



ENERGY STAR® Most Efficient

The Value Proposition

January 23, 2014

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

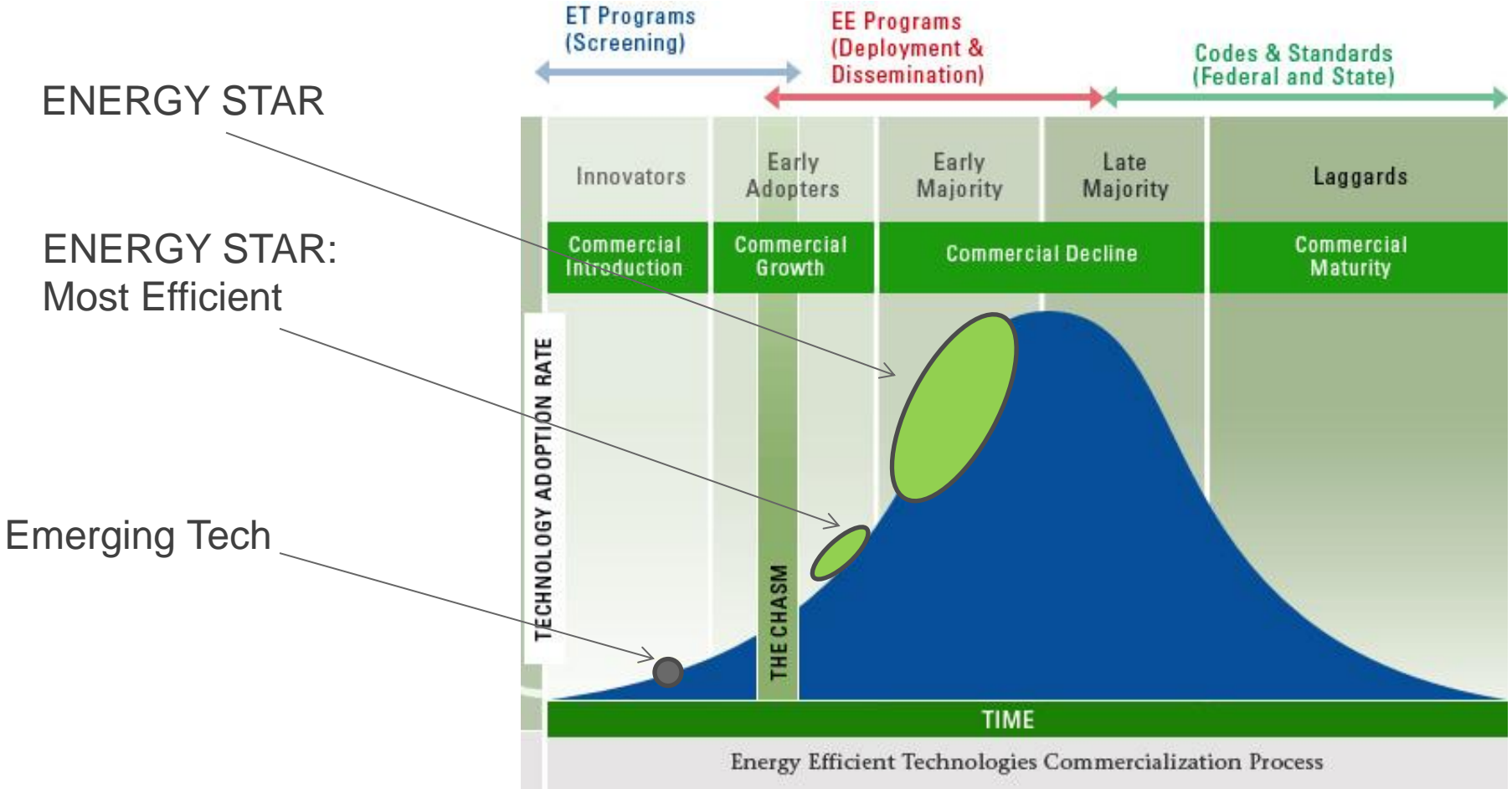


- An extension of the **trusted** ENERGY STAR brand
- Recognizing the **most efficient** products among those that qualify for the ENERGY STAR in a given year
- Represents **the “best of the best”** in energy efficient products



See: www.energystar.gov/mostefficient

ENERGY STAR Most Efficient



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!

