The Greening of Retail—Opportunities for Increased Retail Engagement on Energy Efficiency

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ABSTRACT

With growing public awareness and concern for the environment, an ever increasing number of retailers are engaging in environmental or “green” marketing. Moreover, as this environmental concern is increasingly focused on the issues of global warming and climate change, energy efficiency has become a featured component of many of these marketing activities.

Retailers who are taking the lead in marketing green are industry leaders. In most cases, they are the largest in their respective product channels in terms of product sales, as well as specifically with respect to energy-using products. These retailers represent the major players for reaching billions of consumers. To this end, retailers’ environmental marketing efforts represent a key opportunity for energy efficiency program sponsors to reach their customers with energy efficiency messages and product incentives. Similarly, through their expertise in community-based energy efficiency outreach, program sponsors can help national retailers gain local traction for their green marketing programs and messages.

This paper addresses how the energy efficiency community—and in particular, energy efficiency program sponsors (EEPS)—can tap the greening of retail to meet increasingly stringent kWh reduction and consumer education goals. It provides an overview of several green marketing approaches, focusing on Wal-Mart, The Home Depot, Best Buy, and Amazon.com as key examples, and addresses how the energy efficiency community can maximize retailer engagement in local programs through best practices for energy efficiency program sponsors and retailers. Specifically, it provides:

- An overview of consumer trends with respect to the environment, and retailers’ responses to those trends
- The role of energy efficiency in the greening of retail
- Four retail environmental marketing case studies
- Success strategies for leveraging the greening of retail for efficiency program adoption

Environmental Consciousness and Retailer Response

Consumer concern about the environment has increased—particularly related to global warming and climate change. In fact, 90% of Americans agree that there are important green issues and problems (American Environmental Values Survey) and Americans’ concerns about the environment have increased more than 10 percentage points between 2004 and 2006 (Gallup Poll). Forty percent of the US population feels that the leading issue driving environmental concern is global warming. And, 79% of Americans think global warming poses a serious threat to future generations (World Public Opinions web site).
Not only has public concern for the environment grown, but this growth has been accompanied by a change in purchasing behavior among consumers. The 2007 ImagePower® Green Brands Survey conducted by WPP's Landor Associates, Penn, Schoen & Berland (PSB) Associates, and Cohn & Wolfe (C&W) found that US consumers “expect to double their spending on green products and services in the next year, totaling an estimated $500 billion annually or $43 billion per month” (Cohn & Wolfe Press Release). “This wave of research very clearly indicates an up-tick in purchase intent for most consumers when it comes to green products and services, particularly those that are relatively simple to implement such as installing environmentally-friendly lighting and upgrading to energy-saving appliances,” said Tom Agan, Managing Director of PSB. In fact, a review of the increase in CFL market share over the past year can be used as a baseline for how consumers are changing their behavior. The EPA estimates that ENERGY STAR CFL sales for 2007 were nearly double those in 2006, accounting for approximately twenty percent of the light bulb market in the U.S. (EPA and DOE Spread a Bright Idea Press Release).

Not only are customers looking for greener product offerings from retailers, but they are also more willing to purchase products from companies whose operations, as well as their supply chains, have a strong environmental track record. According to a survey of consumer perceptions of corporate reputations conducted by Ipsos Public Affairs, a leading global survey-based market research company, 62% of people said adequate information about a company’s social, environmental and ethical behavior would influence their buying decisions. “Companies that put good social, environmental, and ethical behavior at the core of their business have great potential for winning the hearts, minds, and wallets of increasingly ethics-savvy consumers (Perkins).”

For retailers, these consumer trends have multiple impacts. And, not surprisingly, retailers are responding—often as a business imperative. Many are changing their practices, putting pressure on manufacturers and suppliers, and/or initiating environmental marketing programs. This discussion will outline how some key retailers are responding to this trend and describe specific success strategies for energy efficient program sponsors to leverage this greening of retail. The paper intends to arm energy efficiency program managers with new approaches, given the recent changes in the environmental marketing landscape, for leveraging retailers toward effectively reaching more customers with their messages. Note that this discussion specifically focuses on EEPS, because in most cases, these entities are mandated to deliver funded education campaigns and financial incentives to further accelerate the adoption of energy efficient products and practices to achieve energy savings. In this capacity, EEPS often serve as a critical coalescing force bringing industry and the energy efficiency community together in promoting energy efficiency and environmental awareness among the general public.

