ENERGY STAR® Most Efficient

*The Value Proposition*

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Rosemarie Stephens-Booker, US EPA
Paul Campbell, Sears
John Taylor, CEE
Jill Vohr, US EPA

The 2013 ENERGY STAR Products Partner Meeting
Webinar Series

Learn more at energystar.gov
ENERGY STAR Most Efficient

- An extension of the trusted ENERGY STAR brand
- Recognizing the most efficient products among those that qualify for the ENERGY STAR in a given year
- Represents the “best of the best” in energy efficient products

See: [www.energystar.gov/mostefficient](http://www.energystar.gov/mostefficient)
ENERGY STAR Most Efficient

ENERGY STAR

ENERGY STAR: Most Efficient

Emerging Tech
Why ENERGY STAR Most Efficient Matters to Customers

• **Product Differentiation**
  – Innovative and advanced technologies
  – Gives your customers leading edge products to choose from without trade-off in features or functionality

• **Social Value**
  – Helps your customers be and feel more environmentally responsible
  – Saving energy helps prevent climate change by reducing greenhouse gas emissions

• **ENERGY STAR Integrity**
  – Products that are recognized as ENERGY STAR Most Efficient have met stringent performance requirements expected of the ENERGY STAR brand
ENERGY STAR Most Efficient: Important advances in 2013

- Interest among energy efficiency program sponsors continues to grow. Eleven EEPS serving ~28 million residential customers featured ENERGY STAR Most Efficient 2013.

- Programs participating in ENERGY STAR Most Efficient 2013 featured one or more of the product categories covered by the 2013 criteria.

- There are ten more sponsors from a diverse geographic spread that have indicated interest in using the recognition levels and graphic in programs where they promote products at various efficiency levels.

- As of October 1, 1443 models from the 132 ENERGY STAR Partners meet the ENERGY STAR 2013 eligibility criteria. Each of these categories has experienced growth in 2014!
• Increasing ENERGY STAR Most Efficient integration through:
  – Associate sales and product knowledge training
  – In-store product signage
  – Social media

ENERGY STAR® Most Efficient Appliance Sales Associate Training

March 26, 2013

Learn more at energystar.gov
ENERGY STAR Most Efficient: 
The Value Proposition

Paul Campbell
Director, Green Leadership/Sustainability
Sears Holdings: By the Numbers

- **274,000** Associates
- Over 2,500 Retail Locations & 38 Distribution Centers
- Over 50% of U.S. households shop with Sears annually
- 35 million unique online visitors monthly
- Nation's largest provider of home services
- One of the fastest growing loyalty programs in history
- A family of globally recognized and trusted brands
- 39.9 billion in annual revenue
Sears Holdings: Green Leadership

Team Priorities

- Promote ENERGY STAR Brand
- Instant utility rebates at POS & online
- Co-branded marketing
- Whole house plug load
- Increase awareness around ME
- Commercial applications
- Home Improvement applications
- Regional programs
Sears Holdings: Green Leadership & ENERGY STAR

Where we’ve been:

EPA ENERGY STAR Recognition

• 2013 Sustained Excellence: Retail/Energy Management
• 2012 Corporate Commitment Award
• 2011/2012 Energy Management Partner of the Year
• 2010/2011/2012 Retail Partner of the Year

Where it’s taking us:

Deliver a “WOW” Member Experience

Become The World’s Greatest Integrated Retailer

Build a Team of Engaged Associates Who Embrace Change and Technology

Operational Excellence to Drive Profitable Sales
Sears Holdings: ENERGY STAR Most Efficient

Deliver a “WOW” Member Experience

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Operational Excellence to Drive Profitable Sales

Deliver **even more** energy saving options to our members

Continue to leverage online, in-home, in-store, & by phone touch points to reach our members

Associate training & engagement

Communication Effectiveness & Flawless Execution
Sears Holdings: ENERGY STAR Most Efficient

Total ME Assortment:
- Refrigerators (32)
- Washers (24)
- TVs (39)

Floored ME Assortment:
- Refrigerators (6)
- Washers (7)
- TVs (17)
Sears Holdings: ENERGY STAR Most Efficient Programs