ENERGY STAR Most Efficient: Increased EPA Resources in 2013



- Increasing ENERGY STAR Most Efficient integration through:
 - Associate sales and product knowledge training
 - In-store product signage
 - Social media

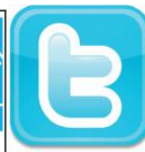


ENERGY STAR® Most Efficient Appliance Sales Associate Training



March 26, 2013

Learn more at energystar.gov



- Partner Resources**
- Manufacturers
 - Retailers
 - New Home Industry
 - Utilities/EEPS
 - Residential & Commercial Products Programs
 - Service & Product Providers
 - Buildings & Plants
 - Small Businesses
 - Congregations
 - For Contractors
 - For Federal Agencies
 - Join ENERGY STAR

ENERGY EFFICIENT products ENERGY SAVINGS at home ENERGY EFFICIENT new homes ENERGY STRATEGIES FOR buildings & plants

[ABOUT ENERGY STAR](#) [PARTNER RESOURCES](#)

ENERGY STAR Most Efficient 2013 Criteria

ENERGY STAR® Most Efficient is a new program element to identify and advance highly efficient products in the marketplace. This effort identifies the most efficient products among those that are ENERGY STAR certified in particular product categories. Product categories were selected and recognition criteria were established to ensure that products that receive this recognition demonstrate efficiency performance that is truly exceptional, inspirational, or leading edge consistent with the interests of environmentally-motivated consumers and early adopters.

 Clothes Washers Small (2.5 cu-ft and smaller) Large (larger than 2.5 cu-ft)	 Refrigerators Medium (18 cu-ft and smaller) Large (18.1 to 22.5 cu-ft) X-Large (larger than 22.5 cu-ft)	 Televisions Under 35 inches 35 to 50 inches 50+ inches	 Heating & Cooling Boilers Air Conditioners Furnaces Geothermal Heat Pumps
 Ceiling Fans 52 inches and under Over 52 inches	 Ventilating Fans Without Lighting With Lighting	 Computer Monitors Under 20 inches 20 to 23 inches 23+ inches	 Windows Vertical Slider (Single- and Double-Hung) Horizontal Slider Casement Style (Awning, Projected, Hopper, Tilt-and-Turn, etc.) Fixed or Picture

ENERGY STAR Most Efficient 2013 Designation Graphic
 ENERGY STAR partners whose products have been recognized as ENERGY STAR Most Efficient 2013, as well as retailer partners and energy efficiency programs sponsors, may promote recognized products using the ENERGY STAR Most Efficient 2013 designation. Send an email to mostefficient@energystar.gov to request access to the graphic files.





Paul Campbell Sears

SEARS HOLDINGS

ENERGY STAR Most Efficient: The Value Proposition

Paul Campbell

Director, Green Leadership/Sustainability

SEARS HOLDINGS



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



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



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



Sears Holdings: ENERGY STAR Most Efficient



Deliver a “WOW” Member Experience



Become The World’s Greatest Integrated Retailer



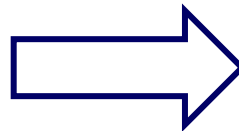
Build a Team of Engaged Associates Who Embrace Change and Technology



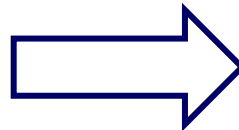
Operational Excellence to Drive Profitable Sales



