Partnerships in Energy Efficiency with Retailers (PEER) Guidance:

Retailer Guidance for Streamlining ENERGY STAR® Partner Collaborations on Energy Efficiency Programs

ENERGY STAR® Retail Action Council (RAC) 2013

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Contents

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Introduction

In the U.S., there are well over $250 Billion in annual sales of energy consuming products and energy reducing products sold through the retail channel. Retailers in this sector assort hundreds of thousands of different items. These product assortments include many of the over 15,000 ENERGY STAR certified products spanning more than 60 product categories. Retailers and utilities share customers in local markets and have common interests in satisfying the needs of these mutual customers.

In 2011, energy efficiency program sponsors (EEPS) in the United States invested over $7 Billion to increase energy efficiency in homes and businesses. Almost $2 Billion[1] of these budgets were directed by EEPS towards energy efficient products sold through retail channels. The retail channel has been effective in delivering energy efficient products to residential customers and reducing energy consumption in homes throughout the service territories of U.S. utilities.

Because of the success of energy efficiency programs over the past two decades, energy consuming devices are significantly more efficient than in the past. Continued growth in electricity and natural gas use, however, still justifies utility incentive programs. Going forward, lower incremental energy savings in traditional energy efficiency areas like lighting and major appliances shift focus to new product categories. This change in focus necessitates a recalibration of how EEPS design programs and implement them through retail channels in order to correspondingly reduce costs and improve effectiveness.

Retailers have also been experiencing dramatic changes across all aspects of retailing. The transformation encompasses all parts of the supply chain from supplier partnerships to the total customer experience – shopping experience, purchasing experience, and delivery experience. Retailers and their supplier partners have adapted to the new hyper-competitive marketplace by driving costs down without compromising customer service.

A notable outcome of collaboration among retailers and their partners has been the creation and standardization of mutually beneficial vendor management guidelines. Retailers offer vendor management guidelines to their manufacturing partners to help control costs, maintain quality, manage relationships, and ultimately increase sales and profits.

It is possible for EEPS to achieve similar success in reducing costs and improving outcomes in their retail programs by adopting strategies such as vendor guidelines. This is feasible when energy efficiency programs are viewed as analogous to a retailer's product offering and EEPS are akin to a retailer's manufacturing partner. In superior relationships between retailers and their manufacturing partners, manufacturers provide more than products alone, they may also work closely with retailers to deliver programs and services to support profitable sales, drive traffic and increase customer satisfaction. Partnerships in Energy Efficiency with Retailers (PEER) Guidance applies a similar philosophy to energy efficiency programs.

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[1] Consortium for Energy Efficiency, "State of the Efficiency Program Industry Budgets, Expenditures, and Impacts 2011." Navitas Partners analysis.

PEER Guidance is intended to take cost out of the design and implementation of successful energy efficiency programs, ultimately leading to more energy efficient products on retailers' shelves and greater energy savings for consumers. The PEER Guidance document presents a set of retailing practices to help EEPS build a solid foundation for an effective working relationship with retailers in energy efficiency programs as well as in other business areas of mutual interest.

Building Blocks for Trusted Partnerships

This guide discusses some of the important areas that retailers utilize to build trusted partnerships, generate demand, increase product penetration, and increase revenue performance.

PEER Guidance Background

ENERGY STAR's retail and EEPS partners share a common objective of increasing the market for energy-efficient products and practices. ENERGY STAR serves as a national brand platform for the products these partners promote and sell. To achieve this end, retailer and EEPS have collaborated to provide insights about the common needs of their industries and recommendations to improve the overall operational performance of energy efficiency program.

EPA's ENERGY STAR program recently initiated a *Retail Action Council (RAC),* facilitated by Navitas Partners, to formulate tools, processes and guidelines to streamline the implementation of energy efficiency programs with retailers. Four leading retailers, Best Buy, The Home Depot, Lowe's Companies and Sears Holdings Corporation, are charter members of the RAC and have agreed to dedicate resources to improving program effectiveness for mutual benefit of consumers, program sponsors and retailers. The PEER Guidance document is one of three RAC objectives:

1. Development of the PEER Guidance.

2. A Pilot energy efficiency program that will test the PEER Guidance concepts.
3. Development of "Understanding the Complexity and Business of Retail" panel for the 2013 ENERGY STAR Partners' meeting that presents key aspects of the retail business related to energy efficiency programs.