How Retailers are Playing in this New Green Space: Four Case Studies

Retailers are responding to consumer trends, particularly through green marketing efforts. Due to the competitive nature of the retail industry, many are exploring ways to differentiate themselves within the green space. The authors have observed several approaches that have arisen from this surge of activity, which the case studies will demonstrate. The first is the development of retailer-specific environmental marketing “platforms,” accomplished primarily by messaging and/or a look and feel that is proprietary to and branded by the retailer identifying the green products they sell. The second is the development of programs that leverage individual
third-party, green certifications, such as ENERGY STAR and Certified Organic, etc. Some retailers are taking both approaches simultaneously.

The importance of energy efficiency has been established over time and continues to maintain prominence as a key component to a multi-attribute green marketing program. ENERGY STAR is more often than not used to represent the energy efficiency attribute of a product. As the retail case studies will demonstrate, ENERGY STAR is often leveraged as a central pillar of an environmental marketing platform, such as The Home Depot’s Eco Options mark, or it is marketed on its own with other third-party certifications, serving as a credible identifier of energy efficient products, such as in the case of Amazon.com. In either case, retail marketing of energy efficiency and ENERGY STAR are experiencing increased popularity due to the retail response to the green consumer.

Below are some examples of these retail green marketing initiatives. These case studies represent retailers that are not only leaders within their respective retail channels, but also partners with ENERGY STAR that the authors have worked with first-hand. In some cases, the commentary is based on primary research gained through the relationships that the EPA and ICF International have with these retailers.

By providing detail on each of these programs, the intent is to provide a framework for the energy efficiency community and EEPS to gain deeper perspective, and therefore achieve increased interaction with national retailers, and alignment with their promotions and messaging, particularly with respect to ENERGY STAR.

**Wal-Mart**

**Environmental marketing initiatives.** As the world’s largest retailer, with 7,323 Wal-Mart stores and Sam’s Club locations in 14 markets, more than 1.9 million associates, and serving more than 179 million customers a year, Wal-Mart has the potential to have a tremendous impact on the market for energy efficient products.

Over the years, Wal-Mart has engaged in several environmental initiatives, but in terms of environmental marketing, the most relevant for partner product promotion was marked by CEO Lee Scott’s October 24, 2005 speech featuring what he termed as Wal-Mart's “Twenty-First Century Leadership.” Mr. Scott’s announcement focused on three environmental goals for the company: (1) to be supplied 100 percent by renewable energy, (2) to create zero waste, and (3) to sell products that sustain resources and environment. As part of that initiative, Wal-Mart also began to consult with environmental experts and other industry leaders to better define “green,” and, in particular, to drive sustainable practices among their suppliers. Wal-Mart also began an aggressive campaign to make the energy-efficiency and environmental benefits of CFLs available to customers by driving down the high initial price. Over time, Wal-Mart has changed their CFL product mix to primarily ENERGY STAR—reducing their incandescent lines. For electronics, Wal-Mart is working with EPA to utilize ENERGY STAR as the standard for energy efficiency.

Wal-Mart has explored different approaches to communicating their environmental leadership to customers and helping them identify Wal-Mart products that are good for the environment. Through several efforts—including a “Common Future” logo featured as part of an Earth Day ad in 2007—they have decided to stay the course with their corporate brand platform, entitled “Save Money, Live Better” and further extend that platform to sustainable product promotions. They recently launched a “Live Better Index” as part of their sustainability
initiative, to track consumers’ decisions to purchase five key environmental products. In spring of 2007, adoption rates were up for many products—from CFLs (with sales up 6.31%) to a spike in purchasing for organic baby food (Environmental Leader).

