



ENERGY STAR[®] RESOURCE-EFFICIENT CLOTHES WASHERS

MARKET PROGRESS EVALUATION REPORT #4

Final Report

Prepared For:

The Northwest Energy Efficiency Alliance

Prepared By:

Dave Hewitt
Jeff Pratt
Gary Smith

Pacific Energy Associates, Inc.

1920 Mulberry Avenue
Portland, Oregon 97214
(503) 233-6543

November 2000

ACKNOWLEDGMENTS

This report was prepared by Pacific Energy Associates, Inc. (PEA) under contract to the Northwest Energy Efficiency Alliance. The development of the contents of this report would not have been possible without the interest and assistance of Lisa Rehbach and other staff of Portland Energy Conservation, Inc., Tom Eckman of the Northwest Power Planning Council, and Andrew DeLaski of the Appliance Standards Awareness Project. We wish to thank them for their efforts and the assistance provided. We would also like to thank Marci Sanders and Ben Bronfman of the Alliance for providing project insight and guidance.

The views and opinions of the authors expressed herein do not necessarily reflect those of the Northwest Energy Efficiency Alliance, its board, its members, or its staff.

Table of Contents

Executive Summary	I
Program and Market Status.....	I
Analysis of Marketing Efforts.....	III
Conclusions.....	VI
1. Introduction and Background	1
Introduction.....	1
Background.....	1
2. Program and Market Status.....	3
ENERGY STAR® Clothes Washer Sales.....	3
Market Share.....	4
Regional Comparative Market Share Data	4
National Comparative Market Share Data.....	6
Retailer Participation	7
Product Brand Market Share.....	8
Price	9
Summary.....	10
3. Appliance Retailers	13
Introduction.....	13
Program Marketing Elements	13
Retailer Support.....	13
Consumer Marketing.....	15
Marketing Budget	16
Analysis of Marketing Impact on Sales	18
Summary	21
Retailer Survey.....	21
Manufacturer Support	22
ENERGY STAR® Brand	23
Perceived Value of the Regional ENERGY STAR® Marketing Components.....	24
Other Marketing Support	25
Summary	26



Table of Contents

4. Federal Standards	27
Federal Appliance Standards Update	27
Details of the Agreement	27
Impact.....	29
FTC’s Energy Label Changes	30
5. Energy Savings Analysis Update	33
Background	33
Updated Program Savings Analysis (1999)	33
Recommendations for Updating Program Savings Analysis (2000) ..	34
6. Conclusions and Recommendations	37
Recommendations for Future Program Design Options	38

Appendices

- Appendix A: Cost-Effectiveness Summary for *ENERGY STAR®*
Resource Efficient Clothes Washers
- Appendix B: Survey Document – High-Volume Retailer
Interview



Executive Summary

This fourth *Market Progress Evaluation Report* (MPER) reviews the status of the regional *ENERGY STAR*[®] *Resource-Efficient Clothes Washer Program* (ESCW Program), funded by the Northwest Energy Efficiency Alliance (the Alliance), and its influence on the market. This program started as the *WashWise* program in 1997, and has evolved considerably over the past three years. Initially, the program was primarily a consumer rebate-driven program, with refunds of \$130. As it achieved initial success, and the costs grew, consumer rebates were first reduced, and then eliminated. Since November of 1998, the program has relied on consumer marketing and retailer support to maintain sales of *ENERGY STAR*[®] clothes washers. Earlier in 2000, the program expanded to include other *ENERGY STAR*[®] home appliances.

For this report, the primary emphasis is on reviewing the effectiveness of the marketing efforts over the last eighteen months, as well as generally updating the status of the program and the market.

