

**LG No.1**

# **Marketing Consumer Electronics with ENERGY STAR®**

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**A Manufacturer's POV on What Success Looks Like**  
**ENERGY STAR Partners' Meeting**  
**November 9, 2011**

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**Vice President, Public Affairs & Communications**  
**LG Electronics USA**



## Lots of LG ENERGY STAR Consumer Electronics Products

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- 276 current flat-panel displays
  - 91 LG TVs, including Smart TVs and 3D TVs
  - 176 LG computer monitors, digital signage display
- **8 LG TVs qualified for 2011 ENERGY STAR MOST EFFICIENT designation**
  - 42LV3700; 47LW5700; 47LW5600; 47LW6500; 47LW5500; 55LW5700; 55LW5600; 55LW6500
- All LG Blu-ray Disc Players (5 models) ENERGY STAR qualified

***LG is working to have all of its CE products submitted for ENERGY STAR qualification***

# ENERGY STAR Consumer Electronics Marketing Challenges



## Industry-wide Challenges

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- Energy efficiency, while important to consumers, isn't a key driver when it comes to purchasing TVs
- Production schedules for manufacturers don't always align with the release of changes to the ENERGY STAR program
  - Difficult for manufacturers to make changes to packaging and owners' manuals mid-year
- Need for more certainty in terms of ENERGY STAR
- Some manufacturers questioning value of ENERGY STAR
- Rules don't recognize technological differences among screen types, LCD versus plasma, for example

# LG Consumer Research

# LG Shopper Survey

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- Surveyed consumers who are planning to purchase a flat-panel TV
- Asked consumers to indicate how important various factors/attributes are when choosing a new flat-panel TV.



# LG TV Shopper Survey: Energy Efficiency is Becoming More Important



## TV Attribute Importance

	Excellent picture quality	Latest technology and features	Energy efficient	LED technology	Connects to other devices wirelessly	Connects to the internet (streaming services such as Netflix, YouTube, Pandora, etc)	Design that blends in with my home decor	Environmentally friendly	Stand-out design	Video quality certified by THX	Has 3D capability
TOTAL SAMPLE	4,476	4,476	4,476	4,476	4,476	4,476	4,476	4,476	4,476	4,476	4,476
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Very important (5.0)	88%	41%	44%	33%	28%	29%	23%	23%	16%	16%	10%
Fairly important (4.0)	11%	46%	42%	35%	36%	34%	40%	39%	35%	24%	16%
No opinion (3.0)	1%	9%	9%	25%	21%	17%	20%	23%	28%	25%	24%
Not important (2.0)	*	3%	4%	5%	12%	14%	13%	10%	17%	6%	28%
Not important at all (1.0)	*	1%	1%	1%	4%	5%	4%	5%	4%	2%	22%
<b>Top 2</b>	<b>99%</b>	<b>88%</b>	<b>86%</b>	<b>68%</b>	<b>63%</b>	<b>63%</b>	<b>62%</b>	<b>62%</b>	<b>50%</b>	<b>40%</b>	<b>26%</b>

### Data Caveats:

- The list of factors is not exhaustive. For instance, it does not include price, which we know is extremely important to consumers.
- While energy efficiency may be important to consumers, that does not necessarily indicate the role energy efficiency plays when making a TV purchase selection.

# LG Appliance Shopper Survey: Higher Energy Efficiency Interest than CE



Energy Efficiency is still rated as a more important factor when purchasing appliances