**Opportunities for energy efficiency.** The opportunities for energy-efficient product promotions, and thus for EEPS to partner with Wal-Mart, are numerous. These opportunities derive not just from Wal-Mart’s commitment to increase the number of energy efficient products they carry, but also from the sheer number of promotions they are engaging in around environmental, and thus energy-efficient, products. Lee Scott’s 2008 announcement of Wal-Mart’s commitment to lowering the costs of energy-efficient products represents another opportunity for EEPS to support these potential price reductions through their energy efficiency program incentive funds. He said: “We will bring everyday low prices to energy-saving merchandise...Your company is the prices leader—and that will apply to energy efficient products, too. In the coming months, we will work with our suppliers to reduce prices on more items that have significant impact on energy use for our customers. Our goal is to double the sale of products that help make homes more energy efficient.” Scott’s interest in making energy-efficient products broadly available to customers points to an opportunity for EEPS to use their product incentives as a way to initially reduce these costs and support Wal-Mart’s objectives.

Historically, partnering with Wal-Mart has proven challenging to EEPS. One reason for this is Wal-Mart’s Every Day Low Price (EDLP) strategy, which discourages rebates because Wal-Mart’s mission is to offer the lowest price consistently instead of offering price-based promotions during specific timeframes. This has led them to focus on buy-downs offered by manufacturers, who, in turn, coordinate with EEPS to apply program incentive funds to reduce product prices. Wal-Mart’s interest in a consistent reduction in prices coupled with their sustainability goals has led them to explore new ways to leverage EEPS incentives. They have recently implemented a program with Duke Energy that included a manufacturer coupon that was mailed directly to customers as part of their utility bills and offered $1 off on GE CFLs. The coupon included a barcode that enabled Duke Energy and GE to track sales through an automated, streamlined process.

Wal-Mart has also set goals to broaden their energy efficient product portfolio beyond CFLs. According to Scott, by 2010 “every air conditioner that we sell in the U.S. will be ENERGY STAR rated; and all our flat-panel televisions will be 30% more energy efficient.” Thus EEPS can not only explore new approaches to working with this retailer, but should consider opportunities to promote additional products as well for increased energy savings.

**The Home Depot**

**Environmental marketing initiatives.** The Home Depot began engaging in environmental issues in the early 1990s, when protestors to the company’s wood purchasing policies scaled the company headquarters in Atlanta, GA. Among their first environmental activities were partnerships with both the Forestry Stewardship Council (FSC) and ENERGY STAR to promote sustainable wood and energy-efficient products, respectively. On July 16, 2001, the company launched the “E+ Program,” which was a proprietary green brand intended to help identify energy-efficient products for The Home Depot’s customers and was designed in large part to respond to the energy crisis in California. The E+ Program’s goals, according to Anna Siefken, former Product Merchant for Energy and the Environment at The Home Depot and co-author of
this paper, were “to help position The Home Depot as the destination for energy conservation products and knowledge.” The company elected to create the E+ brand as a point of differentiation within the home improvement retailer marketplace. In fact, a large component of The Home Depot’s E+ Program was represented by ENERGY STAR qualified products, and the company began to work closely with EPA and DOE on a number of promotional fronts.

Over time, E+ proved to be ahead of its time in terms of consumers’ interest in the environment and problematic in that most of the products represented by E+ were ENERGY STAR qualified, so customers experienced some brand confusion. The initiative gradually lost momentum and The Home Depot elected to focus their promotional efforts on ENERGY STAR. During that same time period, the retailer also led the market in both the sale and promotion of ENERGY STAR qualified products, thus earning the important distinction of ENERGY STAR Retail Partner of the Year in both 2006 and 2007.

With the environment gaining public attention and The Home Depot’s continued interest in differentiating itself from competitors, The Home Depot introduced a new proprietary environmental label called “Eco Options” in early 2007. Unlike E+, Eco Options is more comprehensive, covering several areas relating to environmental protection and crossing multiple product categories: Sustainable Forestry, Energy Efficiency (including ENERGY STAR), Healthy Home, Clean Air, and Water Conservation. As Teimeiko Fletcher, Environmental Marketing Manager for The Home Depot stated, “the Eco Options program now offers consumers a one-stop shop.” Eco Options was designed to access the growing green customer segment: “The Home Depot is in the unique position to offer 1 billion customers more options to improve their environment than perhaps any other retailer,” said Ron Jarvis, Vice President of Environmental Innovation at The Home Depot. “The introduction of Eco Options is further testament to The Home Depot’s commitment to sustainability and to help its customers choose ways to have less of an impact on the environment” (The Home Depot Introduces Eco Options Press Release).