PEER Guidance has been inspired by the ongoing dialogue at the ENERGY STAR Products Partner Meetings over the last three years and informed by subsequent working meetings of the ENERGY STAR RAC. The RAC's goal for the guidance is to make energy efficiency incentive programs as cost-effective and productive as possible for EEPS and retailers, to institutionalize lessons learned and best practices developed through EEPS/retailer collaborations, and to mitigate common operational and administrative barriers to these co-promotional efforts.

The PEER Guidance has been developed utilizing the energy efficiency program knowledge, retailing experience, and business capabilities of team members. RAC members have collected information from their marketing, merchandising, legal, IT, finance, and retail operations departments and delivered documentation benchmarking existing vendor management processes, policies, and guidelines. EEPS have also provided important input to development of the Guidance document. Pacific Gas & Electric, Northwest Energy Efficiency Alliance (NEEA), Southern California Edison, National Grid, Progress Energy, the Western Regional Utility Network (WRUN), Northeast Energy Efficiency Partnership (NEEP), the Strategic Partnerships of Utilities and Retailers (SPUR) and their program implementation contractors have shared program plans, implementation requirements, regulatory considerations, and lessons learned from successful programs. These various inputs and examples have been organized by the RAC into relevant and actionable best practices to improve energy efficiency program partnerships.

PEER Guidance

PEER Guidance is intended to assist EEPS in understanding retailing practices and to provide recommendations for streamlining efficiency programs executed in the retail channel. Although comprehensive in scope, this guidance does not contain an exhaustive list. It covers topics that are common among major retailers having significant "brick and mortar" store presence in utilities' service territories. The guidance document is broken into three sections areas covering steps for effective program design and implementation. These sections are:

- **Establishing Working Relationships**
  - Understanding the Business of Retail
  - Retail and Program Sponsor Agreements
  - Data Policies
  - Account Management
- **Collaborating for Program Design**
  - Timing and Calendars
- **Aligning for Successful and Cost Effective Implementation**
  - Retail Operations – Training, Promotion, Visual Merchandising and Contracted Labor

Establishing Working Relationships

Creating win-win energy efficiency programs entails building solid relationships and understanding each other's business strategy. Many opportunities for energy efficiency programs are missed simply because of a lack of understanding of business issues and objectives. This problem is compounded by the variety and volume of programs that EEPS would like to implement at retail, all on different timetables and facing differing energy efficiency regulatory requirements. Retailers systematically evaluate the programs to gauge their cost-effectiveness, impact on customer experience, and brand building value.

> *To have a durable working relationship that will lead to successful design and implementation of a program, there are two critical steps to be addressed early in the relationship: formal partnership agreements and data exchange/privacy policies.*

Understanding the Business of Retail

A common objective among retailers is to make a profit and create shareholder value through unique customer experiences. Retailers structure their organizations and processes to work collaboratively with their partners to deliver products and services to their customers.

Retailers have well-defined operational processes and designated teams to bring a product to the store shelves. While the teams cut across many functions, there is typically a single-point -of-contact (SPOC) managing relationships. Within the retail merchandising organization the SPOC is typically the buyer or merchant. This section discusses this merchant role, store operations as well as the SPOC for retailers' relationships with EEPS.

EEPS' relationships with retailers for energy efficiency program implementation are typically different from those that exist between retailers and their manufacturer partners. In many cases, energy efficiency program opportunities are introduced by EEPS program managers to retailers' corporate offices through an RFP or at local stores through direct interaction between the utility field services team and the store's General Manager. These approaches are less effective than those carried out by a retailer's manufacturer partners because they reduce opportunities for collaboration. Retailers' interactions with EEPS have, nonetheless, made them acutely aware of opportunities to serve the energy efficiency and integrated demand side management[2] needs of customers.

Over time, the increasing number of energy efficiency program opportunities has led retailers to appoint a "Retail SPOC" and the formation of "Green or Sustainability" teams to coordinate energy efficiency incentive programs at leading retailers. The SPOC is usually part of a retailer's Utility Program group and is the best place to start building the retailer relationship. The assigned SPOC guides the EEPS throughout the retailer's processes and organization.

The Retail SPOC works directly with the merchandising and support organizations on behalf of all energy efficiency programs. Retail SPOCs often have the responsibility of preparing a business case for

[2] At many utilities, energy efficiency is part of a broader integrated demand side management (IDSM) programs

participating in an energy efficiency program. These business cases help retailers allocate resources and outline the benefits and costs of participation. For a business case, the retail SPOC will need:

- Program description and objectives
- Timing of the program
- Data and measurement needs
- Financial information – allocation budgets and incentives per qualified product
- Geographic boundaries and targeted number of participating stores

Ideally, information for the retail business case is received by the SPOC during the design phase of a program. The SPOC then coordinates design and implementation activities with key functions in the retail organization, particularly merchandising and store operations.

