

National Retail Panel: Streamlining ENERGY STAR® Partner Collaborations on Retail-Based Energy Efficiency Programs

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Panel Participants



- **Kristen Bowring**

- Senior Director, Platform Lead, Home and Energy Management, Best Buy



- **Paul Campbell**

- Director, Environmental Sustainability/Green Leadership, Sears Holdings Corporation



- **Mike Cook**

- Senior Manager of Utility and Government Rebates, The Home Depot



- **Christa Osswald**

- Utility Program Manager, Lowe's Companies, Inc.



Agenda

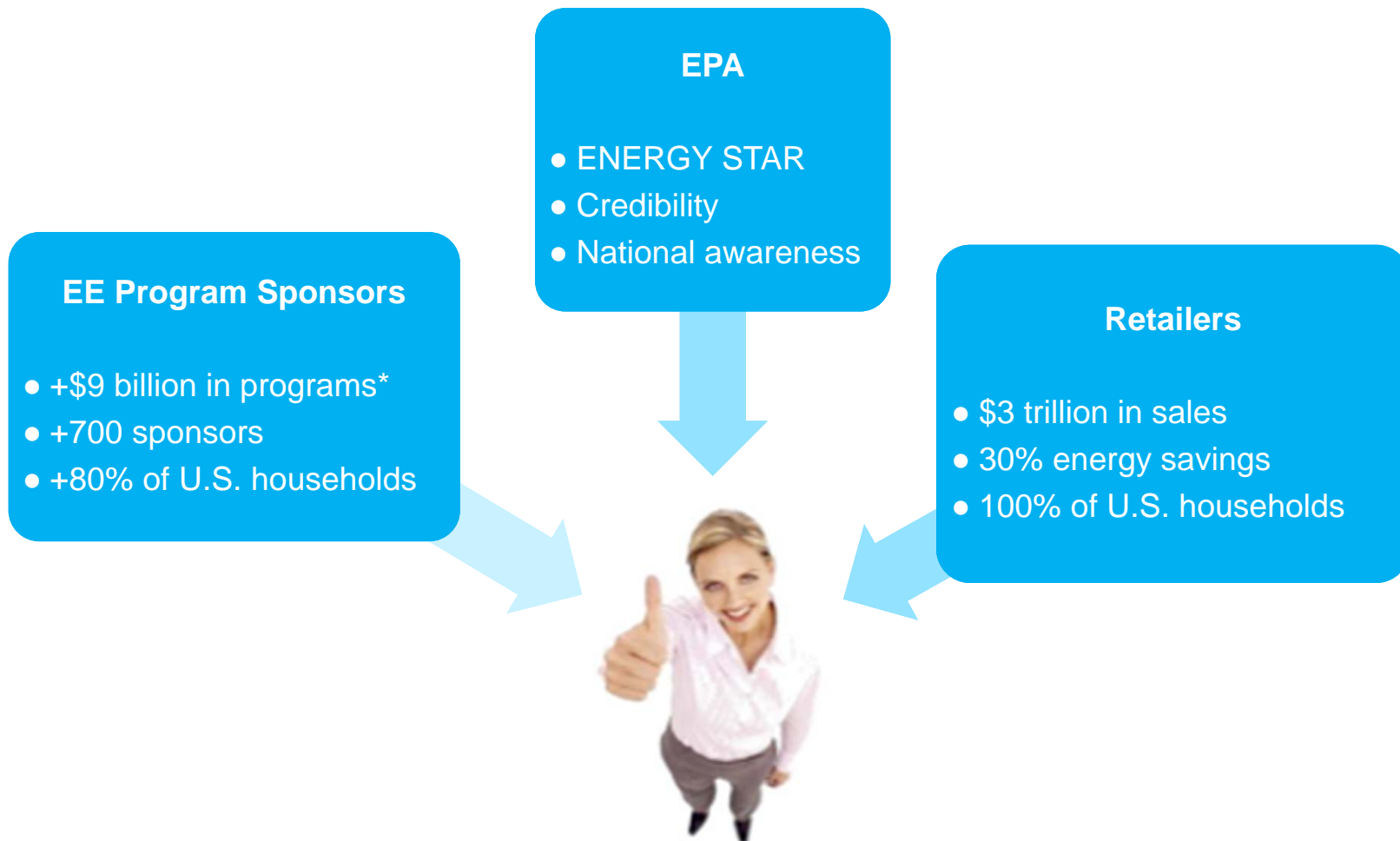


- Background
- Recent Activity
- Retail Model
- Next Steps
- Q&A



Background

3 Market Influencers with Common Goals: Save Energy and Delight Customers



*CEE "State of the Efficiency Program Industry: Budgets, Expenditures, and Impacts 2011, include electric and gas programs

Encouraging Strong Partnerships Through ENERGY STAR



EPA continues to facilitate partner dialogue at ENERGY STAR Partner Meetings.