To be included in Eco Options, a product “needs to be ENERGY STAR qualified, eco-friendly by definition—such as solar lights that use natural power, or meet certain environmental performance criteria verified by Scientific Certification Systems (SCS), an independent standards development and certification company” (The Home Depot Introduces Eco Options article). If substantiated, the product is recommended to The Home Depot for the label. The company makes the final decision on whether the product will be accepted into the Eco Options program (SCS, 2007).

Through Eco Options, The Home Depot focuses their efforts on providing accurate, informative product labeling of environmental marketing claims, eliminating unnecessary packaging, promoting recycling and encouraging the use of materials and products with recycled content, conserving natural resources by using energy and water wisely, and training employees to enhance the understanding of environmental issues and policies (The Home Depot web site, 2008). The Home Depot is actively promoting Eco Options in-store (with signs, brochures, and employee training) and ex-store (circulars and other advertising, online at homedepot.com/ecooptions, and through public relations efforts). In all of these channels, energy efficiency, including ENERGY STAR, continues to play an important role.

**Opportunities for energy efficiency.** Because more than eighty percent of The Home Depot’s product sales within the Eco Options brand are ENERGY STAR qualified, the launch of Eco Options has had a tremendous impact on the ways that The Home Depot is promoting energy
efficiency and the resulting opportunities for EEPS. In particular, The Home Depot has taken a significant step in identifying the best approaches to working with EEPS in recognition of their added value in promoting energy-efficient products. At the February 2008 ENERGY STAR Lighting Partner Meeting, The Home Depot presented their “Residential Utility Partnership Guidelines.” These guidelines are designed to help EEPS develop a successful partnership with The Home Depot in support of Eco Options and ENERGY STAR. In brief, the guidelines require each utility to sign a Partnership Agreement with The Home Depot prior to any disclosure of The Home Depot sales data and information. Once the agreement is signed, The Home Depot will provide the utility a store list to identify the retail locations in their service territory. The Home Depot also describes several incentive structures that they are willing to implement, including markdowns, instant rebate coupons, mail-in rebates, and sweepstakes/giveaways. For each option, The Home Depot has outlined the set-up process, delineating fine points such as advertising, in-store signage, press releases, education for consumers and associates, websites information, and bill stuffers. According to Teimeiko Fletcher, The Home Depot prefers markdowns and coupons when working with EEPS.

Although The Home Depot works with EEPS on product promotions focused on energy efficiency, their ongoing commitment to promoting the environment more broadly with Eco Options has implications for how The Home Depot works with their EEPS partners and for the messaging themes they incorporate: it can be expected that they will be more receptive to EEPS proposals that address the environment as part of their promotional activities and messaging. A good example of this is The Home Depot’s partnership with Georgia Power on the ENERGY STAR Change a Light, Change the World campaign. With the environmental themes inherent in Change a Light, The Home Depot was able to leverage the campaign to not only increase lighting sales, but to also promote their Eco Options program.

Best Buy

Environmental marketing initiatives. For the past decade, Best Buy has maintained an undercurrent of environmental activity predominantly focused on recycling, driven by their Director of Environmental Affairs. In fact, Best Buy has quietly become one of the largest recyclers of e-waste in the United States and was a founding member of the EPA’s “Plug-In to eCycling” program. Through that program, the company recycled over 17,000 tons of e-waste (appliances and electronics) in 2006.

Much of this activity was driven by their operational back-of-house business model: it was not until recently that the company leadership realized that consumers were becoming more concerned about the environment, according to Thad Carlson, Senior Domain Planner for Home Life at Best Buy. Based on consumer data that the company collected to support their “customer centric” planning, and influenced in part by a report they commissioned entitled “2007 Household Dynamics Research for the Appliance Business Project,” Best Buy determined that their customers were interested in hearing more about their environmental efforts as a company. The corporate effort to respond to this interest has been staged in small increments, including simple steps like changing their messaging from “free haul away” to “free recycling”—even though they had recycled product responsibly all along. The company has found that this type of green message resonates well with their customers. According to Best Buy spokesperson Kelly Groehler, Senior Manager of Corporate Public Relations, “Today, more than ever, consumers are looking for ways to reduce their own environmental footprint, and their heightened awareness
has only increased the positive impact of these programs through demand: over the past year alone, consumer demand has driven us to double the number of our recycling events, and the volume of cell phones recycled through our free in-store kiosks tripled. In total, through our combined programs, U.S. consumers recycled more than 30,000 tons of e-waste (appliances and consumer electronics) in fiscal 2007. We see energy efficiency as a good companion initiative to complement these on-going efforts."