Merchandising

Merchandising is a critical function with tremendous responsibility and resources dedicated to planning, supply chain, customer insights and execution. The merchant organization and executive leadership structures are reasonably similar across the diverse retailing industry. Retailers are differentiated by what type of products, services, markets and customer focus they deploy.

A merchant is the buyer of goods and services that the retailer sells to its customers. He or she manages the entire end-to-end process from the strategic intent of the category to sales and returns. Merchant responsibilities are carried out by merchant team members and cross-functional teams such as marketing, visual merchandising and retail operations. The merchant is responsible for planning, sourcing and supplier relationships, marketing and promotions, demand planning, forecasting and inventory, delivery and returns. The merchant determines what products are sold, the quantity of products, the final retail selling prices and where in the store it will be placed. The merchant is the General Manager of the product line or category. He or she is the single-point-of-contact for manufacturer partners and leader of the cross-functional support teams. The merchant team manages the business down to the store level through direct communications with store operations.

A merchant is a critical decision-maker for energy efficiency programs within their category as programs may impact financial performance.

Store Operations

Store operations create the visible shopping environment that retail customers expect. Their efforts ensure that products, services, information and labor are in place to complete the sales transaction and satisfy the customer. Store operations business decisions are focused on the customer, what they want, when they want it, and how they want it. Marketing and visual merchandising support store operations.

The retailing process connects merchandising and store operations activities. The general process flow is one where:

- Merchant defines the category, products and strategy.

- Marketing sets the customer experience, messaging, and promotions.
- Visual merchandising sets the planograms, displays, fixtures, and signage.
- Retail operations manage the store, supply chain, and store associates.

A sound understanding of the retailing processes, business objectives, and specific customers served by the retailer is the basis for an effective energy efficiency program. This understanding aligns retailer and EEPS goals to best serve mutual customers. Gaining knowledge about retail business and establishing business relationships with a retailer are best achieved by utilizing the Retail SPOC. The SPOC is the point of access to merchant, IT, legal, and store operations organizations.

Retail and Program Sponsor Agreements

Contractual agreements are required to formalize business relationships. This section recommends a procedure for creating retailer and EEPS contracts within a framework that suits both organizations.

There are hundreds of EEPS offering energy saving programs in the U.S. Negotiating unique and separate program agreements for potentially hundreds of programs is a significant challenge for large, national retailers, particularly when a program only relates to a small portion of a retailer's store footprint. Large volumes of unique program agreements limit the number of programs in which a retailer may participate and may prevent certain EEPS from using the retail channel to reach target customers.

Retailers routinely interact with hundreds of manufacturer partners and overcome similar limitations by using Master Agreements. Master Agreements establish parameters by which business is conducted to improve operational efficiency, product quality and merchandising effectiveness. Most businesses with large numbers of vendors, including utilities, also use Master Agreements to establish parameters by which business is conducted with their suppliers, commercial clients, and contractors.

> *Identifying data requirements, data sharing, and data management should occur early in the relationship, prior to creating a Master Agreement*

Significantly, retailers participating on the RAC have put into place specific Master Agreements with several large EEPS. These specialized Master Agreements formalize their relationships and are templates for spelling out general terms and conditions, confidentiality and intellectual property, data policy and procedures, indemnification and insurance, auditing, dispute resolution and compliance. The main sections of the agreement are relatively common across all programs.

Energy Efficiency Program Master Agreement Sections

1. Partnership Description and Purpose
2. Definitions
3. Confidentiality
4. Warranty
5. Cancellation and Termination of Agreement

6. General Conditions

Specific programmatic components are best treated as amendments to the master agreement. This is the area of the agreement that describes program design and intent, incentive type and plan, statements of work (SOW), program timing and funding allocation, metrics and measurements, joint marketing, ancillary requests, qualified store lists and program execution outline. Exhibits in an amendment to the Master Agreement allow for flexibility, reduce negotiation time, and delineate performance standards and objectives.

Exhibits for Specific Programs

1. Program Funding
2. Eligibility
3. Statement of Work
4. Qualifying Products and Incentive Payment Instructions
5. Program Data and Reporting Requirements
6. Marketing (e.g. signage, promotion, branding)
7. Store or Zip Code list

Energy Efficiency Program Sponsors that do not already have a Master Agreement in place with a retailer should start with the retailers' energy efficiency or specialized utility Master Agreement. Whether an EEPS is engaged in an established relationship or new relationship, this practice will reduce costs, resources employed, improve time to market, protect both parties and enable greater collaborative opportunities.