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



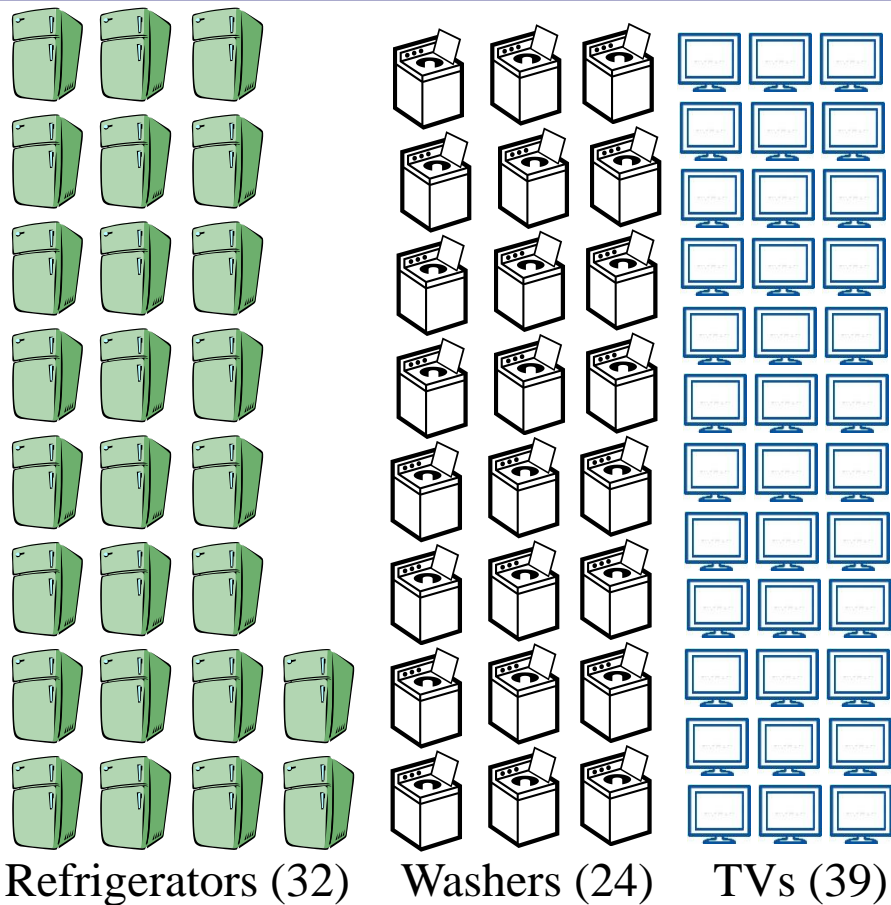
Communication Effectiveness & Flawless Execution

SEARS HOLDINGS

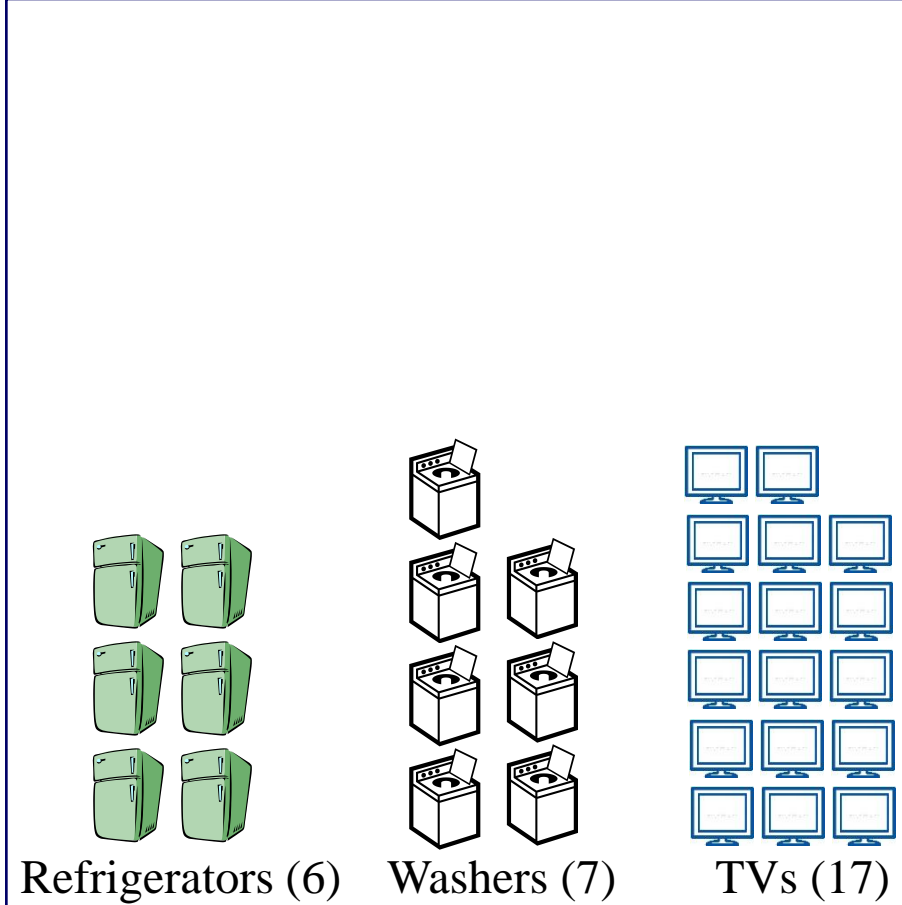


Sears Holdings: ENERGY STAR Most Efficient

Total ME Assortment:



Floored ME Assortment:



SEARS HOLDINGS

sears

K
kmart

CRAFTSMAN

Kenmore

DieHard

SHOP
YOUR
WAY

LANDS' END

Sears Holdings: ENERGY STAR Most Efficient Programs



What: Most Efficient Gift Card Campaign

When: Earth Day 2013 (4/19 – 4/25)

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



Sears Holdings: ENERGY STAR Most Efficient Programs

sears®



What: Most Efficient Instant Rebates

When: Jan 1 – Dec 31, 2013

The Offer: \$75 rebate

Eligible Products: Most Efficient refrigerator

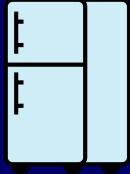
Marketing: In store signage, POP (clings, flip pads, coupon pads, brochures)



SEARS HOLDINGS



Sears Holdings: Program Observations & Opportunities



Product Attributes

- Most Efficient product is geared towards a niche market



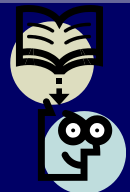
Display Assortment

- 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



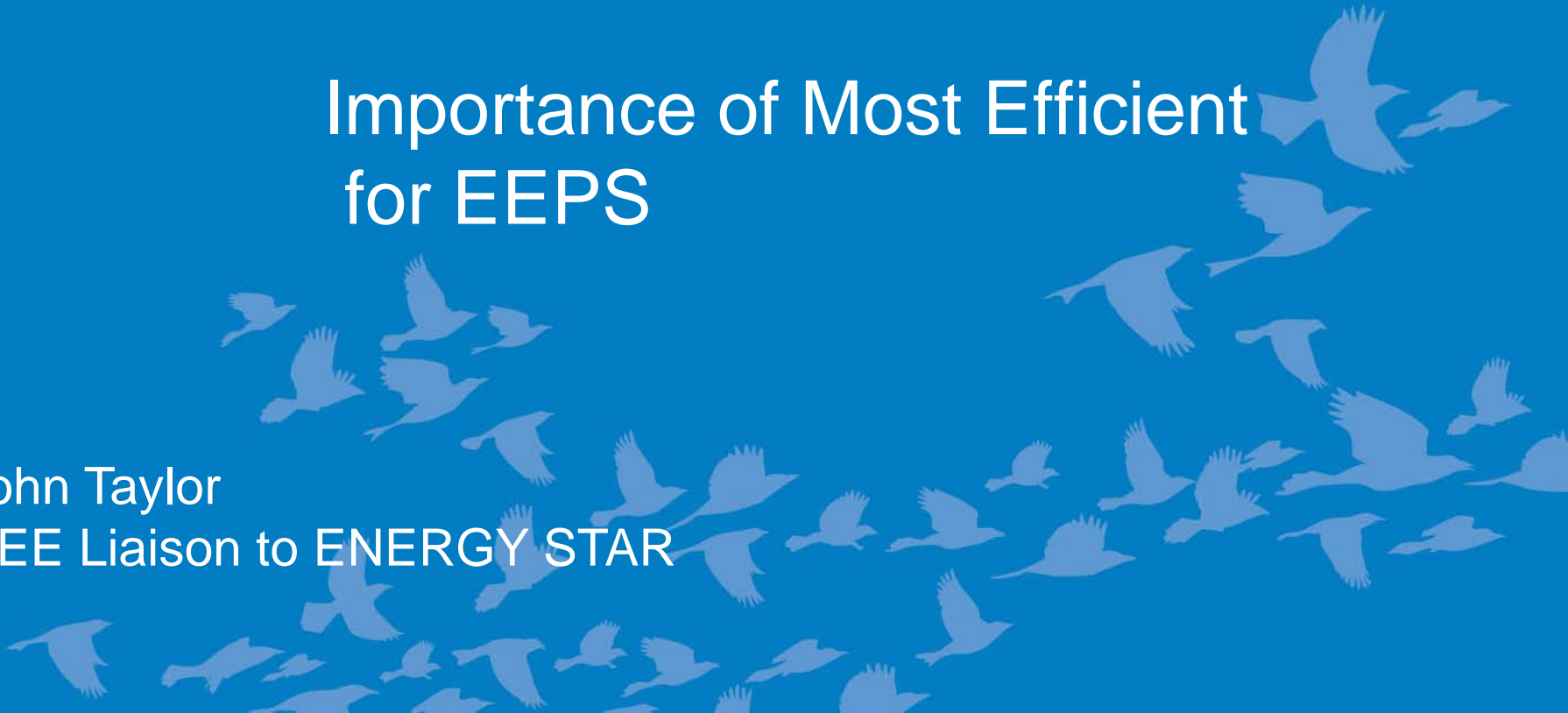
John Taylor CEE



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
 Snohomish Public Utility 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 National Laboratories

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

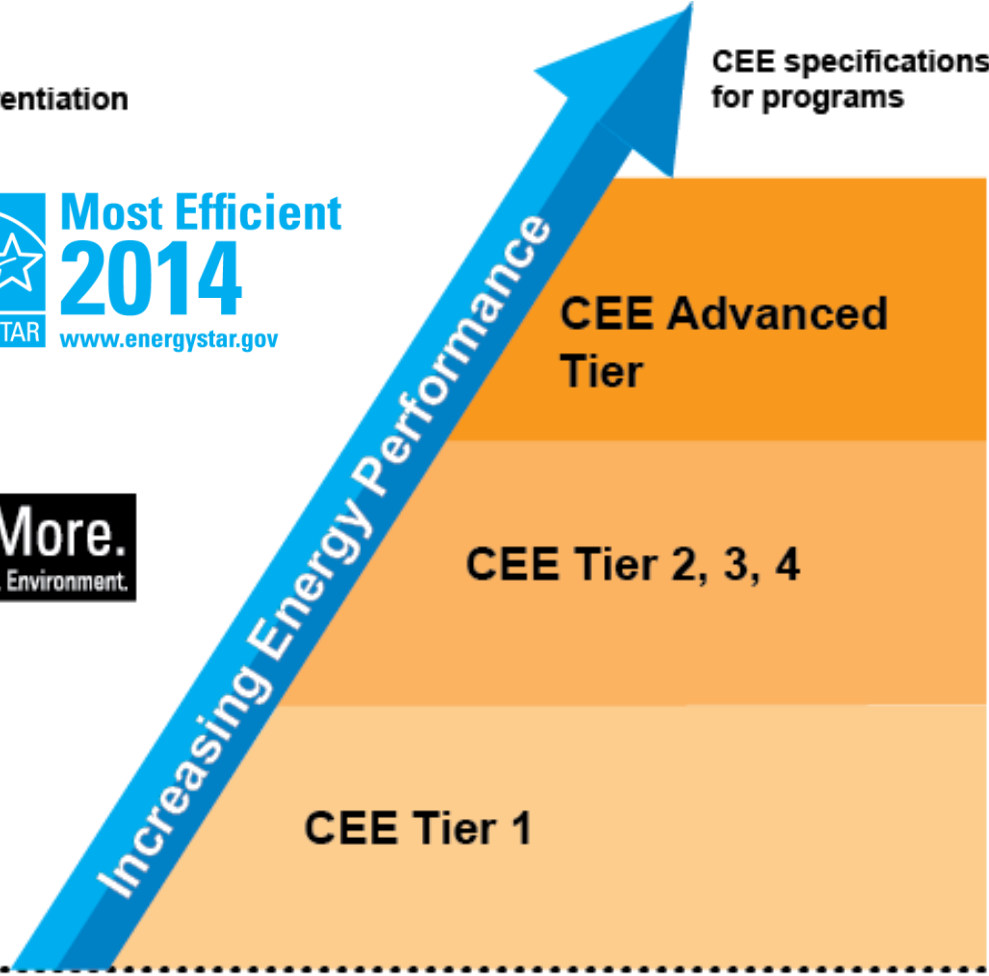


Vision for Alignment with ENERGY STAR

ENERGY STAR®
for market differentiation



Save More.
Energy. Money. Environment.