Although their ENERGY STAR partnership began in 2003, Best Buy’s ENERGY STAR product and promotional activities experienced limited attention, predominantly centered on appliances. However, their recognition of the shift in consumer response to the environment caused them to become more engaged as an ENERGY STAR partner, and starting in 2007, the company’s participation grew exponentially. In fact, they very successfully leveraged the ENERGY STAR program and messaging to the extent that they won the 2008 ENERGY STAR Award for Excellence in Appliance Retailing. Their communications to customers about their activities has also become more environmentally focused. Best Buy’s Senior Director of Marketing Strategy and Communications has taken a new direction to assume responsibility for green marketing efforts, reaching across all of the company’s product lines. The development of this position is perhaps the best illustration of Best Buy’s determination to identify how they can best play in the green space, and this position has significantly increased the communication and advertising efforts for Best Buy’s ENERGY STAR support into other parts of the business, including office supply and electronics.

Several of Best Buy’s environmental outreach activities were in preparation for Earth Day 2008, and emphasized their strengths in recycling and energy efficiency with ENERGY STAR. On April 20, 2008, the company launched their Earth Day web pages and released a national Earth Day Sunday newspaper insert—all with prominent ENERGY STAR content and marks—and sent an email blast to 1.35 million customers on April 22, 2008 to encourage them to visit the green landing pages to get more information about their green efforts.

In the manufacturing arena, Best Buy has developed over 700 products under their private, exclusive brand labels, and plans to include the creation of a private label television that is energy efficient and complies with ENERGY STAR 3.0 specifications in advance of the specification’s effective date. In addition, Best Buy is planning a laptop that meets the Tier II ENERGY STAR requirements, which will take effect in July 2009. Both of these initiatives present opportunities for Best Buy to take a significant leadership role in driving the market for consumer electronics that meet ENERGY STAR requirements.

Opportunities for energy efficiency. As a leader in products that require electricity (e.g. electronics, office, and appliance products), and a company committed to both energy efficiency and the environment, Best Buy is an ideal candidate for EEPS partnership. The company’s interest in partnering with EEPS coupled with its new focus on ENERGY STAR electronics, offers strong opportunities for EEPS interested in developing electronics/office programs, especially with their production plans for private label televisions and laptops. The company prefers incentives involving rebates, and programs that include consumer education, recycling initiatives, store events, and marketing materials.

Best Buy is a good example of a company that needed the push of increased public concern for the environment to fully invest in energy efficiency promotions across their leading product categories, but having done so, promises to be a significant champion for energy efficiency and environmental protection.
Amazon.com

Environmental marketing initiatives. On April 8, 2008, Amazon launched AmazonGreen (amazon.com/green), a cross-category program on a dedicated series of web pages designed to educate consumers on the environment and help the average shopper find comparable products that save both money and the environment. As Amazon.com notes, “AmazonGreen is a team of Amazonians dedicated to presenting the greenest products available, sourcing new products and helping our customers better understand the myriad, and sometimes confusing, green standards in the marketplace today” (Amazon Green Store web site).

In the development of AmazonGreen, Amazon.com worked with EPA and ICF International to learn more about ENERGY STAR, and to gain insights on other third-party certifiers that had the level of credibility and customer awareness represented by ENERGY STAR. Amazon.com requested recommendations for select third-party labels to get started. They understand the perils of greenwashing and wanted to focus on their strengths—online marketing—rather than taking on the additional burden of identifying what products are environmentally friendly. In addition to ENERGY STAR, Amazon.com leveraged WaterSense, USDA Organic, ePEAT, and other labeling programs to identify and promote green products. For this discussion, Amazon.com is particularly important as a demonstration of how utilizing third-party certifiers like ENERGY STAR to promote energy efficiency can be beneficial in working with retailers.