However, from a market transformation perspective, the biggest news is that appliance manufacturers and environmental/energy-efficiency advocates have agreed to a negotiated settlement regarding future clothes washer standards. Standards will be increased beginning in 2004, with a second step in 2007 that will require efficiency levels similar to the current ESCWs for all clothes washers. The negotiated settlement resolves a potentially problematic political process, and is nearly certain to be fully supported in the standard-setting process. Not all parties in the Northwest are satisfied with the results of the negotiated settlement, due to the lack of an explicit water-efficiency standard. However, the settlement represents a major step in increasing the energy efficiency of clothes washers, and the Alliance has played a significant role, both in establishing the early market for resource-efficient clothes washers, and in providing data and policy support to the standards-setting process.

Program and Market Status

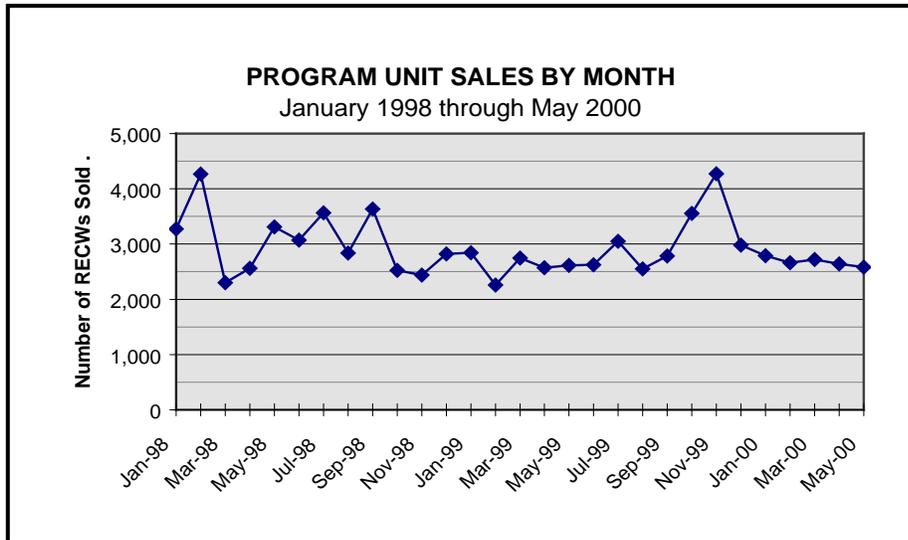
To determine program and market status, Pacific Energy Associates, Inc. (PEA) reviewed the program database, as well as nationally available information.



Executive Summary

The information indicates that despite the elimination of consumer rebates from the program, sales have continued at strong levels. Over 100,000 qualifying clothes washers have been sold in the region since the program began. *Figure ES-1* shows sales per month since January 1998.

Figure ES - 1



Spikes in March 1998, October 1998, and November 1999, are associated with aggressive marketing of rebates, representing the end of \$130 rebates, the end of \$75 rebates, and a short-term \$200 rebate in the Seattle area respectively. The effects of changes

to the program incentive structure can be clearly seen in March 1998, and October 1998, the months immediately following the lowering or elimination of consumer rebates. Even without rebates, sales are consistently between 2,500 and 3,000 ESCWs per month.

Overall market share of ESCWs in 1999 (adjusted for under-reporting of sales) was 12.9%, effectively the same as 1998, when rebates were available for nearly all of the year. For the first five months of 2000, market share shows a slight drop to 11.8%, but PEA expects it to increase somewhat after the fall marketing campaign.

Also, for the first time, the data indicate that the average retail price of ESCWs dropped substantially. Average prices have been reduced by about \$100 since January 1998. This was caused by market share shifts to less expensive ESCWs, price point drops in some models, and the entry of new products.



Because of a desire to control their marketing approach, some large national chains have elected to limit their participation in the regional program (although they are still active in national ESCW program efforts). Data from the national chains indicate that these retailers have also benefited from the program in the Northwest, as all of the Northwest states ranked in the national top ten in sales of ESCWs. Almost all of the other retailers in the Northwest continue to work with the program and promote the ESCW technology.