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

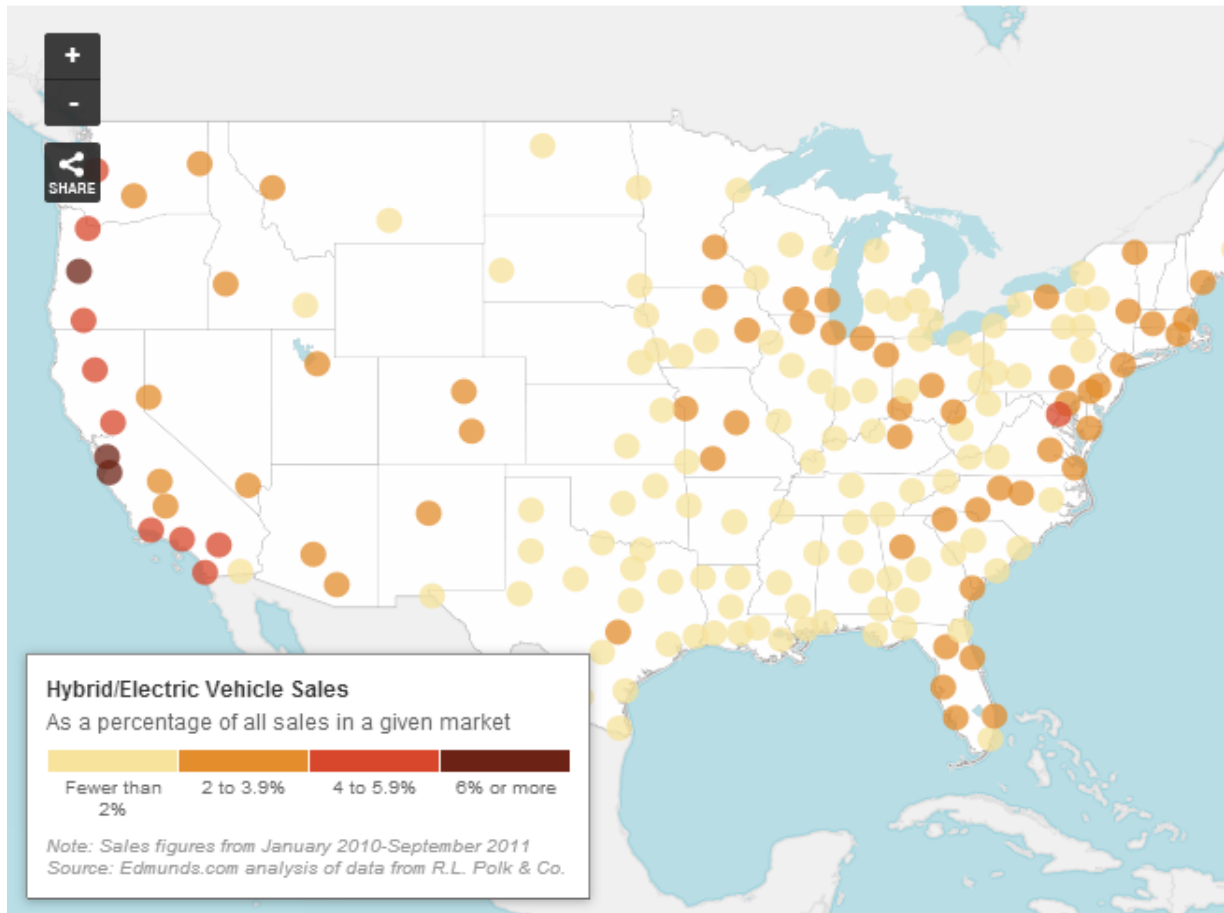


Early Adopters / High-End Green Consumers

- 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

Sources: "Women are More Environmentally Friendly," Richard Matthews, The Green Market Oracle, March 8, 2012. "Green Consumers Come in Many Shades," Erica Ramus, AgBeat.com, July 22, 2012. "All About Super-Greenies," Scarborough Research, August 2011

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



SPOKESMANREVIEW.COM

thedailygreen.com

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



Q & A

Key Contacts – Appliances



- **Appliance Sales & Marketing**
 - Rosemarie Stephens-Booker, EPA ENERGY STAR
Stephens-Booker.Rosemarie@epa.gov; (202) 343-9529
- **ENERGY STAR Products Communications**
 - Jill Vohr, EPA ENERGY STAR
vohr.jill@epa.gov; (202) 343-9002
- **Appliance Specification Development**
 - Amanda Stevens, EPA ENERGY STAR
Stevens.Amanda@epamail.epa.gov; (202) 343-9106