Data Policies

Retail and Utility industries are data-driven entities and both collect a variety of information involving the customer, supply chain, historical demand, sales, and other areas in support of the business objectives. The two industries have substantial and similar customer data privacy, collection, and use policies. Retailers understand that EEPS need information to design, implement and evaluate an energy efficiency program.

> *Business data have value. There is an expectation that the transmission of this information deliver tangible benefits. When retail data are delivered to their partners, retailers expect an increase in sales volume, higher store traffic, or some other contribution to profitability.*

There are precedents in retail relationships where retailers and manufacturer partners exchange significant sales and customer information. These agreements, typically associated with warranties and services, are highly restrictive and rigorously negotiated contractual agreements precisely defining the data required, transmittal, security, threat, continuity, destruction of information, and comprehensive use restrictions. There are financial and business penalties applied to non-compliance.

Data Exchange

While retailers have differing data sharing policies, procedures and capabilities, there are commonalities in the requirements to initiate data exchange between an EEPS and a retailer. These are:

- Description of data requested and its proposed use.
- Plans and capabilities to receive, store, secure and destroy electronic data.
- Explanation of benefits to the retailer, such as size and scope of the program and alignment with retailer business strategy.

It has been the experience of most retailers that the following data are accessible for energy efficiency programs:

- Product category, item or model number, date of sale, number of units sold, store zip code

Additional data may be provided by retailers depending on policy, point-of-sale or IT system capabilities, or other resource constraints. Examples of additional data include:

- Item description, transaction number, customer zip codes
- Historical sales data that may be necessary for program design

EEPS have communicated the regulatory requirement for energy efficiency program evaluation, measurement, and verification (EM&V) to retailers. Since program evaluations are part of the regulatory process, the data sharing processes must protect sensitive data from public disclosure. Third party data aggregation is one accepted practice that allows for program evaluation while preventing public access to sensitive retail data.

Customer identifying data (name, address, contact information) will require customers to "opt in" and is highly dependent on the retailers' POS system capabilities and the retailers' corporate privacy policies and the program sponsors security protocols

Collecting, formatting, and delivering the data are costs to the retailers as this requires IT and labor resources. Different data demands have different cost implications. For instance, if information systems are not set up to deliver the information outside of the retail organization, the retailer may need to make significant investments to upgrade their systems. EEPS' specific data needs and the size of a program opportunity are important considerations when retailers allocate available resources for data exchange. Common data requirements among EEPS nationwide may help manage these costs or justify system investments.

As part of the data exchange, there is information collected by EEPS during the course of an energy efficiency program that would be valuable to a retailer for management of their business.

- Aggregated energy efficiency program performance information.
- Rebate participation information from mail-in, tear sheet, online rebating.
- Customer segmentation information that may be useful in program promotions.

Privacy and Data Security

Sales and customer information is a well-guarded and valuable competitive resource, similar to utility customer usage data. Restrictions on the sharing of utility and retailer customer information without the customer's consent typically vary from state to state. Retailers and utilities work diligently to ensure that the customer's information is secure, protected and have clearly defined use procedures. They have common privacy policies including:

- Commitments not to sell or rent customer information.
- Strong secure access and transmission policies to protect in-person and online interactions.
- Remedies for those consumers who wish to remain free from unsolicited marketing and media by opting-out or contacting customer care operations.

The data captured for energy efficiency programs can range from raw data to fully analyzed business intelligence. Privacy must be maintained during the collection of customer data, data storage, reporting, and data transmission. Personal and identifiable information is secured through the information systems security procedures and policies.

Since data are so important to the success of an energy efficiency program, EEPS need to engage with retailers on this subject early in the relationship. A collaborative engagement that clarifies data needs and data policies leads to an understanding of challenges and negotiation of data solutions that may satisfy both parties requirements.

Data policies vary by retailer. EEPS and retailers partnering in an energy efficiency program need to address the specific restrictions on data exchange, privacy, and security prior to initiating program design and implementation. This is best accomplished and managed by the Retail SPOC.

Account Management

Successful business performance is an outcome of a strong working relationship. Account management is one strategic function to establish and maintain relationships and drive sustainable performance. The account manager role is part strategic alliance manager, industry subject matter expert, and professional project manager with an ability to be an advocate. This manager is a single point of contact that assists in understanding and meeting mutual objectives.