Analysis of Marketing Efforts

PEA focused on three mechanisms to gather information regarding the program's marketing effort. First, were extensive discussions with program and Alliance staff, and a review of the venture's documentation. Second, PEA analyzed detailed sales data available from the independently owned retailers in the Northwest. Third, PEA interviewed twenty of the most active Northwest retailers (in terms of reported program sales) to get their impressions of the value of the marketing effort. The most active retailers are not necessarily representative of all retailers, but were selected because of their intimate knowledge of the ESCW Program and their demonstrated interests in the high-efficiency aspects of the clothes washer market.

Program marketing efforts were separated into two primary types of activities. The first was retailer support, which tended to be consistent over time and was designed to keep retailers and sales personnel interested and motivated to sell ESCWs. The second was marketing directly to consumers, which was designed to increase consumer awareness of ESCWs, as well as to assist sales. Due to budget constraints, most of the consumer marketing activities were concentrated in the fall of 1999.

PEA documented an overall 13% increase in sales volume during the fall consumer marketing campaign. During the central eight weeks of the marketing effort, sales increased by 28%. (Neither of these figures includes a very successful weekend promotion in the Seattle area, *Tumble Rumble*, which sold hundreds of additional ESCWs, partially due to very attractive rebates and pricing.¹) *Table ES-1*, below, shows how the

¹ Seattle City Light also developed and implemented a separate, but overlapping promotional event at the Convention Center.

Executive Summary

marketing effort influenced weekly sales for several different patterns of analysis, compared to a baseline sixteen-week period prior to the marketing. The center eight-week period is when the *Grimiest Soccer Team* (GST) was fully operational. The fall campaign did not appear to have any noticeable long-term effect, as sales of ESCWs after the marketing period returned to previous levels.

Table ES - 1

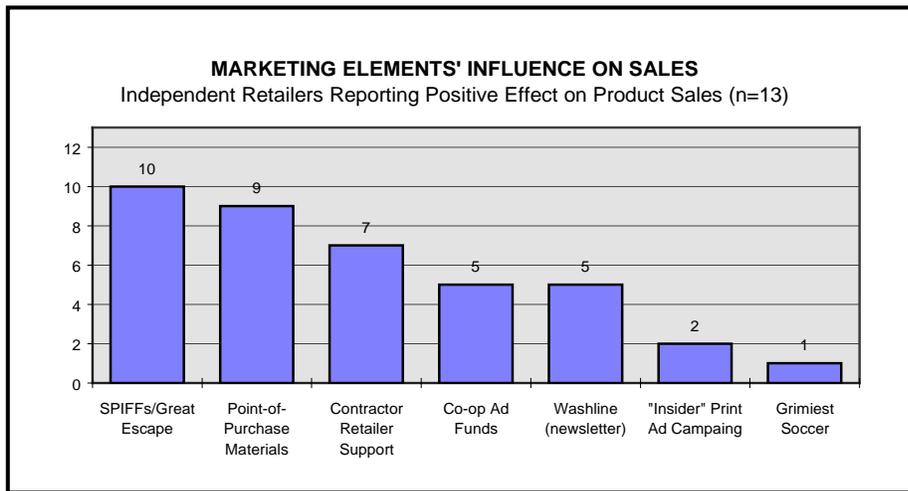
SALES WITHIN THE MARKETING PERIODS			
Analysis pattern	ESCWs Sold per Week	Number of Additional Sales per Week	Percent Above Baseline
BASELINE 16 WEEK PERIOD	366	NA	NA
16 WEEK MARKETING PERIOD WITH <i>TUMBLE RUMBLE</i>	462	96	26%
16 WEEK MARKETING PERIOD WITHOUT <i>TUMBLE RUMBLE</i>	413	47	13%
8 WEEK GST MARKETING PERIOD WITH <i>TUMBLE RUMBLE</i>	552	186	51%
8 WEEK GST MARKETING PERIOD WITHOUT <i>TUMBLE RUMBLE</i>	468	102	28%
ESTIMATED IMPACT OF <i>TUMBLE RUMBLE</i> (2 WEEK IMPACT)	NA (Washington Only)	338 (Washington only)	92%
POST-MARKETING PERIOD – 16 WEEKS	356	(10)	(3%)

Based on PEA’s interviews, the top selling retailers are optimistic about the market for ESCWs, and appreciate the effort made by the ESCW Program to provide marketing support. Of the various marketing-related program components, these retailers believe that the \$10 salesperson incentive (spiff) and point-of-purchase materials contribute the most to selling more ESCWs. (*Figure ES-2*, below, shows the retailer ranking of the various marketing components of the program.) Continued support

from utility rebate programs and the Oregon Tax Credit were also important in supporting sales, but do not affect most retailers.