What: Most Efficient Gift Card Campaign


The Offer: $50 rebate + $25 Sears gift card (SCG)  
$75 rebate + $25 Sears gift card (SCE)

Eligible Products: Most Efficient clothes washer or refrigerator

Marketing: In store signage, POP
Sears Holdings: ENERGY STAR Most Efficient Programs

What: Most Efficient Instant Rebates

When: Jan 1 – Dec 31, 2013

The Offer: $75 rebate

Eligible Products: Most Efficient refrigerator

Marketing: In store signage, POP (clings, flip pads, coupon pads, brochures)
Sears Holdings: Program Observations & Opportunities

Product Attributes
- Most Efficient product is geared towards a niche market

Display Assortment
- Minimal sell through limits the number of models floored

Offer
- Incentive values, relative to retail prices, are ineffective at changing purchasing behavior

Education
- Ongoing associate education & awareness training is required
SERVE, DELIGHT & ENGAGE
OUR MEMBERS
while they shop their way

SEARS HOLDINGS
The Consortium for Energy Efficiency

Importance of Most Efficient for EEPS

John Taylor
CEE Liaison to ENERGY STAR
CEE members: working together

Program Administrators

AEP—Ohio
Alabama Power
Alliant Energy—Iowa
Alliant Energy—Wisconsin
Ameren Illinois Utilities
Ameren Missouri
Arizona Public Service
Atmos Energy
Austin Energy
Avista Utilities
Baltimore Gas & Electric
BC Hydro
Berkshire Gas
Black Hills Energy—Colorado
Black Hills Energy—Iowa
Bonneville Power Administration
Cape Light Compact
Cascade Natural Gas
Centerpoint Energy—Minnesota
Citizens Energy Group
City of Palo Alto Utilities
City Utilities of Springfield—Missouri
Columbia Gas of Massachusetts
Columbia Gas of Ohio
Commonwealth Edison Con Edison
Connecticut Natural Gas
Consumers Energy
DC Sustainable Energy Utility
Delta Natural Gas
DTE Energy
Duke Energy
Efficiency Maine
Efficiency NB
Efficiency Nova Scotia
Efficiency Vermont
Energy Trust of Oregon
Eugene Water & Electric Board
FortisBC
Gaz Métro
Georgia Power
Gulf Power
Hawaii Energy Efficiency Program
Hydro-Québec
Idaho Power
Indianapolis Power & Light Company
Iowa Energy Center
LG&E and KU Energy LLC
Long Island Power Authority
Los Angeles Department of Water & Power
MidAmerican Energy
Minnesota Department of Commerce
Mississippi Power
Montana-Dakota Utilities National Grid
Nebraska Public Power District
New England Gas Company
New Hampshire Electric Cooperative
New Jersey Board of Public Utilities
New Jersey Natural Gas
New Mexico Gas Company
New York Power Authority
Newfoundland and Labrador Hydro
Newfoundland Power
Nicor Gas
Northeast Utilities
Northern California Power Agency
Northern Indiana Public Service Company
NV Energy
NYSERDA
Omaha Public Power District
Oncor Corporation
Pacific Gas and Electric Company
PECO Energy Company
Peoples Gas
Pepco
Platte River Power Authority
PNM
PPL Electric Utilities
Public Service Electric & Gas
Public Service of New Hampshire
Puget Sound Energy
Questar Gas
Rocky Mountain Power—Utah
Rocky Mountain Power—Wyoming
Sacramento Municipal Utility District
Salt River Project
San Diego Gas & Electric
Seattle City Light
SaskPower
Saskatchewan Public Utilities District
SourceGas
South Jersey Gas
Southern California Edison
Southern California Gas
Southern Connecticut Gas
Southern Minnesota Municipal Power Agency
Southwest Gas
Tacoma Public Utilities
Tampa Electric Company
Tennessee Valley Authority
United Illuminating Company
Unitil
Vectren Corporation
Vermont Department of Public Service
Vermont Gas Systems, Inc.
We Energies
Wisconsin Focus on Energy
Xcel Energy

Efficiency Organizations

Alliance to Save Energy
American Council for an Energy-Efficient Economy
California Energy Commission
California Institute for Energy and Environment
Fraunhofer Center for Sustainable Energy Systems
Lawrence Berkeley National Laboratory
Massachusetts Department of Energy Resources
Midwest Energy Efficiency Alliance
National Renewable Energy Laboratory
Natural Resources Defense Council
New Buildings Institute
Northeast Energy Efficiency Partnerships
Northwest Energy Efficiency Alliance
Oak Ridge National Laboratory
Pacific Northwest National Laboratory
Southwest Energy Efficiency Project

Federal Advisors

Natural Resources Canada
US DOE
US EPA
Energy Efficiency Programs Need a Trusted Brand!