Retailers prefer having a single point of contact with energy efficiency programs that understands the energy efficiency and retail environments. This individual helps meet objectives to reduce costs and speed time to market. There are best practices that can be utilized by EEPS to create meaningful account relationships. One practice includes a dedicated, internal retail account manager (or contracted account manager) for retail channel engagement. A second model for account management is for multiple organizations to engage an experienced, professional account manager who interacts with retailers on collaborative programs.

Successful energy program account managers have expert knowledge of the retail industry and established relationships with retailers. These managers facilitate sharing information and business intelligence to achieve the common objectives. The role of the account manager is central to the effective working relationships and spans all stages of an energy efficiency program.

The suggested Account Manager role may include:

- Coordinating residential energy efficiency program plans and budgets.
- Facilitating collaboration with key retail partners based on information and strategic plans.
- Defining communication channels and coordinating roles and responsibilities.
- Communicating program expectations, goals and objectives.
- Guiding internal teams and executive leadership in resolution of critical concerns.
- Assisting the utility in synchronizing program planning and execution with the retailing lead-times, organizational timetables and calendars.
- Monitoring programs to ensure program effectiveness and suggesting timely and appropriate adjustments.

Collaborating for Program Design

Retailers recognize that EEPS spend significant resources in the development of energy efficiency strategies and programs. These planning and development efforts address corporate and regulatory objectives, and result in multi-year program strategies, annual implementation plans, cost benefit analysis, customer research and new program designs. Ideally, EEPS and retailers would collaborate before a program is fully developed and ready to be launched. This is the practice in successful retailer and manufacturer partnerships.

Collaboration in new business development is driven by the prospects for a superior return on investment. It has to be a win for both partners.

Retailers have participated in energy efficiency programs that employ several different program models. Mid-stream models enable EEPS to take advantages of retailer's marketing strengths and ability to shape the customer experience. This type of program model can result in influence on manufacturer's product features when retailers select their product assortments. Descriptions of energy efficiency program models and outline of the advantages and disadvantages of these approaches are listed in the Glossary.

Early in the program planning and design process, EEPS should communicate with the targeted retailers' SPOC who will assemble the proper internal stakeholders and information. EEPS should be prepared to share consumer research insights, to explain how the proposed program will benefit their mutual customers, and to supply necessary information to support the collaboration. Conversations with retail partners at the beginning of program design allow EEPS to take advantage of the retailer's knowledge and understanding of local markets. This timing also allows retailers to best apply their relevant experience with other energy efficiency programs.

Members of the RAC emphasize that collaborative planning around the retailers marketing calendar is a top priority when designing a program. This enables programs to leverage key drive periods and marketing messages. Successful programs have a solid foundation built through planning and collaboration, providing flexibility and uncomplicated execution on the retail side.

Timing and Calendars

Timing of a manufacturer's product launch is critical to a product's success and is coordinated with the retailer's marketing calendar. Energy efficiency program design, launch, and implementation must also consider the retail business calendars. There are three critical timetables to understand when working with retailers:

1. The Merchandising Calendar
2. The product and store Transition Calendar
3. The Marketing Calendar

The merchant organization adheres to a Merchandising Calendar to engage suppliers, select products, negotiate program incentives and forecast inventory requirements. When EEPS communicate program details through the Retail SPOC to the merchants, retailers can make well-timed decisions to enhance the value of a product offering. The most appropriate timeframe is when merchants are engaging manufacturing partners and selecting products. Table 1 shows relevant dates for initiating discussions related energy efficiency program design and implementation.

Today, merchants most often select products without knowledge of an energy efficiency program. Timely communication of program specifications may have a positive impact on the availability of energy efficient products.

A Transition Calendar is maintained by each retailer to establish key dates and timeframes for large transformational store changes and frequent (monthly) transitions of products, visuals, deployed technology and repair. Product and store transitions are a cross-functional effort among, the merchant, store operations and the visual merchandising team. A merchant manages their business around this transition timeline. The merchandising team does significant planning with their suppliers to ensure critical dates are adhered to because missing deadlines is expensive.

The retailer's Marketing Calendar has specific drive periods, holidays, and other specific sales such as white goods sales, and promotional periods that are planned intermittently. The Marketing Calendar is typically a rolling 12-month "master calendar" and is delivered to each business unit 9 to 12 months in advance. The merchandising teams then begin significant planning opportunities with suppliers for promotional activities, advertising, publicity, social media, circular, online and email marketing, in-store signage and point-of-sale messaging all to generate demand, traffic to the stores, and online properties.

Table 1 provides direction for appropriate times to engage the retailers for energy efficiency programs in lighting, appliances, electronics, and other categories. The table displays recommended times for EEPS to coordinate program design and implementation activities with a retailer. Implementation lead times are a critical detail that are varied and unique to each retailer and EEPS' account managers need to be sure to verify lead time details with the Retail SPOC.