Support from manufacturers was judged to be very good by the retailers; however, *ENERGY STAR*[®] brand recognition does not appear to be a significant driver in the market yet. Despite weak consumer recognition of *ENERGY STAR*[®], these top-selling retailers see value in the branding, and would continue marketing *ENERGY STAR*[®] as a way to differentiate products. Retailers continue to be optimistic about the future of the ESCW market, expecting that ESCWs will have half of the share within five years.

Figure ES - 2



Expanding the program to cover all *ENERGY STAR*[®] appliances has been a useful change. While the key marketing elements reviewed in this report were almost exclusively targeted to clothes washers, retailers expressed their strong support for the expanded

program.

Overall, PEA believes that the program contractor, Portland Energy Conservation, Inc. (PECI), has done an outstanding job of crafting an effective marketing campaign on a modest budget. They have demonstrated creativity in their approach to marketing and, most importantly, have maintained an effective line of communication and a solid relationship with retailers.

PEA believes that the spiff program (\$10 salesperson incentive), supported by the *Great Escape Sweepstakes*, is the most important and successful element of the marketing effort. The relationship established by this

Executive Summary

approach has kept sales personnel focused on promoting ESCWs, and has a direct impact on short-term results. Related to the success of the spiff effort is the continued support for POP materials and the ability to support retailers through personal communications and service.

The ESCW Program expanded in 2000 to include additional *ENERGY STAR*[®] appliances. This change was well received by retailers, and the success and relationships developed during the ESCW Program provide an excellent stepping-stone for further forays into the appliance market. The ESCW Program established credibility with retailers and sales people, as well as increased familiarity with *ENERGY STAR*[®] and appliance energy efficiency in general. These factors, resulting from participation in the ESCW Program, facilitated retailers' willingness to promote other *ENERGY STAR*[®]-labeled products. If the Alliance decides to continue with a multi-appliance program in the future, PEA has provided some lessons learned from this marketing effort in the final section of the report.

Conclusions

The ESCW Program has effectively made the transition from rebates to marketing. Market share is nearly flat from 1998 through 1999, and into 2000, and the data indicate that marketing has had a positive influence on sales. Retailers continue to be supportive of the technology and marketing program.

With the negotiated settlement regarding future clothes washer standards, the Alliance has shown success both in the appliance market and in increasing government standards, the two forums identified as targets for success in the initial program planning. The Alliance clothes washer program has become a textbook case of how to transform a market effectively, due to the development of a successful overall strategy and strong implementation.



1. Introduction and Background

Introduction

This report is the fourth in a series of *Market Progress Evaluation Reports* (MPERs) produced by Pacific Energy Associates, Inc. (PEA). The overall purpose of the MPERs is to document the progress of the *WashWise/ENERGY STAR® Resource Efficient Clothes Washer Program*. The program was designed as a market transformation venture by the Northwest Energy Efficiency Alliance (the Alliance). As such, these MPERs have been concerned with documenting its impact on the market, including manufacturers, retailers, and consumers, and with charting the program's progress towards a new Federal Appliance Standard for clothes washers.

For this report, the primary emphasis is on reviewing the effectiveness of the marketing efforts over the last eighteen months. Other key elements include updating the status of the program and its market impacts, and updating progress on the Federal Appliance Standards. This MPER is organized into six sections. *Section 1* provides a brief introduction and background, *Section 2* discusses the program status and market, *Section 3* is an analysis of the marketing efforts and their effectiveness, *Section 4* discusses the Federal Standards status and other government actions, *Section 5* suggests some changes to the energy savings analysis, and *Section 6* provides PEA's conclusions and recommendations.

