

What green can mean for a retailer's image

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Retailers are facing multiple challenges in light of today's tightening economy. Energy costs are skyrocketing, with commercial electricity prices rising more than 80 percent since 2000. Even so, today's rates don't fully reflect the recent cost increases for the underlying commodities (primarily coal and natural gas). Soon enough, however, utilities will have to pass on the cost burden to energy consumers — and with nearly 900,000 locations, U.S. chain retail stores are among the largest commercial consumers of electrical power.

Despite the economy, sustainability is still taking center stage in the retail industry — and it can be difficult to discern which initiatives lead to real sustainability and which are simply “greenwashing.” Consumers are demanding greener products and facilities, and investors are requiring corporations to document and report their carbon emissions — leading many retailers to highlight their green initiatives very publicly. At the same time, companies are hesitant to make green investments that take five years or longer to pay back — assuming they pay back at all.

For nearly all retailers, therefore, the most significant “low hanging fruit” for reducing energy costs across existing locations involves implementation of an enterprise-wide energy management system (EMS). The level of capital investment is relatively low, and payback for the best systems occurs in 18 to 24 months. Even better, these savings aren't achieved at the expense of customer comfort — rather, enterprise-wide EMS will ensure your corporate standards are maintained across your chain.

While many retailers have started to understand the significance of EMS in saving on store-level energy costs and reducing their carbon footprint, many retailers often overlook the importance of communicating sustainability efforts to their customers in order to maximize the value of their energy management program. A sustained communication effort can reap significant on-going and incremental benefits year after year — both externally and internally.

External: Green Branding

Today's consumers want to know that the corporations they do business with operate in an environmentally friendly manner — and they are rewarding sustainability with their pocketbooks. Forty-six percent of consumers say they would shop at a retailer more if it was environmentally friendly, while 47 percent say they would pay more for environmentally friendly services, products or brands.

Many retailers report that their purchased utilities (electricity and gas) account for 85 percent of their total carbon footprint. With EMS implementations, a retailer can deliver chain-wide energy reductions of 20 percent or more, and the company carbon footprint reduction can easily exceed 17 percent. For companies making investments in purchasing alternative energy (often at much higher prices than conventional sources), energy management can have a greater impact on emission reduction. Additionally, energy efficiency provides “green power” with none of the other downsides of wind or solar, such as reliability issues, transmission requirements, community aesthetics and higher costs.

Given the substantial environmental impact of energy management, combined with the high degree of consumer interest, leading retailers are actively publicizing their energy management initiatives. Public relation strategies include in-store signage, customer newsletters, press releases, case studies, mentions within the sustainability section of the corporate Web page, and even a paragraph in the annual report. The branding benefits can be substantial, while the incremental investment is extremely low since the project has been funded through predictable, dependable cost savings.

Internal: Employee Communication

Studies show that employees prefer to work for companies that are environmentally conscious. This is particularly true with younger workers, who comprise a large percentage of the retail workforce. Regularly publicizing the environmental impact of energy management efforts can positively impact how employees feel about working for your company, enhancing retention.

For example, a retailer could spotlight energy reduction initiatives in internal employee newsletters, comparing the savings to equivalent number of trees planted or cars removed from the road. Additionally, if employees believe that their company truly cares about sustainability, they are more likely to exhibit sustainable behaviors on the job, further enhancing the impact on the retailer's carbon footprint and bottom line.

Retailers can also use their EMS management dashboards to create friendly competition between districts or regions. Leading retailers regularly distribute energy use figures by region, encouraging regional managers to leverage the above-site EMS capabilities to effectively control costs across their stores. Reporting each region's performance versus its peers (and having those results seen by executive management) can be a powerful tool for change. Case studies can also be published in company news letters that highlight a new lesson learned, best practices or do's and don'ts from the company's own experiences.

It's clear that the benefits of implementing green initiatives are far reaching, including improved brand image with your customers and employees alike. And with energy management technology, all these benefits can be enjoyed while boosting your bottom line almost immediately, unlike many other green initiatives today.

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