Product Category	Best Time to Engage SPOC	Best Time to Collaborate on Program Design	Best Time to Communicate Program Specifications	Best Time to Initiate Program Implementation	Key Retailing Events
Lighting	Nov – Dec	Jan -Feb	April	Sept – Oct	Day Light Savings Times, *Jan 2014 – due to legislation*
Appliances	Sept – Oct	Nov - Dec	Jan	Apr – May	Major Holidays; primarily Independence day, Labor day, Memorial day
Electronics	Jan – Feb	Apr - May	Sept	Mar – Apr (new product introductions)	Nov - Feb Major Holiday; primarily Black Friday, Super Bowl
Water Heaters	Jan – Feb	Feb - Mar	Dec	November and Spring (weather conditionality)	Seasonal with Regional Weather Conditions
Windows/ Insulation	Dec – Jan	Jan	Feb	March	Spring

Table 1: Coordinating Program Design and Implementation with Retail Calendars

Aligning for Successful and Cost Effective Implementation

The store environment is prescriptive. Retailer's brand identity is consistent throughout all of the retailer's properties (physical and online) as well as in signage (including supplier partner specific signage), displays, dress code, and other store experiences. The marketing plan, advertising plan and sales strategies uniformly communicate branding messages to be delivered to the consumer.

Brand is what differentiates each retailer and provides competitive advantage. Retailers are highly motivated to protect their brand and ensure a distinct customer experience. Marketing elements in energy efficiency program design and implementation should be mindful of the retail brand. These elements should coordinate or adapt utility materials and messages to fit the prescribed store environment.

Retail Operations – Training, Promotion, and Visual Merchandising

Retail operations are the execution arm of a retailer. It involves virtually everything that is in or impacts the store including facility management, selling, labor, visual merchandising, display, transitions and store redesign, signage, and inventory placement. Retail operations translate merchant strategy, marketing messaging, and customer insights into action.

There are three major areas of Retail Operations:

1. Visual Merchandising – The management of all the displays, fixtures, signage and messaging in a retail store.

2. Field and Store Management – the leadership, the organization and training of store associates.
3. External Store Labor – everything from stocking, planogram sets, and signage placement to sales associates.

Communication through Visual Merchandising

In-store displays and signage are one part of the customer experience that differentiates a store and connects consumers with products and the brand. Cumbersome and complicated messages and displays cause confusion and an overwhelming experience for the customer. Retailer messaging, special pricing, vendor messaging, and utility messaging all compete for space in the store, which needs to be managed with specific guidance to avoid damaging the customer experience.

There is typically a set of reference guides provided by retailers to partners who desire to have specific displays in the retail chain. Fixtures, displays, signage and other point of purchase materials can be either provided by the partner or by the retailer. Many retailers have internal capability and capacity to produce signage, fixtures and advertising. All materials must follow the reference guides in order to gain formal approval to move into the stores. Some of the areas a reference guide covers are:

- General in store guidelines for fixtures and displays.
- Planning, scheduling and reservation of floor space for line reviews and fixture mock-up.
- Set up of fixtures, rework and teardown policies.
- Signage elements for branding, corporate identity, acceptable use of color and font and approval process.
- Brochures and additional messaging guidelines.
- Disposable Displays or “shipper” requirements.
- Parts and Display shipping, replenishment, replacement, break/fix system and logistics.

Since the ENERGY STAR brand is prominent in most energy efficiency promotions, it is also important for an EEPS to utilize ENERGY STAR approved logos and formats. EEPS should understand proper usage of the ENERGY STAR brand prior to submitting a program’s marketing materials to the retail partner. The retail SPOC is the best resource to gain access to the documentation of visual merchandising standards.

Sales Associates and Training

Training of retail associates is an essential requirement to retail operations and store performance, but it comes at a significant cost. In manufacturer partnerships with retailers, manufacturers fund all or part of the training costs. EEPS have also covered the costs of specialized energy efficiency training, which is another tool in a program implementation strategy.

Merchants and store management closely manage training of technical and selling skills since the store associate is an important part of the store’s brand and customer experience. Questions about retailers’ training standards should be directed to the Retail SPOC.

Successful training programs adhere to a few common strategies:

- Consistency – training must fit within the selling practices for each retailer.
- Timing – training schedule is appropriate relative to merchandising and training calendars.
- Cost effective – the expense of the training, including associate time spent during training, is justified by performance objectives.
- Relevant – training must contain a coherent set of learning objectives that relate to a product category and store selling processes and build on the existing foundation.
- Engaging – training must be presented to the store associate in a relevant way to engage the associates and create knowledge that is transferrable to customers.