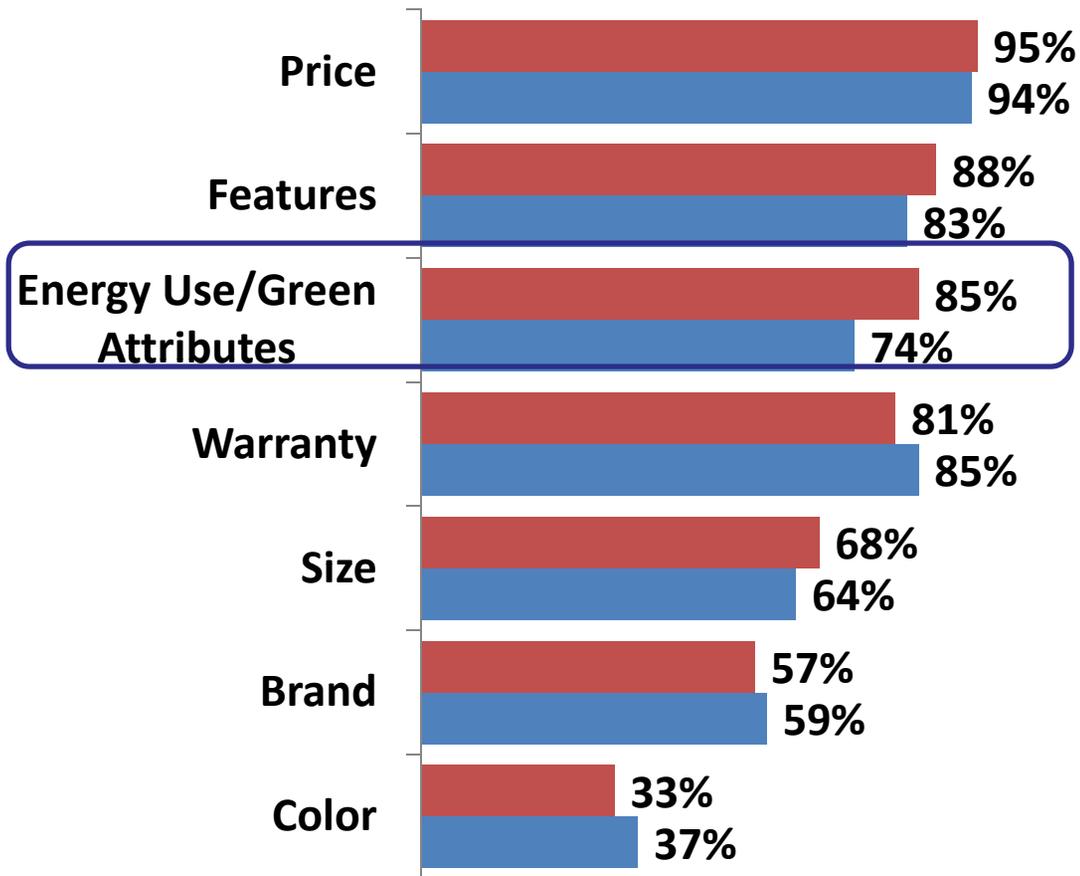
## Appliance Attribute Importance

	Reliable brand	Good value for money	Energy efficient	Easy to use	Environmentally friendly	Latest technology and features	Well known Brand	Stylish look and feel	Matches my other appliances	Choice of colors	Looks expensive
TOTAL SAMPLE	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622	3,622
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Very important (5.0)	79%	77%	63%	48%	31%	21%	22%	19%	27%	18%	4%
Fairly important (4.0)	19%	21%	33%	45%	47%	55%	51%	48%	39%	42%	21%
No opinion (3.0)	1%	1%	2%	4%	12%	11%	10%	12%	8%	12%	17%
Not important (2.0)	1%	1%	1%	3%	8%	12%	14%	18%	19%	22%	38%
Not important at all (1.0)	*	*	*	*	2%	1%	2%	4%	6%	6%	20%
<b>Top 2</b>	<b>98%</b>	<b>98%</b>	<b>97%</b>	<b>93%</b>	<b>78%</b>	<b>76%</b>	<b>74%</b>	<b>67%</b>	<b>66%</b>	<b>60%</b>	<b>25%</b>

# CEA Market Research: More Emphasis on 'Green' CE Products



## Purchase Decision Study



Source: CEA Market Research, 2009, 2011

- Findings summarized are based on consumer's pre-purchase decisions
- Research is focused on consumers' criteria for buying consumer electronics in general (not just TVs)
- Not clear from data what product(s) respondents were thinking of when they took the survey
- CEA research also shows that consumers are becoming increasingly savvy concerning green claims – expect to know exactly what a claim means (i.e. earth friendly materials, less packaging, etc.)

# Move Toward Increasing Focus on Consumer Electronics and Energy Efficiency

## LG Success Stories

# Promoting ENERGY STAR in LG Sales Training Programs



## LG has been leading the way in retailer education

- **Highlighting ENERGY STAR in 18,000 training sessions**
  - More than 90,000 sales associates heard LG's message of energy efficiency generally and ENERGY STAR specifically
  - LG highlighted energy efficiency of 3D TVs particularly
- **Providing ENERGY STAR product information**
  - Spotlight on energy efficiency in product education
  - Addressing competitive claims about energy efficiency
- **Promoting ENERGY STAR Most Efficient**
  - Educating retail sales people about program
  - Highlighting 8 LG TVs, including 3D and Smart TV models



## MOST EFFICIENT

EIGHT LG TVs HAVE BEEN AWARDED THE ENERGY STAR® MOST EFFICIENT DESIGNATION FOR 2011!



