



COST SHARING OF ENERGY STAR[®] APPLIANCE INCENTIVES

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What is Cost Sharing?

A partnership between Focus on Energy and Manufacturer/Retailer where we cooperatively fund a Cash-Back Reward (REBATE) or Salesperson Incentive (SPIFF) on ENERGY STAR qualified appliances.



Why Does Cost Sharing Work?

- Reduces costs for both parties
- Gives ENERGY STAR qualified products a premium incentive
- Ensures common promotional message in the market
- Builds on each other's credibility
- Directs resources to ENERGY STAR qualified products



Types of Cost Sharing

- Cash-Back Reward (Rebate)
- Salesperson Incentive (SPIFF)
- Coordinated Training Events
- Marketing and Advertising



Steps to Partnering

- Chose type of incentive that works with the partnering entities business model and program goals
- Decide on the logistics:
 - Who will process the payment
 - How will it be delivered to market
 - How will you promote the partnership
 - Negotiate dates of promotion – minimum of 45 days to see real market interest or activity



Steps to Partnering cont.

- Choose models and set reward/spiff amounts – amount are often based on energy savings by appliance to ensure the promotion is cost effective.
- Finalize partnership with an agreement – outlines terms and privacy of customer data
- Create materials & distribute to retailers either through manufacturer or program staff
- Execute the promotion
- Invoice and transfer of final data



Results of 2005 Partnerships Year to Date

Total matching funds = \$426,935

Total ENERGY STAR qualified
units = 18,664



Advantages

- Cost effective for both parties
- Allows for market differentiation
- Flexible design to align with manufacturer business strategy
- Delivered to market from two angles
- Follows model retailers and manufacturers are familiar with



Challenges

- Possible issues with sharing customer data
- Logistics to jointly pay customer or salesperson
- Verifying eligible customers (based on utility)
- Serial numbers availability
- Low savings on some products



Focus on Energy 2005

Partnerships

- Amana
- Bosch
- Electrolux
- Fisher Paykel
- General Electric
- Jenn Aire
- Maytag
- Sears
- Siemens
- Speed Queen
- Appliance World
- Bitter Neumann
- The Maytag Store
- Brand Source (AVB)



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