Store labor is expensive!
Therefore a sales associate's time is allocated to the activities that best contribute to profit-related business objectives, most importantly the customer experience.

Training should be clear and to the point, providing simple talking points that can be conveyed to the customer easily and naturally. The focus should be to enable an effective conversation with the customer about energy efficiency as a benefit when buying a qualified product over another.

Contracted or Third-Party Labor

Use of contracted labor, often described as third-party labor, is an accepted practice across the retail industry to save time and reduce costs. Each retailer has a strict approval process, detailed partner requirements and compliance metrics for these contractors. An EEPS' implementation contractor or third-party program administrator must also satisfy retailer's requirements for third-party labor when they work in the store.

An implementation contractor (IC) plays a central role in energy efficiency programs. An IC has experience in the utility community and expertise with energy efficiency programs. Their roles and responsibilities can range from turn-key contractor, where IC's directly engage retailers and execute complete programs on behalf of the EEPS, to provider of specific in-store services such as signage placement and maintenance.

To benefit energy efficiency programs with national retailers, it is valuable for a program administrator to have experience in retail program implementation and a solid understanding of the energy efficiency program rules and regulations that vary from state to state. Collaborations between retailers, EEPS, and IC's during program implementation planning will assist in aligning objectives for a mutually successful program.

A strong in-store implementer of utility programs will have the skills and resources to:

- Regularly check signage, rebates, visual merchandising and other contracted activities.
- Assist in education of store associates about the programs available as well as hold approved in-store events to raise awareness with consumers.
- Troubleshoot issues at the store level saving time, money and resources for associates who need to focus on selling, and cut down on expenses at the corporate office.

EEPS should work with the Retail SPOC to understand retailer's experiences with third-party labor, their requirements for in-store service providers, and the procedures for authorizing an EEPS implementation contractor to work in a store.

Conclusion

The business of retail is hyper-competitive and customer-driven. Retail is perpetually evolving to adapt to changing customer demands. Retail stores continue to be the major venue where consumers go to learn and experience products, compare features and prices, and purchase goods.

To grow and stay profitable in a dynamic environment, retailers have developed dedicated processes and procedures to manage significant volumes of products, services, suppliers and partners cost effectively. While many of the processes and procedures have common elements among retailers, each retailer has business practices that provide a differentiated brand experience.

Retail remains one of the most effective channels for communicating and delivering energy efficient products and programs. One of the optimal times to learn about energy efficiency is when a customer is in the store and considering a purchase.

The PEER Guidance document is an important step toward effective and productive relationships between EEPS and retailers. RAC members have designed the document to provide direction to interactions associated with an energy efficiency program. PEER Guidance is intended to assist EEPS in understanding retailing practices for simplifying programs executed through the retail channel. The ultimate objective of the Guidance is to increase profitable sales of ENERGY STAR products.

To achieve the commons business objectives of EEPS and retailers, the RAC makes the following recommendations to streamline relationships:

- Use the Retail Single Point Of Contact (SPOC)
- Understand data policies
- Collaborate early, often and across the portfolio of energy efficiency programs
- Strive for consistency among EEPS
- Follow the retail calendars and understand the relationship to program effectiveness
- Work the PEER Guidance as a tool

In the spirit of continuous improvement, the ENERGY STAR Retail Action Council welcomes feedback about how EEPS use this guidance document as a tool in product development and program implementation. ENERGY STAR Partners' meeting is one forum for providing suggestions.

EEPS Checklist

Establishing Working Relationships

1. Understand the "business of retail," the target customers each retailer serves, retailer's unique differentiation, and retailer's business objectives.
2. Understand retailer's organization and operational processes to effectively bring products and services to stores.
3. Determine the retailer's single-point-of-contact (SPOC).
4. Begin the conversation with the strategic objectives and goals for energy efficiency, including the portfolio of potential programs, duration of program, available funding, and advantages to the retailer and their customers.
5. Determine retailer's customer data, security policies and information systems safeguards that may preclude the retailer from delivering certain categories of information.
6. Discuss Master Agreements that may be executed for simple, cost effective, operationally efficient program implementation.
7. Establish an account team or work with external account management resources.

