

# ENERGY STAR®



**How we love ya!**

# Why do we love ya?



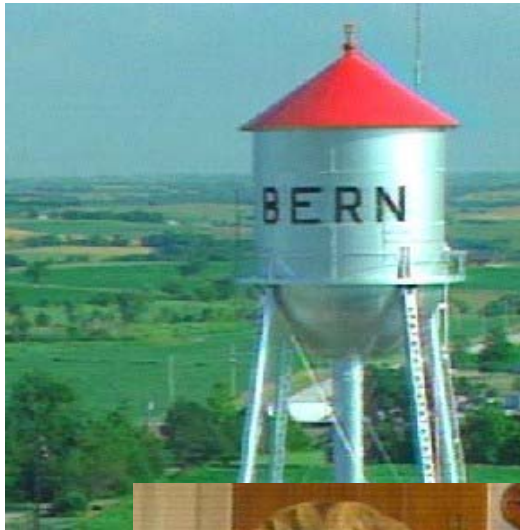
ENERGY STAR = \$\$

➡ Sales \$\$

➡ Consumer Energy \$\$

➡ Public \$\$

# We're not in Kansas anymore!



# Survey says!



- Impartial agency provides endorsement of high efficiency benchmark
  - Over 90% of survey respondents said ENERGY STAR products use less energy
- ENERGY STAR products carry a premium reputation
  - A third of respondents said the label showed a sign of high quality or high performance

# We've come a long way...



- Energy efficiency partners work in tandem to promote the brand and the products
  - Public/private partnership is alive and well with ENERGY STAR
  - Over the past five years, we have witnessed less sparring and more partnering
    - Credit goes in part to these annual meetings
  - Lead time is critical
    - Regions/states/utilities have improved planning
    - DOE timing is now more important than ever

# And the walls come tumblin' down



- Success breeds all sorts of friends
- Product line-up is filling out across product lines and brands
- Price point continues to remain higher than regular products, but it is deteriorating
- Retailers demand features and value
  - 65% of major appliances purchased through 4 retailers
  - 3 major buying groups for independents

# You talkin' to me?



- What's happening in the retail world?
  - ✓ Big box phenomena
  - ✓ Smarter customers
  - ✓ Less floor discussion
  - ✓ Energy engagement more difficult
  - ✓ Car Company Conundrum
  - ✓ Need more flexibility and experimentation

# What have you done to me lately?



- ENERGY STAR risks losing its relevance
  - Utilities and efficiency groups want aggressive targets
  - Retailers looking for differentiation in marketing strategies
  - Manufacturers need stability and foresight
- ***Irony is that we all need each other***



# I want to pump you up!



- Robust ENERGY STAR criteria needed
  - Measurements need to be more than just energy use; performance will have to be a factor
  - Dishwasher criteria is a good example
    - Raise energy factor - no debate
    - Place setting capacities
    - Standby power
    - Maximum water usage
    - Performance standards
- Consumers deserve promised expectations

# The times they are a-changin'



- Product platform life cycles have significantly shortened
  - Old paradigm: 30-year platforms
  - New paradigm: 10-year platforms (at best)
- Value equation is changing
  - Repair or replace?
  - Consumer Reports (October 2005)
    - Clothes washers – replace at 8 years
    - Dishwashers – replace at 6 years
    - Refrigerators – replace between 6 & 8 years
- Can't judge energy efficiency ROI on old standards

# I'm so excited!



- ENERGY STAR for major appliances is at a critical juncture
- 2006 could be a watershed year
- Transformation in the marketplace toward high efficiency products may come more quickly than anticipated
- Manufacturers are already working on projections, but . . .