Background

The original *WashWise* program was comprised of two major elements – cash incentives and a marketing/promotional campaign. There were two incentive elements to *WashWise*. A direct consumer rebate was available to purchasers in the form of a \$130 instant, in-store discount off the retail purchase price of qualifying *WashWise* Resource-Efficient Clothes Washers (RECWs). Additionally, the retailers received \$20 per qualifying RECW sold. The *WashWise* marketing and promotional elements primarily focused on: 1) educating consumers regarding the financial and other benefits of RECWs; 2) creating an awareness of the incentive element of the *WashWise* program; and 3) informing, training, and motivating appliance retailers.

1. Introduction and Background

Based on strong consumer response to the original program offering and the realities of budget constraints, the design of the *WashWise* program and plans for its future were refined in December 1997. Primarily, the refinements focused on reducing the original program incentives from \$130 and \$20 to the consumer and the retailer respectively, to \$75 to the consumer and \$10 to the retailer. March 1, 1998, was set as the changeover date to the new incentives. This first *WashWise* program modification and transition was reviewed and discussed in MPER #2.

Additionally, based on consumer response projections and Alliance budget allocation decisions, plans were made to phase out consumer incentives completely and transition to an *ENERGY STAR*[®] program and marketing platform in the fall of 1998. In accordance to the plan, consumer rebates were completely eliminated at the end of September 1998. Ten dollar (\$10) “spiffs” (rebates to salespeople for each product sold) were implemented to motivate sales personnel to continue to promote RECW products and to provide a mechanism to track product sales data in the absence of rebate-generated information. The program identity was changed from *WashWise* to the *ENERGY STAR*[®] *Resource-Efficient Clothes Washer Program*, and the program-marketing platform and materials were redesigned and repositioned to emphasize *ENERGY STAR*[®]. MPER #3, completed in April 1999, examined and discussed this second program transition.

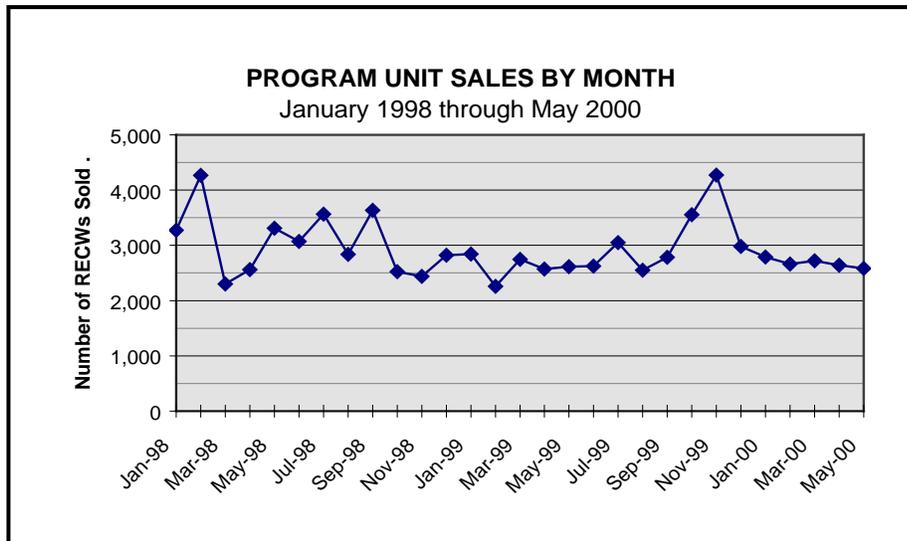
Since that time, the venture has continued with these strategies while expanding the marketing messages and retailer support to include other *ENERGY STAR*[®] appliances.