Amazon.com supplemented their third-party green product identification process with an innovative viral process called “Your Green 3,” which is a list of products that customers have voted for as the best green products. Using a combination of outbound emails and online blogs, the space is fast becoming a destination for environmentally-savvy green purchasers to uncover Amazon.com’s entire green product selection as well as to nominate green products not currently in their assortment.

While Amazon.com is visibly displaying their green initiative with AmazonGreen, they are also taking environmental strides behind the scenes. For example, in an effort to reduce excess packaging, Amazon.com has created a software program that chooses the ‘right-sized’ box for items to be shipped to a customer based on its dimensions and weight. Furthermore, the packaging materials themselves are environmentally friendly, containing 43% recovered fiber content and are 100% recyclable for manufacturing other paper products.

Opportunities for energy efficiency. Amazon is embracing ENERGY STAR as a means to promote energy-efficient products and has expressed to the authors an interest in learning the best approaches to working with EEPS on promoting ENERGY STAR. Amazon.com’s wide array of products, including appliances, consumer electronics, office equipment, programmable thermostats, lighting, and more, coupled with the potential for regional customization and data collection make them an exciting prospect. While Amazon.com has indicated technical challenges and limitations to their ability to offer localized incentive programs on their site, EPA is exploring on-going promotional opportunities with them.

Success Strategies for Leveraging the Greening of Retail

To best take advantage of these and other retailers now actively engaged in the green space, it may be best to start with some basics. Although retailers have varying business models,
operating territories, and corporate structures which create unique challenges and opportunities for potential EEPS partners, some common characteristics among them exist:

- Few staff dedicated to energy efficiency
- Vendors are often tasked with planning, funding, and execution of energy efficiency programs on behalf of their retail clients
- National or regional programs take precedence over those offered by EEPS in a single service territory
- Business planning cycles can impede participation if EEPS programs are offered off-cycle

The new environmentally-conscious landscape and retailer response has added a dimension which may help EEPS overcome these challenges. Below are some success strategies culled from our case studies and experiences working with the above retailers and others, which relates to some of these obstacles and offer new opportunities for EEPS interaction with national retailers:

**Consider promoting new products.** The green movement has resulted in new retailers joining the usual suspects in promoting energy-efficient products, thus EEPS are going to see new emphasis on other products beyond the traditional CFLs and appliances as these new players bring their big-selling categories into the environmental spotlight. For example, Best Buy and Amazon are emphasizing office products and home electronics over appliances and lighting. Additionally, retailers who have been promoting CFLs and appliances with an emphasis on energy savings are now more interested in promoting the environmental benefits associated with these products. EEPS should pay attention to what products retailers are promoting to see if they can help reach kWh reduction goals more effectively. Wal-Mart is another strong example of the potential for new products, such as TVs, and air filters to help HVAC systems run more efficiently – which Scott mentioned specifically in his recent speech. While Wal-Mart is looking to new products to promote with energy-saving and environmental benefits, The Home Depot is associating Eco Options with products that traditionally were featured as predominantly money savers. Now the communication includes a multifaceted message—saving money, and helping to protect the environment. For example, a homedepot.com/ecooptions banner states, “Help save our planet while saving money. ENERGY STAR qualified products can help conserve energy and water and lower your utility bills” (The Home Depot Eco Options web site).