2010

Panel Series:

*Perspectives Panel
Series from Industry on
Efficiency Program
Design*

2011

Retailer Panel:

*Retailer Perspectives
Panel on Energy
Efficiency Programs for
Lighting & Appliances*

2012

Retailer Panel:

*Streamlining ENERGY
STAR Partner
Collaborations on
Retail-Based Energy
Efficiency Programs*

2013

Retail Task Force:

*Tools for Retail and
Energy Efficiency
Program Sponsors*

Common Business Objectives and Opportunities



- This ongoing dialogue confirms that retailers and energy efficiency program sponsors share many business objectives:
 - Creating an outstanding customer experience
 - Increasing return on investment
 - Improving program effectiveness
 - Increasing sales of energy efficient products
- They also have a key common challenge: **bridging complex and different business models** to increase the market for ENERGY STAR products



Recent Activity

Encouraging Strong Partnerships Through ENERGY STAR



- EPA has long supported efforts to further **explore the challenges to partnership and potential strategies to overcome them.**
- Starting in May 2012, Navitas Partners began to create the building blocks for a new tool to define, document, and share these strategies with all ENERGY STAR partners.



Shared Insights

- Retailer discussions uncovered three significant interrelated themes:
 1. Scalability
 2. Partnership
 3. Operational Efficiency
- Discussions with energy efficiency program sponsors identified **best practices** in retail-based energy efficiency programs that were consistent with the retailers' views of key success factors

Shared Insights: Scalability



- National retailers' marketing, inventory and logistics investments support a national footprint
 - Programs in a single store or a few stores may require as many resources as a chain-wide program
- Achieving scale is possible through close collaboration
- Collaborations create consistent data requirements, product stocking decisions, and product specification levels

Shared Insights: Partnership



- Most successful partnerships are built on shared vision and clear understanding of one another's business objectives
- Key success factors include:
 - Understanding how retail works, including the buying cycles
 - Flexibility to test new ideas
 - Having a customer-centric focus to improve the customer experience
 - Involving the retailer in the program development process
- Such partnerships can lead to improved program effectiveness, reduced costs, and continuous improvement through shared lessons learned

Shared Insights: Operational Efficiency



- Retailers seek increased revenue, but also incur costs when participating in an energy efficiency program
 - For example, significant cost is involved in setting up point of sale rebates
- Operational efficiency helps retailers manage costs
- Retailers are starting to measure the impact of energy efficiency programs on their bottom line and how rebates impact buying behavior

Shared Insights: Operational Efficiency



- Energy efficiency program sponsors also benefit from operational efficiency
- For example, marketing consistency across all retailers based on ENERGY STAR messaging efficiently uses limited marketing budgets
- Benefits are also gained from deploying sponsors' field service staff to all retailers within their service territories



Common Best Practices

- Best practices shared by EE program sponsors parallel successful program characteristics as described by the retailers:
 - Strategic agreements that engage retailers in program planning
 - POS/instant rebate programs
 - EE program websites with lists or links to participating retailers
 - Field service support for POP placement and store associate training
 - Clear understanding of requirements and limitations for EM&V
 - Style guidelines for using program logos, graphics, and messaging

Common Best Practices: Collaboration



Business and Consumer Electronics program example:

- Bring retailers and ENERGY STAR into program development process prior to launch
- Understand decision making and buying cycles
- Gain mutual agreement on electronic data sharing and security
- Reach consensus on point of purchase materials and training requirements
 - Invested in retail field support
- Regular communication with retailers, their suppliers and other stakeholders



Retailer Model

Retailer Model: Vendor Management Guides



- Most retailers have developed vendor management guides as a way to:
 - Control costs
 - Maintain quality
 - Manage relationships
- Guides cover topics like:
 - Logistics
 - IT / Point of sale data sharing
 - Marketing

Retailer Model: Vendor Management Guides



- Each retailer has its own vendor management guide that:
 - Shares many common elements to reduce cost and improve supply chain efficiency
 - Allows retailers and their vendors to eliminate the mundane to focus on differentiation

Applying Retailer Model to Energy Efficiency Programs



- Retailers note that energy efficiency program sponsors offering programs at retail have many of the same characteristics as suppliers
- Therefore retailers surmise that similar guidelines could help retailers and energy efficiency program sponsors:
 - Increase speed to market for joint programs
 - Improve program cost effectiveness
 - Promote consistent program execution
 - Eliminate the mundane to focus on differentiation



Next Steps

- Create Retail Task Force
- Develop a set of guidelines to help streamline the implementation of ENERGY STAR-focused energy efficiency programs at retail
 - The guidelines will be a tool for retailers to customize and share with program sponsors who wish to utilize the retail channel to deliver energy efficiency measures
 - The guidelines will be a tool for program sponsors to use with state regulators to help them better understand the retail landscape



Acknowledgements

Thank you to these partners for providing input on this project:

- Best Buy
- Commonwealth Edison
- Duke Energy
- Lowe's Companies
- New York State Energy Research & Development Authority (NYSERDA)
- Northwest Energy Efficiency Alliance (NEEA)
- Pacific Gas & Electric
- Sears Holdings Corporation
- Southern California Edison
- Southern Company
- Tennessee Valley Authority
- The Home Depot

And these additional partners for confirming key findings:

- NV Energy
- Puget Sound Energy





Q&A