2. Program and Market Status

ENERGY STAR® Clothes Washer Sales

As of the end of June, over 100,000 ENERGY STAR® Clothes Washers (ESCWs; formerly known as resource efficient clothes washers – RECWs) have been sold in the Northwest region since the program's inception. Figure 1, below, shows the monthly sales of ESCWs through the WashWise/ENERGY STAR® program from January 1998 through May of 2000. The total ESCW sales in the program area were estimated to be 37,100 in 1998 and 34,855 in 1999.

Figure 1



The three most prominent peaks in sales are driven by rebates.² The effects of changes to the program incentive structure can be clearly seen in March 1998, and October 1998, the months immediately following the lowering or elimination of consumer rebates. In MPER

#3, PEA suggested that an important story lies in these periods following each of those dips in sales. Each time, following the drop-off in sales due to incentive reduction/elimination, sales of ESCW appeared to stabilize and regain momentum. PEA believed at the time (and continues to believe) that this ability to regain market momentum is a clear indication of consumer acceptance and lasting market change.

² While the peak in November of 1999 occurred after the program rebates ended, the increased sales resulted from special events using large rebates.

2. Program and Market Status

Market Share

Regional Comparative Market Share Data

In 1999, the regional ESCW Program sold 14,522 ESCWs through large chains, and 20,333 washers were tracked through return of spiff data. AHAM (Association of Home Appliance Manufacturers) data indicate that total clothes washer sales for the region were 303,300. Two adjustments were made to this data to better represent the program's influence on the market in terms ESCW market share.

The spiff returns are likely to be undercounted due to turnover in sales personnel, management changes that disrupt sales processes at the retail level (e.g., the purchase of retail outlets by other owners), misplacement of data at the retail stores, and very small or new retailers who do not participate in the program. PEA, working with Portland Energy Conservation, Inc. (PECI), estimates that 90% of the qualified ESCWs sold by independent dealers in the region are reported to the program contractor. Thus, PEA believes that at least 22,592 ESCWs were actually sold through the independent retailers, resulting in total regional sales of 37,144 for 1999.

In addition, Circuit City did not participate in the regional program, and provided no data to it. (Their reluctance to participate in the program followed their objection to the use of "instant" rebates rather than mail-in rebates in the early days of the program, and their desire to provide their own marketing and training.) Circuit City is a national *ENERGY STAR*[®] retailer, however, and included ESCWs as part of their mix of appliances with some success. To better estimate the overall results of the program, PEA deleted the clothes washer sales of Circuit City from our estimate of total regional sales. (Circuit City accounted for 5% of appliance sales nationally before discontinuing this portion of their business [see page 8].)

Similar adjustments were made to the data for the first five months of 2000. AHAM total sales for 2000 are not available, but sales are expected to increase only slightly in 2000, after several years of strong growth. In this estimate, PEA simply extended the 1999 total sales rate.

Table 1 below shows these corrections and our estimates of ESCW sales in the region for 1999 and 2000.

