that helps moderate propane prices. While power companies are trying to deal with reliability issues, the propane industry has embraced scheduling and routing technology, such as monitoring on-site propane tank levels and in-time routing of deliveries, to ensure a continuous

energy supply to customers.

PERC has now added more features to its conversation about propane. The two added features I like the best are that propane is “reliable” and “affordable.” Consumers did not associate these features with propane in the past. We have come a long way. Convert those features to benefits when addressing current and potential customers.

One propane feature is “reliable.” The benefit to customers is that there are measures in place so that customers will always have a continuous supply of propane on-site, with no interruptions. Customers can also ensure a dependable energy supply by having more propane usage points in the home and backing it all up with a propane stand-by generator. Propane is an on-site energy storage that can provide customers with reliable energy, with no dependence on the electric grid.

The other propane feature is “affordable.” The benefit to customers is that the generous supply of propane overall will help to moderate future propane prices and reduce energy bills, unlike the issues that the power companies have. You can inform customers about your payment plans and other available programs that keep propane affordable.

PERC is now promoting a wide range of propane “features.” It is up to you to turn those features into “benefits” when addressing energy consumers.

Propane: reliable, affordable energy for everyone. **LPG**

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