



Partnerships in Energy Efficiency with Retailers (PEER) Guidance

Retailer Guidance for Streamlining
ENERGY STAR Partner Collaborations on
Energy Efficiency Programs

The ENERGY STAR Retail Action Council
November 19, 2013



Learn more at energystar.gov



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sears



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The ENERGY STAR RAC's PEER Guidance: Overview



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The ENERGY STAR RAC



- Purpose
 - To make energy efficiency incentive programs as cost-effective and productive as possible for Program Sponsors and Retailers.
 - To institutionalize best practices developed through Program Sponsors and Retailers collaborations.
 - To mitigate common operational and administrative barriers.
- 2013 Deliverables
 - PEER Guidance
 - “Understanding the Complexities of Retail” Curriculum

Why Do We Need PEER Guidance?



- Retail is experiencing dramatic changes
- Retailers strive to adapt to the hyper-competitive marketplace by driving costs down efficiently and effectively
- Retailers and their partners have created mutually beneficial Vendor Management Guides to this end
- Finding: Retailers and Program Sponsors could benefit from a similar guidance

PEER Guidance: Topics



- Establishing Working Relationships
 - Understanding Retail
 - Retail/Program Sponsor Agreements
 - Data Exchange & Privacy Policy
 - Account Management
- Collaborating for Program Design
 - Timing & Calendars
- Aligning for Successful and Cost Effective Implementation
 - Retail Operations – Training, Promotion, and Visual Merchandising



PEER Guidance: Establishing Working Relationships



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Establishing Relationships

- All ENERGY STAR RAC members have established a single point of contact (SPOC) for EE Programs
- The SPOCs have the responsibility of preparing a business case:
 - Program description and objectives
 - Timing of the program
 - Data and measurement needs
 - Financial information – allocation budgets and incentives per qualified product
 - Geographic boundaries and targeted number of participating stores

Partnership is Critical



- The SPOC coordinates design and implementation activities with key functions:
 - Merchandising (Buying)
 - The merchant (buyer) is the critical decision-maker for energy efficiency programs within their category
 - Store operations
 - Store operations create the visible shopping environment
 - Ensure that products, services, labor are in place
 - Marketing and visual merchandising
 - Support Buying and store operations
 - Legal and information technologies

A Typical Retail GTM Process



- Go to Market processes connect merchandising and store operations activities.
 - Merchant defines the category, products and strategy.
 - Marketing sets the customer experience, messaging, and promotions.
 - Visual merchandising sets the planograms, displays, fixtures, and signage.
 - Retail operations manage the store, supply chain, and store associates.

A Highly Collaborative Structure

Agreements



- Master Agreements
 - Formalize the relationship
 - Reduce resources and improve time to market
- Contents of a Master Agreement include:
 - Partnership description and purpose
 - Definitions
 - Confidentiality
 - Warranty
 - Cancellation (termination of agreement) terms
 - General terms and conditions

Amendments



- Specific program components are best treated as amendments to a Master Agreement
 - Program Funding
 - Program Data and Reporting Requirements
 - Eligibility
 - Statement of Work
 - Qualifying Products and Incentive Payment Instructions
 - Marketing (e.g. signage, promotion, branding)
 - Store or Zip Code list



PEER Guidance: Data Policies



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Data: A Critical Component



- Retailers and Program Sponsors have similar customer data privacy, collection and use policies
- Transmission of retail data is expected to result in tangible benefits:
 - Increase in sales volume
 - Higher store traffic
 - Contribution to profitability
- Each Retailer may provide data to Program Sponsors contingent on corporate data policies
 - Retailers understand EEPs need data for design, implement and evaluation of energy efficiency programs

Data Exchange with Program Sponsors



- To evaluate data exchange, retailers need to know
 - Description of data and proposed usage
 - Plans and capabilities to receive, store and secure data
 - Explanation of benefits to retailer
- Most retailers will readily provide:
 - Product category, item and/or model number
 - Date of sale and number of units sold
 - Store number and/or store zip code
- Additional data that may be provided depending on policy or capability:
 - Item description, transaction number, customer zip code
 - Historical sales data for program design

Data Exchange Challenges



- Requests for data that are required for energy efficiency program EM&V
 - Much of retail data are sensitive, which cannot be disclosed or must be protected from public disclosure
- Cost of collecting, formatting and delivering data
 - Requires IT and labor resources
 - Unique requests entail system upgrades and investments
- Addressing challenges:
 - Third party data aggregation may prevent public access to sensitive retail data
 - Common data requirements among Program Sponsors may help manage costs or justify system investments