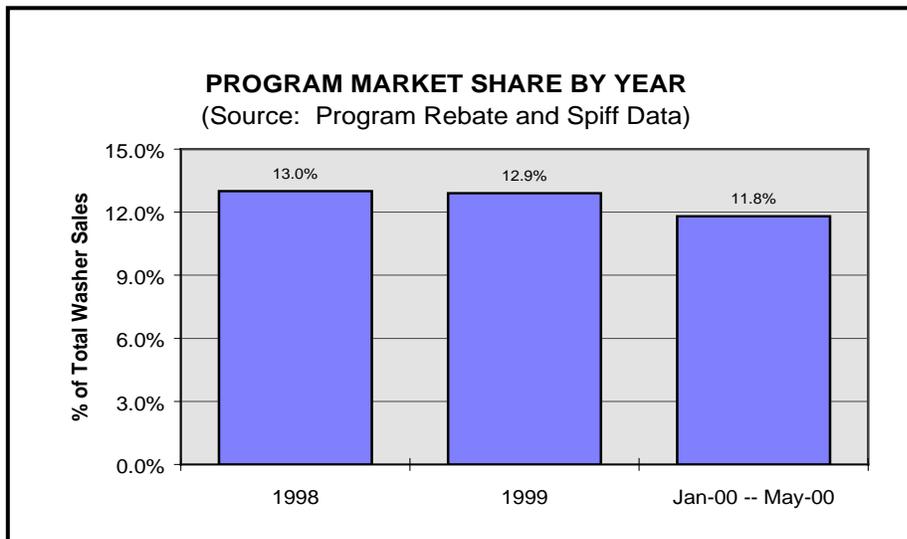
2. Program and Market Status

Table 1

ADJUSTMENTS TO SALES DATA						
Period & Type	Original Sales Data	Original Market Share	Under-counted Spiffs	Circuit City CW Sales	Adjusted Sales Totals	Adjusted Market Share
1999 ESCW	34,855	11.5%	2,259		37,114	12.9%
1999 TOTAL CW SALES	302,300			(15,100)	287,200	
JAN-MAY ESCW SALES	13,397	10.6%	782		14,179	11.8%
JAN-MAY 2000 TOTAL CW SALES	126,000			(6,300)	119,700	

Figure 2 shows the overall picture of ESCW market share from January 1998 through May 2000.

Figure 2



Market share held steady in 1999 at 12.9%, despite the absence of consumer rebates. (The impact of the fall 1999 marketing and promotional efforts is discussed in detail in *Section 3, Analysis of Marketing Efforts.*) While sales so far for 2000 appear down somewhat, at 11.8%, note that ESCWs

sales estimates for 2000 may increase over time, as some spiff returns will continue to trickle in, and the ESCW contractor has not begun their fall sales campaign. Sales will likely reach 13% for 2000.

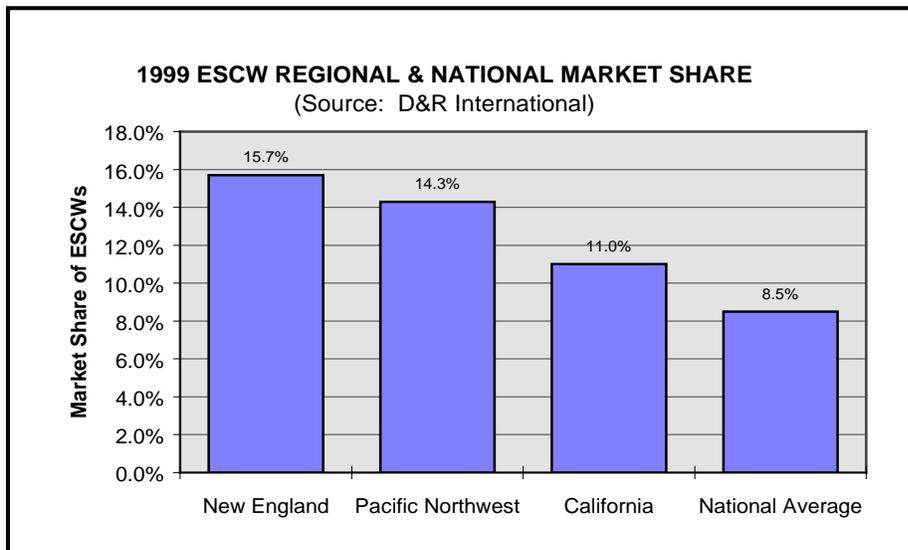
2. Program and Market Status

National Comparative Market Share Data

D&R International, a contractor to EPA/DOE for the *ENERGY STAR*[®] Program, has assembled data from national *ENERGY STAR*[®] retail partners. This data is primarily from the large national chains such as Sears, Circuit City and Montgomery Wards.

Figure 3 below provides some key data from the national report for 1999.

