

Efficient Lighting Program Market Challenges

An EEPs Program
Contractor Perspective

Presented by:

Peter Feroli
Applied Proactive Technologies, Inc.
1242 Main Street
Springfield, MA 01103
413-731-6546
peter@appliedproactive.com

Presentation Overview

- Fixtures vs. Bulbs:
 - Different Markets, Different Barriers, Different Program Perspectives
- Product Barriers: Reduced But Not Gone:
 - Progress To Date
 - What's Still an Issue?
- Program and Industry Coordination
 - Different Objectives

Fixtures or Bulbs

- Barriers and Challenges for Bulbs and Fixtures Need to Be Addressed Separately
- Although Complementary, Bulb and Fixture Markets are Distinct:
 - Different Consumer Purchase Patterns
 - Different Sales Channels
 - Different Level of EEP Program Focus and Support
- Strategies to Address Each Should Be Determined Based Upon:
 - Specific Program Objectives/Goals
 - Market Channel Operations
 - Target Market (Consumers, Builders, Contractors)

Product Barriers: Progress To Date

CFLs:

- Increased Manufacturer Participation
- Increased Retail Presence for Product (Traditional and Non-Traditional Retailers)
- Reduction in Product Price (Still Inconsistent Across Retailer Types)
- Steady Decline in Program Sponsor Incentive Levels
- Increased Selection of Products (Size Has Continued to Decrease to Fit More Applications)
- General Improvement in Quality
- Significant Increases in Volumes of Product Moved Through Efficiency Programs
- A Rising Tide Lifts All Boats - Efforts of EEPs Programs Have Benefited Regions Where No Programs Exist

Fixtures:

- Increased Selection of Products – More Decorative Alternatives Now Available

Product Barriers: What's Still an Issue

CFLs:

- Still Not Best Suited for Certain Applications (Dimming, Enclosed Fixtures, Reflectors)
 - Poor Initial Consumer Experience Could Slow Long Term Acceptance
- Price Inconsistencies Still Exist Across Different Retail Channels
- Consumer Education (It's Still Only a Light Bulb):
 - Where to Use, Where Not to Use
 - What Replaces What?
- Long Term Market Impact if Programs Were to Cease:
 - Will Demand Continue to Rise?
 - Will The Breadth of Retailers Currently Carrying Product be Maintained?
 - Will Price Stay Constant or Rise if Sales Volume Decreases?

Product Barriers: What's Still an Issue

Fixtures:

- Low Market Presence at Retail (Particularly Lighting Showrooms)
 - *The Chicken or the Egg:*
 - Customers Don't Demand It So Retailers Don't Stock It. Retailers Don't Stock It, So Customers Don't Demand It
 - What Can Programs Do To Help Overcome This?
- Different Target Markets (End Users, Builders, Contractors):
 - New Construction and Renovation Markets Need to Be Better Addressed Through Enhanced Program Designs to Have a More Profound Impact
- Differences in Perspective in Program Support:
 - Should We Be Focusing on Getting Consumers to Change A Bulb or A Fixture
- Price:
 - Larger Issue for Builders/Contractors Buying in Volume
 - May Be Less Important for Consumers Purchasing Based On Aesthetics

EEPs Sponsored Energy Efficiency Programs

- **One Size Does Not Fit All**
 - Different EEPs Programs Typically Have Unique Requirements and Goals :
 - Often Based on Regulatory Mandates
 - Some Programs Offer Product Incentives While Others Don't
 - Incentives Values and Structures Vary (Customer, Upstream, Marketing)
 - Some Focus Only on CFLs, Some on Fixtures, Some on Both
 - Some Programs Require Linkage of Incentives to Eligible Customers Living Within Program Sponsor Territories
 - Some Programs Emphasize Continuity, While Others are Implemented on a Promotional Basis.
 - Some Programs Distinguish Between Existing Homes and New Construction Markets; others do not

EEPs Program Industry Challenges

- Industry May Negatively Perceive a Program That is Overly Restrictive or Geographically Limited :
 - Too Much Effort Required to Participate
 - May Effect On Going Relationships Between Manufacturers and Retailers
- National Retailers Face Challenges Participating in Programs on a Local or Regional Basis:
 - Retail Markets and Consumer Shopping Often Don't Correlate to Program Boundaries
 - Flexibility and Adaptability Needed From Both EEPs and Industry
 - Programs Have and Currently Work Successfully if Industry Is Willing to Work Through Regional Resources on a Targeted Basis
- Increased Emphasis on Upstream Programs (Buy-Downs, Markdowns):
 - Has Created Challenges in Pricing, Advertising and Documentation/Reporting Across Regions