Privacy and Data Security



- Retailers and Program Sponsors need to ensure that competitive data and customer information is secure and has clearly defined use procedures
- Common privacy policies include:
 - Commitments not to sell or rent customer information
 - Secure access and transmission procedures to protect customer transaction activity
 - Remedies for consumers who wish not to be solicited

Data privacy and security policies need to be addressed prior to program design and implementation



PEER Guidance: Collaboration – Account Management and Program Design



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Account Management



- Account management role
 - Establish and maintain relationships and drive sustainable performance
 - Serve as relationship manager, industry subject matter expert, project manager, collaboration advocate, and SPOC
- The account manager ideally understands mutual objectives of the energy efficiency and retail environments
 - Internal Retail Account / Channel Manager
 - External Strategic Alliance Manager with retail expertise
 - Enables aggregation of multiple sponsors

Program Design



- Ideally, Program Sponsors and Retailers collaborate before a program is fully developed and ready for launch
 - Share knowledge and experience
 - Reduce resources to plan and develop energy efficiency programs
- Early in the program planning and design process, Program Sponsors can communicate:
 - Size and scope of proposed program
 - Data requirements and capabilities
 - Consumer/market research insights and program benefits

Collaboration enhances prospects for a superior program.
Finding the win-win!

Program Timing



- Program design and implementation is most successful when coordinated with retail calendars
 - Leverage key drive periods and marketing messages
- Critical retail timetables to understand:
 - Merchandising Calendar: directs the merchant to engage suppliers, select products/programs, forecast sales/inventory
 - Product and Store Transition Calendar: establishes key timeframes for large transformational changes within stores
 - Marketing Calendar: defines promotional activities and consumer messaging to generate demand and drive store traffic

Merchants often select products without knowledge of energy efficiency programs.



PEER Guidance: Aligning for Successful and Cost- Effective Implementation



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The Store Environment



- A retailer's brand is a point of their differentiation and creates a competitive advantage with targeted customers.
 - The goal is to provide a compelling and distinct customer experience.
- Retailers strive to ensure brand consistency in the stores, online, and in the media.
- In-store, the brand is communicated through signage/POP, dress code, fixtures and other experiences.

Program marketing elements must be coordinated with the retail brand and the store environment

Store Operations



- Store Operations is the execution arm of a retailer and translates merchant strategy, marketing messaging and customer insights into action.
- There are three major areas of Store Operations that impact energy efficiency programs:
 1. Visual Merchandising: management of planograms, displays, fixtures, signage and consumer messaging
 2. Field and Store Management: leadership, organization and training of store associates
 3. External Store Labor: stocking, planogram and signage sets and supplementary training of store associates

Visual Merchandising



- In-store displays and signage help create the unique customer experience.
- Retailer messaging, special pricing, vendor and utility messaging all compete for store space.
- Retailers create guides to help provide a consistent and effective message and avoid customer confusion and clutter: “The NASCAR Effect.”
 - Materials must follow reference guides to gain formal approval for store implementation.

The retail SPOC is the best resource to gain access to visual merchandising standards and ensure effective in-store marketing.

Sales Associates and Training



- In-store sales associates and their training:
 - Is essential to store operations and the customer experience
 - Impacts the effectiveness of an energy efficiency program
- Suppliers typically fund training costs for their products
- Successful training programs are
 - Consistent with selling practices
 - Synchronized with retail calendars
 - Cost effective and engaging

Store labor is expensive! A sale associate's activities must contribute to business objectives and the customer experience.

Contracted / Third Party Labor



- Outsourcing certain retail activities is an accepted practice in the retail industry to save time and reduce costs.
- Each retailer has a strict approval process, detailed partner requirements and compliance metrics.
- Characteristics of a strong in-store implementer include:
 - Diligent third party support in stores regularly to check signage, pricing, visual merchandising and other contracted activities
 - Assist in education/training of store associates and hold in-store events to raise awareness
 - Troubleshoot issues at store level

PEER Guidance Key Take-Aways...



- For streamlined partnerships:
 1. Utilize the retail SPOC
 2. Understand data policies and capabilities
 3. Collaborate early, often and across the portfolio of energy efficiency programs
 4. Strive for consistency among Program Sponsors
 5. Follow retail calendars and understand their importance to program effectiveness
 - 6. Work the PEER Guidance as a tool for best practices**
 7. Provide feedback to the ENERGY STAR RAC for continued evolution and improvement

Going Forward...



- We believe in the PEER Guidance
- Use it to guide your work with us in 2013/2014
- Help us fine-tune the PEER Guidance to serve future collaborations
 - The first edition of the PEER Guidance will be circulated to webinar attendees via email after the webinar and then posted on www.energystar.gov/partnermeeting. By December 13, 2013
 - Give us your comments by November 27, 2013
 - We will share our plans for next steps at the Partner of the Year Awards