Brands:
- Differentiate
- Message to the heart & mind
- Project credibility
- Strike emotional chord
- Create loyalty
Vision for Alignment with ENERGY STAR

ENERGY STAR® for market differentiation

Most Efficient 2014
www.energystar.gov

CEE specifications for programs

Increasing Energy Performance

CEE Advanced Tier

CEE Tier 2, 3, 4

CEE Tier 1

Top 25% of energy performers in a mass market product category
IMPLICATIONS OF AMBITIOUS REGULATORY GOALS

(Why Super-Efficiency Matters More than Ever)
Building Awareness and Demand

Jill Vohr, US EPA
Marketing Objectives

• Connect ENERGY STAR Most Efficient appliances with a responsive target audience to create and build awareness and demand
  – Environmentally-conscious early adopters, aka high-end environmentalists
• Differentiate ENERGY STAR Most Efficient products from ENERGY STAR
  – Define specific, most relevant brand-extension promise for ESME
• Leverage consumer awareness and demand to generate heightened interest and engagement from relevant partners
  – Manufacturers, EEPS, and retailers
Strategic Approach

- Critical strategic elements
  - Positioning strategy
    - Differentiation and segmentation
    - ENERGY STAR Most Efficient promise
  - Target audience
    - Demographics, psychographics, geographics
  - Messaging platform
  - Consumer outreach to drive traffic in-store / online
    - Phase I: Spot markets based on high concentration of target consumer combined with partner participation
    - Phase II: Broaden outreach to national consumer engagement
Early Adopters / High-End Green Consumers

• Likely to be high-income females, ages 30-50
  – Educated, health-conscious, active
  – Average HHI of $100,000+
  – Likely to be members of Gen X
• Purchasers of luxury goods
  – Affluent females make 68% of household purchases
  – More likely to have a vacation or second home
  – Take finances seriously
  – Very active online
    • Frequent users of social media platforms, online searches

Target Audience: West Coast Leads in Hybrid Car Purchasers; New York Metro Area Emerging
Why This Audience?

• Actively seek information about new and existing environmentally conscious businesses, brands, and practices
• Shops green not only for herself/her family, but because buying green products is “the right thing to do”
• Top spenders in all retail categories
  – More likely to follow through on their commitment to purchasing green products.
Phase I Strategy

- Geo-targeted, spot-market promotions to raise awareness among target consumers at key touch points with positioning that addresses audience’s core values and tells them what to buy (select partner manufacturer) and where to buy it (select partner retailer)
  - Select market(s) based on utility partner interest and concentration of green consumers while balancing media affordability
  - Select ENERGY STAR Most Efficient products based on utility programs
  - Work with utility partners on positioning / messaging strategy and fulfillment via retail POS (in-store / online channels)
  - Select partner retailers based on adoption of messaging platform at POS
Phase I Tactics

- Paid and earned media that leverage strategic touch points of target audience
  - Online & Mobile
  - Radio
- Work with select retail partners in Phase I markets to integrate ENERGY STAR Most Efficient positioning / messaging in-store and online
- Develop Phase I campaign landing page on energy star.gov (preferably part of the current ENERGY STAR Most Efficient pages) that integrates new positioning / messaging and links to engaged partner sites
- Leverage My ENERGY STAR
- Promotion on energystar.gov homepage
Timeline

- **February**
  - Finalize / confirm markets
  - Develop / finalize positioning strategy and messaging platform
- **March**
  - Identify market-specific media mix
  - Work with retailers to develop in-store presence, including sales associate training, POP, and online support
  - Develop energystar.gov support presence
- **April**
  - Geo-targeted, spot markets launch
  - Support with traditional media, as needed
Key Contacts – Appliances

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