55LW6500 47LW5700  
55LW5700 47LW5600  
55LW5600 47LW5500  
47LW6500 42LV3700



For more information [http://www.energystar.gov/index.cfm?m=ef\\_efficient\\_mx\\_tv](http://www.energystar.gov/index.cfm?m=ef_efficient_mx_tv)  
\*The ENERGY STAR Most Efficient 2011 designation recognizes the most efficient products among those that qualify for the ENERGY STAR. These exceptional televisions represent the leading edge in energy efficient products this year. Screen image simulated.  
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# Promoting ENERGY STAR at 'Keep America Beautiful' Kick Off



## LG ELECTRONICS USA LEADS RECYCLING CHARGE DURING 2011 'GREAT AMERICAN CLEANUP'

*National Consumer Electronics Sponsor Joins Forces with Keep America Beautiful, Promotes ENERGY STAR® at Green Volunteerism Celebration in New York*

NEW YORK, April 14, 2011 – LG Electronics USA is leveraging its leadership in electronics recycling during the Great American Cleanup, the nation's largest green volunteerism program, organized by Keep America Beautiful.

"In 2010, volunteers across the country recycled 7.2 million pounds of consumer electronics during the Great American Cleanup, and we expect that figure to be topped in 2011," said Wayne Park, President and CEO of LG Electronics USA, the exclusive Consumer Electronics National Sponsor of the Great American Cleanup, which runs through May 31.

Speaking at a celebration today in Times Square honoring volunteers making New York City and the Nation more beautiful, Park explained LG's nationwide recycling program and emphasized the importance of replacing old electronics and appliances with ENERGY STAR® qualified products.

The LG Electronics Recycling Program provides consumers with a convenient and responsible way to dispose of used, unwanted, obsolete or damaged consumer electronics products, he said. In 2010, separate from the Great American Cleanup, LG recycled more than 8 million pounds of home electronic products in the United States, free of charge to consumers.

"After recycling their old products, consumers can save energy by upgrading to ENERGY STAR qualified products," Park said, encouraging consumers to join LG in taking the "Change the World, Start with ENERGY STAR" pledge and save energy by recycling old products. U.S. consumers' purchases of LG ENERGY STAR qualified products in 2010 will save about \$650 million in utility costs and will reduce greenhouse gas emissions by nearly 4 billion pounds over the lifetime of these products.



# Promoting ENERGY STAR in LG Recycling Initiatives



## Key LG Recycling Message:

*Replace Your Old CE's with ENERGY STAR models*

- **Keep America Beautiful (KAB) Sponsorship**
  - LG teamed up with KAB to support electronics recycling during the Great American Cleanup in the spring and America Recycles Day in the fall
  - As the exclusive Consumer Electronics National Sponsor, LG leveraged its leadership in electronics recycling to help the KAB in 2011 to top the 7.2 million pounds of electronics recycled in 2010
- **LG E-cycling Events**
  - 22 events across the country in 2011
  - Tie-ins with local dealers promoting ENERGY STAR
  - LG anticipates recycling nearly 550,000 pounds of unwanted electronics by Dec. 2011



**ENERGY STAR**

The average home has two TVs, a home theater system, a Blu-Ray or DVD player, and a set top box. By replacing each of these with an ENERGY STAR® model, you can save nearly \$200 in energy costs over the lifetime of these products.

**Take Action!**

Visit <http://www.lg.com/us/EnergyStar/> to take the Change the World, Start with ENERGY STAR Pledge and learn about various energy saving solutions.

**CHANGE THE WORLD, START WITH ENERGY STAR**  
Take the ENERGY STAR Pledge

# Promoting ENERGY STAR as 'Change the World' Pledge Driver



LG promoted the Change the World, Start with ENERGY STAR Pledge throughout the year with Consumer Electronics and Appliance messaging



**CHANGE THE WORLD.  
START WITH ENERGY STAR.®**



# Promoting ENERGY STAR at the NCAA Final Four

- LG promoted ENERGY STAR to thousands of fans in “Bracket-Town Fan Experience” at NCAA Final Four
- Encouraged fans to take the ENERGY STAR Pledge for a chance to win a 47” ENERGY STAR Smart TV
  - Used social media to promote Pledge onsite
  - More than 600 fans took the Pledge
- Created stickers with energy efficiency saving information for TVs
- During Final Four week, LG and Waste Management hosted a major recycling event in Houston
  - LG designed bookmarks urging people to take the ENERGY STAR Pledge and replace their old electronics with ENERGY STAR qualified models



Take this pledge and be entered for a chance to win an LG 47” Smart TV.