**Develop new seasons for promoting energy efficiency.** Now that energy efficiency is also “green,” more timeframes are available for EEPS promotions at retail, which could mean better alignment between energy efficiency program cycles and retail promotions. Fall winterization and summer cooling are no longer the only seasons to consider for energy efficiency messaging with its new environmental overlay, so EEPS should consider this broadened calendar in planning programs. In particular, Earth Day is an ever more relevant timeframe around which to build co-promotions. And as the greening of retail is still unfolding, additional seasonal opportunities to promote the environment may become apparent, such as America Recycles Day (November 15th) or Arbor Day (April 25th). Thinking creatively about days beyond Earth Day to incent retailers to engage in EEPS programs and their environmental benefits has significant potential.
Leverage the connection between energy efficiency and the environment. Given retailers’ new focus on the environment, now is the time more than ever to play up the environmental benefits of energy efficiency, particularly in terms of climate change. In fact, some studies indicate that environmental messaging is becoming more effective than energy-savings messaging as consumers become skeptical of the money savings resulting from their home improvement projects. Include the environment in the messaging developed for EEPS promotions in addition to energy and money savings. In the 2007 Energy Pulse study conducted by The Shelton Group, the top two reasons people participate in energy conserving activities are “to preserve the quality of life for future generations” and “to protect our environment and save natural resources” (Energy Pulse 2007). The prudent route is to include the environment in the messaging you develop. Integrating ENERGY STAR messaging also can help. For example, “Saving energy also helps the environment by reducing greenhouse gas emissions associated with global warming. In 2007 alone, with the help of ENERGY STAR, Americans saved enough energy to avoid greenhouse gas emissions equivalent to those from 27 million cars—all while saving $16 billion on their utility bills.” For most of our featured retailers, Earth Day is an important season for green product promotions; environmental messages are an inherent part of these promotions. Moreover, in many cases, EPA has provided messaging to these retailers, including environmental saving facts, to help substantiate environmental claims. To understand better how retailers are communicating environmental benefits with respect to energy-efficient products, EEPS may visit these web sites, which, in many cases, EPA and ICF have helped inform in partnership with the retailers they represent: amazon.com/green, homedepot.com/ecooptions and bestbuy.com/green.

Highlight third party certifications, such as ENERGY STAR. Retailers who are interested in marketing environmental products are increasingly sensitive to avoiding the appearance of green washing—that is, the act of misleading consumers regarding the environmental practices of a company or the environmental benefits of a product or service (Makower, 2007). As a result, third-party labels, particularly those that are proven and have customer recognition, are gaining favor. This has led to a new-found appreciation for what the ENERGY STAR label can offer, including customer awareness (73% unaided recognition in 2007) and credibility as a government-supported symbol. But most importantly, ENERGY STAR, unlike the generic term “energy efficient,” offers an environmental dimension that makes it a good fit for the greening of retail. Co-sponsored by the EPA, reducing global climate change is a central part of the ENERGY STAR message. And this, as previously demonstrated, is an important issue for consumers and thus retailers. A good example of this increased interest in credible, third-party labels are the following from our case studies:

- Wal-Mart is engaging in research on certification programs such as Eco Logo, sponsored by Terrachoice and Green Seal, among others. They are still determining the best course of action, but recognize the benefit of (1) not spending limited resources on the development of their own standards when standards development organization abound, and (2) relying on the credibility of an outside certifying body.
- The Home Depot is currently working with Green Cross, sponsored by Scientific Certification Systems and featuring ENERGY STAR.
- Best Buy and Amazon came to the EPA with an interest in ENERGY STAR providing support for educational content and environmental claims that both wanted to promote for
Earth Day 2008. Amazon also inquired from EPA the existence of programs similar to ENERGY STAR for recycling and if USDA Certified Organic had resources to help them with messaging, as EPA had done.

EPA is working with these retailers to leverage ENERGY STAR for their environmental marketing initiatives and actively supports EEPS who are also interested in exploring this opportunity.

**Access environmental contacts to supplement existing local contacts.** Now that energy efficiency is not only a way to sell energy-saving products but environmentally friendly ones as well, retailers are expanding their staffing resources to address these opportunities. More retail staff might be interested in adopting EEPS programs as well as potential access to additional financial resources. Generally speaking, the environmental marketing contact usually fills a hybrid position between corporate communications and marketing. To find this contact, particularly within a company that has an established environmental marketing program, EEPS can ask if the organization has an environmental or sustainability manager. For example, Wal-Mart has created a position to manage their sustainability efforts—the Senior Director for Corporate Strategy and Sustainability—and has identified individuals to head each of their environmental working groups, called Sustainable Product Networks (SPNs). For EEPS interested in promoting electronics at Wal-Mart, their electronics SPN lead would be the person to contact. For products like CFLs that don’t have a representative SPN, the lighting buyer is the best contact as Wal-Mart is still a merchant-driven company. Each of the other retailers included in our case studies has a similar framework with national, regional, and local leadership, and the EPA is interested in helping to broker partnerships.

