The State of the Retail Market -- An Independent View
September 10, 2019
11:15 am – 12:15 pm
On behalf of the Energy Star National Team and the Nationwide Marketing Group Team we want to thank all the meeting participants, meeting planners and especially the co-sponsors for making this meeting possible in 2019 and ask that you all consider adding Energy Star Partner Meeting participation and or co-sponsorship to your 2020 budget plan.

*No EPA funds were used for food and beverage offerings associated with the 2019 ESPPM, 2019 ESRPM or related events and activities.
With more than **5,000 members** operating some **14,000 storefronts** and representing billions in annual sales, we are North America’s leading buying, marketing and operational support organization for forward-thinking **Independent retailers**, rent-to-own dealers and custom installers in the major appliances, consumer electronics, furniture, bedding, home theater and outdoor industries.
We connect thousands of Independent business owners with everything they need to succeed in an ever-changing retail environment by leveraging our efficiencies of scale, robust digital platform, data-driven business intelligence and good old fashioned industry relationships.
The State of the Retail Market -- An Independent View

In this presentation and discussion, leaders from the Nationwide Marketing Group will share insights on the current state of retail, the changing consumers, and opportunities for all of us to grow sales of ENERGY STAR and ENERGY STAR Most Efficient products with independent retailers.

Richard Weinberg,
SVP Business Services
(ENERGY STAR/Sustainability)

Frank Sandtner,
Executive VP
Business Services

Missy Hodges,
VP Merchandising
(Appliances)

Dev Mukherjee,
EVP, Digital, Technology
and Business Services
The State of the Retail Market -- An Independent View

The Current State Of Retail!

…& How We Grow More Energy Star Sales!

Richard Weinberg,
SVP Business Services
(ENERGY STAR/Sustainability)
Current State Of Retail

Who's Winning Consumer Dollars

STORES

Lowe's .................................................. 25.9%
Home Depot ......................................... 19.3%
Best Buy .............................................. 13.8%
Sears ................................................ 12.7%
Costco ................................................. 1.6%
Independents & all others ............ .26.7%

Major Appliances including Kitchen & Laundry

Large Screen Television

Average Selling Price

Source: Traqline, NPD and Internal NMG Reporting
Online vs Instore Transactions growing!

Since 2016..grown from 12% to 16% of the total business in core appliances.
Reasons Customer Buy Appliances

Want purchases remain below 8% as the primary motivation to replace major home appliances is because “Old one was broken.”

Current State Of Retail

Consumers are better informed than ever!

Consumers are visiting less stores...but they are ready to buy!

Why Behind the Buy

<table>
<thead>
<tr>
<th>PRODUCT</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Old one was broken</td>
<td>62%</td>
</tr>
<tr>
<td>Moved to a new home</td>
<td>15%</td>
</tr>
<tr>
<td>Remodeled</td>
<td>9%</td>
</tr>
<tr>
<td>Wanted a new one</td>
<td>8%</td>
</tr>
</tbody>
</table>
Current State Of Retail

Big Box Retailers Are Right Sizing Store Size, Count Locations

Independent Retailers Have Recently Opened Hundreds Of New Stores And Are Adding New Product Categories
How We Grow More Energy Star Qualified Sales......

Spring Summit Leadership Presentation
Update May 23, 2019
How We Grow More Energy Star Qualified Sales......

When you sell Energy Star, you’re selling innovation, efficiency, features & benefits, not just product & price!
How We Grow More Energy Star Qualified Sales......

Rebates, Incentives, Special Offers = Energy Star Sales Increases

E.S.R.P.P.

Market Transformation... Through Scale!!!

(www.energystar.gov/dime)

(www.nationwidemember.com)
The State of the Retail Market -- An Independent View

Independents can help you reach the hard to reach customers!

Lets Talk ....’
Socio-economically Challenged Customers!
Customers In Rural And Tertiary Markets!
The Unbanked Consumers!
Credit Challenged Customers!
...& How We Sell Them Energy Star!

Frank Sandtner,
Executive VP
Business Services
Nationwide Marketing Group offers several alternative financing and virtual RTO solutions to make major appliance purchases possible for nonprime and subprime consumers.
Nationwide Marketing Group offers several alternative financing and virtual RTO solutions to make major appliance purchases possible for nonprime and subprime consumers.

U.S. POPULATION CREDIT LANDSCAPE

FICO % US Adult Population (21+)

- 850-800: 17%
- 799-750: 20%
- 749-700: 17%
- 699-650
- 649-600
- 599-550
- 549-500
- 499-341

Prime ~105 million
Generally well served by large financial institutions
Nationwide Marketing Group offers several alternative financing and virtual RTO solutions to make major appliance purchases possible for nonprime and subprime consumers.

**U.S. POPULATION CREDIT LANDSCAPE**

<table>
<thead>
<tr>
<th>FICO % US Adult Population (21+)</th>
<th>Prime ~105 million</th>
<th>Near/Nonprime ~60 million</th>
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<tbody>
<tr>
<td>850-800</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>799-750</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>749-700</td>
<td>17%</td>
<td></td>
</tr>
<tr>
<td>699-650</td>
<td>12%</td>
<td>9%</td>
</tr>
<tr>
<td>649-600</td>
<td>9%</td>
<td>9%</td>
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Prime: Generally well served by large financial institutions.
U.S. POPULATION CREDIT LANDSCAPE

Nationwide Marketing Group offers several alternative financing and virtual RTO solutions to make major appliance purchases possible for nonprime and subprime consumers.

Prime ~105 million
Generally well served by large financial institutions

Near/Nonprime ~60 million
Under-served by prime lenders. Served by "second-look" lenders for those declined by traditional prime lenders.

Subprime 35 million+
Limited access to credit. This segment uses rent/lease to own and layaway products.
In this map, counties are classified as rural if they do not include any cities with populations of 50,000 or more.
(USDA Economic Research Service 2013)
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(USDA Economic Research Service 2013)
The State of the Retail Market -- An Independent View

Lets Talk ….’
Independents Winning Formula!!
Nurturing The Energy Star Brand Together!
Opportunities For Energy Star Growth!
Obstacles And Challenges To Tackle!
…& How We Sell More Energy Star!

Missy Hodges,
VP Merchandising
(Appliances)
What changes would you be willing to make to have the chance to earn more money on the sales you already plan to make?
Nationwide Complete Connected Tiny Home
Control4 Complete Custom Connected Tiny Home
Opportunities
Independents – WIN!
Sales Assisted Floors
Less Turnover
Well Trained
Highly Motivated Through Incentives
Love Great Brands and Innovation!

Economically Challenged Consumers
Energy Star products come with 2 price tags!
We can and should work to create unique local incentives and give a wider consumer audience even more access to Energy Star.
Obstacles & Challenges
We all need to stay engaged with and work hand-in-hand with the manufacturing vendors. They are our Energy Star Partners!
Fewer approved Energy Star Most Efficient models…..
Creating innovation, measurable efficiency and securing 3rd Party testing, is expensive!

Consumers Research…
Is done online prior to the purchase and in store at time of purchase.
We all need to make sure Energy Star stands out!

It’s up to us to create the Energy Star Top Mind Awareness …together!
The State of the Retail Market -- An Independent View

The Customer And The Customer Journey Has Changed!

Lets Talk….’ New Digital Tools & Strategies! …& How We Can Work Together To Showcase And Sell Energy Star Solutions!

Dev Mukherjee,
EVP, Digital, Technology
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