I will do my part to save energy and help fight climate change. I pledge to: (select all that apply)

**CHANGE A LIGHT**  
Replace at least one light in my home with an ENERGY STAR qualified one. I plan to replace \_\_\_\_\_ lights (max. 50)

**DO EVEN MORE**  
Make my home heating and cooling system work better. I will:  
 Set or program my thermostat to save energy while I'm asleep or away from home.  
 Have my heating and cooling equipment tuned-up by a professional and change my air filter  
 Seal obvious leaks and repair disconnections in my home's duct system

Make sure my home is well sealed and insulated. I will:  
 Seal my home's envelope (outer walls, ceiling, windows, doors, and floors) with caulk, spray foam, or weather stripping, and add insulation to the attic.

Choose ENERGY STAR qualified equipment for my home office. I plan to purchase a(n):  
 Computer  
 Monitor  
 Multi-Function Device  
 Fax  
 Ink-Jet Printer  
 Enable my ENERGY STAR computer and monitor to sleep while I'm away.

Choose ENERGY STAR qualified home theater products. I plan to purchase a:  
 TV  
 DVD Player  
 Home Theater in a Box (sound system)

Choose ENERGY STAR qualified products for my kitchen and laundry. I plan to purchase a:  
 Clothes Washer  
 Dish Washer  
 Refrigerator

I will recycle my old refrigerator.

Purchase ENERGY STAR holiday lights this holiday season. I plan to buy \_\_\_\_\_ light strings.

**TELL US ABOUT YOURSELF** (all fields required)

First Name \_\_\_\_\_ Last Name \_\_\_\_\_

Street Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

Daytime Phone (including area code) \_\_\_\_\_

Email \_\_\_\_\_ Date of Birth (mm/dd/yyyy) \_\_\_\_\_



## Full HD LED HDTV

- ENERGY STAR® qualified TVs save energy both in standby and active modes and use about 40 percent less energy than standard TVs.
- LED Backlight technology helps reduce power consumption versus conventional LCD and plasma models.
- Intelligent Sensor saves energy by automatically adjusting the display brightness according to the viewing environment.



# Promoting ENERGY STAR on LG's Times Square Billboard



On Earth Day, LG produced a 1 minute spot focused on ENERGY STAR and the Change the World Campaign. The spot looped every 2 minutes.



Fast, Strong & Smart



# Marketing Energy Efficiency: FTC and ENERGY STAR Labels



- ENERGY STAR is a trusted brand and the logo is well recognized by consumers
- New FTC labels provide consumers with additional energy saving details
- LG applied new labels early to lead industry implementation
- ENERGY STAR and FTC labels are complementary

Federal law prohibits removal of this label before consumer purchase.

**ENERGY GUIDE** ↓

LG Electronics Inc  
Television 55LW9800

**Estimated Yearly Energy Cost**  
**\$21**

\$ 24 | | | \$73  
Cost Range of Similar Models (55" – 59")

- Based on 11 cents per kWh and 5 hours use per day
- Estimated yearly electricity use of this model: 190 kWh
- Your cost depends on your utility rates and use.

Visit [ftc.gov/energy](http://ftc.gov/energy)

NE261004100

# ENERGY STAR Most Efficient Designation



- “Highlighting ENERGY STAR Most Efficient products is a great way to encourage the strides in innovation that bring even more energy and money saving choices to our stores. We know American consumers are eager to make purchases that save them money on their utility bills and reduce the pollution in the air we breathe, and these labels will help them identify the best ways to find those purchases.” -*EPA Administrator Lisa Jackson*
  - LG supported the Most Efficient program from the outset
  - Energy efficiency is a core consideration across the board when LG designs new products, for both appliances and consumer electronics
  - LG will continue to work towards earning the Most Efficient designation for all of its products and to educate consumers on what the designation means



## Significant Opportunities for Consumer Education and Outreach

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- Educate consumers on cumulative impact of electronic devices in terms of energy efficiency
  - Industry and EPA to work together to gather research
- Encourage consumers to recycle old products and update to ENERGY STAR qualified models
- Increase focus on reaching consumers online with energy efficiency messaging
  - Approximately 90% of consumers research online before visiting a store to make a decision
- Integrate energy efficiency messaging into CE sponsorships/events



**Thank You!**

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