



August 21, 2006

Hampton Newsome  
Federal Trade Commission/Office of the Secretary  
Room H-135 (Annex O)  
600 Pennsylvania Avenue, NW  
Washington DC 20580  
Re: Energy Labeling, Project No. R511994

Dear Mr. Newsome:

These following comments, submitted by the Consortium for Energy Efficiency (CEE), provide feedback to the Federal Trade Commission (FTC) on its research to inform potential modifications to the EnergyGuide label. Due to the short time period available, the CEE Evaluation Committee was not convened to develop consensus comments; as such the recommendations below do not represent a consensus opinion of CEE members. Rather, they are a collection of expert observations and suggestions collected informally by CEE staff.

### **General Comments and Suggestions**

CEE and its members are concerned that use of stars on categorical label may cause consumers to assume that the product is an ENERGY STAR-qualified product. This issue is not adequately addressed in the instrument. Specifically, according to the Justification section of the supporting statement, only participants who view *EnergyGuide* labels that include the ENERGY STAR will be asked to identify which products qualify for the label. These participants will be able to compare *EnergyGuide* labels with and without ENERGY STAR. However, participants who see only *EnergyGuide* label designs without the ENERGY STAR will *not* be queried to determine whether they assume the stars on the categorical version of the *EnergyGuide* label indicates that the product qualifies for the ENERGY STAR. Asking of the latter group whether the product described by the *EnergyGuide* label is an ENERGY STAR product would help address this.

### **Awareness of *EnergyGuide* and ENERGY STAR**

It would be helpful to acknowledge early on in the questionnaire that there is more than one energy-related label, and to gauge awareness of each. Gauging awareness of both labels will help improve the robustness of FTC's research on a number of fronts, including determining bias and ensuring that the label being recalled is indeed the *EnergyGuide* label.

The annual CEE survey of household awareness of the ENERGY STAR label has measured household recognition of both the *EnergyGuide* and ENERGY STAR labels annually since 2001. Comparing FTC's results with these data could help determine if the sample's recognition of either labels differs significantly from the rest of the population. Attached is a flowchart that shows how *EnergyGuide* and ENERGY STAR label awareness are measured and calculated in the CEE survey. We encourage FTC to replicate these questions in its instrument and use our data and findings for comparison in its analysis.

If FTC decides to adapt CEE's questions to the instrument, you may also wish to show the *EnergyGuide* label as part of the question series. Showing both labels would likely yield a more

robust understanding of which respondents are actually thinking of the *EnergyGuide* label question A7 in FTC’s draft survey instrument.

Should FTC decide not to replicate or adapt CEE’s questions for use in the survey instrument, then at the very least FTC should consider showing thumbnail sketches of each label as part of A7, and allow for multiple responses for those respondents who remember both *EnergyGuide* and ENERGY STAR labels. Also, FTC should give some consideration to what analysis should be conducted on the responses of those who answer 1 (“white with green letters”) or 4 (“red with black letters”), and what, if any, useful conclusions could be drawn from them.

### **Main Appliance Labeling Section**

M.1. CEE suggests clarifying this question for respondents by adding “in making your purchase decision” to the end of the question, so that it reads “Would any of this information be useful to you in making your purchase decision?”

M.2. This wording is awkward. The question could be improved by adding the word “parts,” so that the question reads “Which parts of this information would be most useful to you?”

M.8. This question is written as a run-on sentence and thus is confusing. It would be easier to read if broken up into two sentences. For example, “How would you say Model L is in terms of energy efficiency compared to other full-size refrigerators with a side-mounted freezer, automatic defrost, and through-the-door ice? Is it one of the best in the market, above average, about average, below average, or one of the worst in the market?”

### **Willingness-to-Pay Module**

W.1 through W.3. There are more robust ways to measure willingness-to-pay that FTC might want to consider using in lieu of questions W.1 through W.3. For example, a series of questions designed to be subjected to conjoint analysis would better help FTC understand the value of energy efficiency in relation to other product attributes. Examples of how to design and implement a conjoint analysis can be found in Hair, Anderson, Tatham & Black’s *Multivariate Data Analysis* (1995, Prentice Hall, Englewood Cliffs NJ) as well as in other textbooks on market research design and analysis.

### **Information Metric Model**

X.1. FTC should consider the possibility that the way this question is asked is likely to elicit meaningless results for X.1.a. Most respondents are unlikely to be familiar with the concept of a kilowatthour. Those respondents who have not seen the kWh version of the *EnergyGuide* label are not at all likely to reply that information about electricity use in kilowatthours is useful.

FTC might also want to consider showing examples of all three types of information displays to aid in obtaining meaningful responses to this question series.

### **General Observations**

Questions A.8, C.3, F.3, U.3, and X.1.a-c all have 11-point response scales. For most applications, there is little reason to have more than seven points on the scale. More than seven points tends to confuse respondents and implies a more nuanced answer than respondents are

actually able to give. CEE suggests that FTC consider cutting the scale back to seven or even five points.

Be sure to offer “Don’t Know” as an answer category option. It is missing in a number of questions.

Thank you for your attention to these comments; we hope that they will help the survey instrument be more effective in answering the FTC’s research questions. Please contact CEE Manager of Research and Evaluation Monica Nevius at 617-589-3949 ext. 227 with any questions about these comments.

Sincerely,

Marc Hoffman,  
Executive Director

CC: Monica Nevius, CEE