**Understand the retailer’s environmental marketing interests.** EEPS can gain valuable program design insights by investigating a retailer’s green marketing plans. EEPS may also want to consider vetting program ideas with retail partner candidates to build a program with immediate buy-in. Conduct early discussions with retailers and/or becoming familiar with their past environmental and energy-efficiency marketing activities will go a long way in supporting the development of a successful program. The complexity of program administration and implementation remains the challenge—structuring the incentive and evaluation process effectively. Familiarity with retailers’ environmental marketing programs certainly won’t remove these necessary negotiations, but it will provide insights that will in turn yield more opportunities for successful program implementation. The key is for EEPS to discover and leverage these new intersections between retailers’ promotional interests and EEPS program goals. EPA seeks to facilitate such connections among ENERGY STAR partners in promoting energy efficiency and its environmental benefits, including researching and disseminating strategies that will help EEPS deliver energy efficiency programs that retailers can embrace. EPA has noted increasing efforts on the part of many EEPS partners, notably NYSERDA, PG&E, and Duke Energy among others, to work with industry on designing energy efficiency programs that retailers can implement with a minimum of costly and resource-intensive changes to their existing business processes and infrastructure.

**Manufacturers are playing in the green space, too.** Manufacturers work on programs with their retail clients on an ongoing basis and thus finding ways to work with them throughout the
year may expedite effective co-promotions with retailers. What is now also true is that many manufacturers, like retailers, want to promote green products or, at least, associate themselves with good environmental practices. GE’s Eco Imagination initiative is just one example of this. Working with manufacturers is generally a well-advised approach to selling in EEPS programs to retailers, but now manufacturers will also be enticed by the environmental benefits associated with EEPS programs. Wal-Mart’s ongoing collaboration with GE’s Eco-Imagination represents an important public relations campaign for them. GE has carefully integrated the Eco-Imagination platform into lighting promotions with Wal-Mart and acts as the facilitator for partnerships with EEPS, including negotiating incentives via buy downs while maintaining Wal-Mart’s EDLP mandate.

Green at retail may enhance your localized cause. If an EEPS service territory is small, it is often difficult for a national mass retailer to justify the time and expense to coordinate with that EEPS on a promotion. If consolidating individual efforts with other EEPS groups is not an option, EEPS may consider working with a retailer on a pilot program. Some regional and franchise-based retailers new to the green space are opting for pilot programs to launch with EEPS. These pilots offer a terrific opportunity for EEPS to pitch a program to a retailer and in doing so help the retailer advance their own environmental marketing plans. Even though the case study retailers are well on their way to national environmental marketing strategies, local pilots may represent a welcomed opportunity for them to test certain elements of their nascent programs.

Leverage green to tie into national programs. Environmental marketing trends also unveil numerous national initiatives promoting environmental causes that should be explored as opportunities for EEPS to engage in and further address some of the barriers of retail entry. Retailers report to the authors that they are challenged by the targeted geographic areas represented by utility service territories and other EEPS program boundaries. When regionally- or even nationally-consistent program platforms are deployed, it becomes easier for retailers to participate. ENERGY STAR offers an example of a national program in its Change a Light, Change the World—now the “Change the World, Start with ENERGY STAR” campaign. EEPS who participate in this campaign for lighting and now additional ENERGY STAR products, are in effect collaborating with other EEPS to form a broader territory more enticing to a retailer—for example, many of the retailers featured in this paper are participating in the Change the World, Start with ENERGY STAR campaign and would welcome partnerships with EEPS interested in supporting this initiative. Other national campaigns similar to ENERGY STAR exist, such as Climate Savers Computing Initiative, or even Al Gore’s “We” campaign (wecansolveit.org). Look for these opportunities as a turn-key way to collaborate across service territories to create a more powerful lever for retailer engagement.

Conclusion

Growing consumer concern about the environment has led many retailers to initiate green marketing efforts. These green marketing efforts present a distinct opportunity for EEPS to sell-in their energy efficient product marketing programs to retailers, particularly those that feature national platforms, including ENERGY STAR. Although the energy efficiency community has yet to see how these current trends will evolve over time, we can be assured that energy
efficiency will continue to play an important role in retailer environmental marketing programs. Furthermore, EEPS should continue to look for opportunities to leverage established programs with strong messaging platforms for retailers marketing energy efficiency since they provide important strategic elements for environmental marketing—awareness and credibility.

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