Collaborating for Program Design

1. Ideally, engage retailers before programs are fully developed.
2. Early in the design process, EEPS and retailers share knowledge and understanding of the markets, trends, and customers they mutually serve.
3. Simplify data exchange. Reports, timing and specific data requirements should be uniform among EEPS.
4. Synchronize energy efficiency program implementation schedule with the Merchandising, Marketing, and Store Transition calendars.
5. Tailor program marketing strategy to consumers leveraging each retailer's unique marketing capabilities.

Aligning for Successful and Cost Effective Implementation

1. Use input from Retailer's SPOC in developing and executing an implementation plan.
2. Develop EEPS program messaging consistent with retailer's brand identity, marketing plans, and sales strategies.
3. Align development of marketing materials with ENERGY STAR branding standards and follow ENERGY STAR approval processes.
4. Gain formal approval, through the Retail SPOC, for signage, point of purchase materials, and any in-store marketing.
5. Implement specific programs in concert with retailer's unique drive periods and promotional plans.
6. Learn retailer's training standards and collaborate with retailer on design and delivery of energy efficiency training.
7. Coordinate with other EEPS to gain additional storefronts and a broader customer base for energy efficient products, which can bring additional value to a program.

Appendix

Glossary

Black Friday – An annual sales event held the day after Thanksgiving signifying the official kick-off of the Holiday Shopping Season. Black Friday now extends into the online retail channel through *Cyber Monday* (the Monday following Black Friday).

Business Intelligence – Information collected from multiple sources such as customers, suppliers, competitors, partners, and industries that analyze patterns, trends and relationships for strategic decision making[3].

Buyer (or Merchant) – An individual with the responsibility of selecting and purchasing goods and products for resale within the retail channels. The buyer is part of the merchandising organization within a retail entity.

Customer Experience – Refers to the total experience a consumer may engage in with a particular brand, which may include the shopping experience (online, mobile, physical), the purchasing experience, and the delivery and use experience.

Drive Periods – Merchandise sales and promotional periods typically surrounding major holidays, product introductions and seasonality.

EEPS - Energy efficiency program sponsors, including electric and natural gas utilities.

Energy Efficiency Programs – The table below describes three main program design models and their advantages and disadvantages. (Retailer input to be provided)

Program	Description	Advantages	Disadvantages
Down-Stream	Provides rebates directly to consumers encouraging them to select more efficient products. Typically mail-in rebates.	• The customer is aware of rebate monetary value. • May be positive to Utility Branding • Often tied to ENERGY STAR branding	• Mail-in rebate not claimed by customer • Complicated for the consumer • Expense of processing
Mid-Stream	Provides incentives for retailers to stock, market, and sell a higher percentage of energy efficient products. Examples include greater assortments, price reductions, targeted promotions, or a	• Incentives are attractive to retailer • Minimizes total cost to the Utility • Often tied to ENERG STAR branding	• Timing and available dollars for the program • Product stocking decisions are made on customer demand not solely energy efficiency

[3] Baltzan, P. (2012). Business driven information systems (3rd ed.) Boston, MA: McGraw-Hill/Irwin.

Program	Description	Advantages	Disadvantages
	combination of activities.		
Up-Stream	Provides incentives for manufacturers to make more efficient products. Incentives typically applied by manufacturer to reduce price of product.	• Price buy-down model • Simple process for the utility	• Lack of impact on the retailer • May limit consumer choice • Difficult to track energy efficiency claims

Merchandising - The promotion of a product by developing strategies for packaging, displaying, and publicizing it for resale.

Merchant – See Buyer.

Planogram (Plan-O-Gram) – A floor plan of a physical retail store with detailed diagrams of the various merchandising sections, fixtures, displays and product positioning. Used as a map in detailing and transitioning a retail store.

POS (Point of Sale) – Retailers consider a point of sale to be the area where customers pay.

Retail Channels – Retail channels offer customers a choice of ways to buy products, including purchases from a store, purchases from a website, telephone ordering, mail orders, interactive television, catalog ordering and comparison shopping sites.

Store Operations – The management structure that supports the supply chain, distribution, territory leadership, and store management across the entire retail chain.

Supply Chain – The varying activities, processes, and systems to bring products to market through retail channels.

Traffic (or Foot Traffic) – The presence and movement of people; traffic is important to many types of businesses, particularly retail establishments, as higher foot traffic can lead to higher sales.

Transition – Primarily, product and merchandising refreshment coinciding with manufacturer's new product introduction and seasonality.

Visual Merchandising – The activity of developing floor plans and displays in order to optimize sales, branding and the customer experience. The purpose of such visual merchandising is to attract, engage, and motivate the customer towards making a purchase.

White Goods – Typically a term used in referring to large home kitchen and laundry appliances or major appliances (majaps).