Figure 3



As expected, overall the Northwest did quite well, with each of the four Northwestern states being in the top ten in the country in terms of market share of ESCWs. The Northwest area did fall behind New England; but New England utilities continued to offer rebates (typically \$75) for ESCWs

throughout 1999, as well as supporting an aggressive marketing campaign that included television advertising. The results do show that the Northwest is selling ESCWs at nearly twice the overall national rate, while many states without programs have sales of ESCWs in the 4% to 6% range.

National chain results from D&R International indicate ESCW sales in the Northwest for 1999 that were slightly higher than data assembled at the regional level (14.3% for the national chain data for the Northwest versus 12.9% for the regionally-developed data). D&R uses adjusted 1998 AHAM data to represent clothes washer sales for 1999. However, the most recent AHAM figures indicate that clothes washer sales increased more rapidly than expected in the Northwest, going from 287,000 in 1998 to 302,300 in 1999, a 5% increase. Using the most recent AHAM

2. Program and Market Status

information would likely result in very similar market share estimates from the two datasets.

In general, the national chain data from D&R and the regional data support each other, resulting in an overall market share estimate for ESCWs in the Northwest of 13% for 1999.

Retailer Participation

During the transition from rebates to spiffs, Portland Energy Conservation, Inc. (PECI), the program contractor, implemented an enhanced communication and enrollment strategy to ensure that strong retailer participation in the program continued. *Figure 4*, below, compares the number of retailers participating prior to the transition with the number of retailers participating after the transition, as well as presenting the most recent retailer participation data.

Figure 4

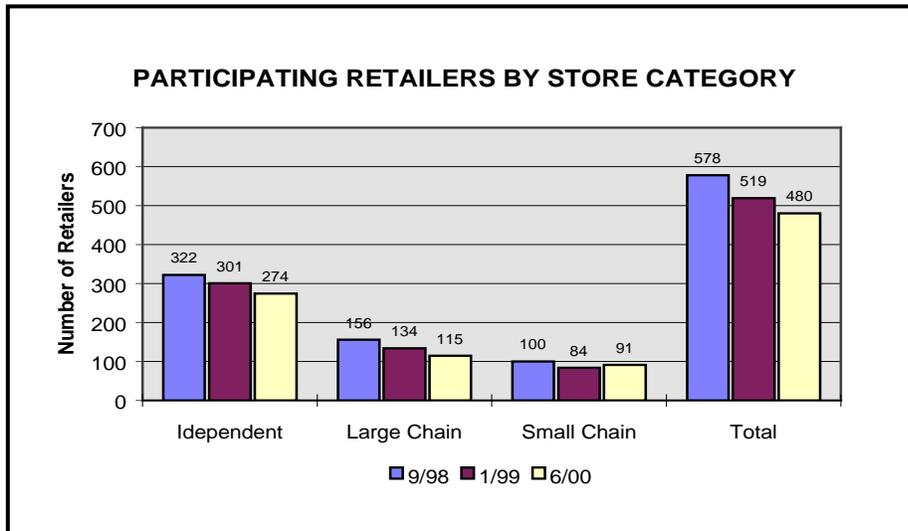


Figure 4 indicates that while retailer participation remains very strong, the number of retailers participating in the program is dropping. Industry changes are responsible for most of the decline. Several small independent retailers closed, while some larger independents moved to the small

chain category. Montgomery Ward's closed several stores in the region and Future Shop, a multinational chain, went out of business in the United States. Circuit City, another prominent national chain elected not to participate in the program as part of a corporate decision to get out of the appliance business (*see box below*).

2. Program and Market Status

CHICAGO (Reuters) - Sears, Roebuck and Co. (S.N), already the nation's top seller of major household appliances, said on Tuesday it looks to snare all of rival Circuit City's (CC.N) appliance market share following that company's plans to exit the business.

"Circuit City has about 5 points of market share," Tina Settecase, vice president and general merchandise manager for Sears U.S. appliance business. "We're hoping that means we can pick up all of that share."

Sears is the dominant U.S. retailer of refrigerators, ranges, dishwashers and washing machines, with a market share of 35 percent calculated on a 12-month basis. In the first quarter, Sears appliance share rose to nearly 38 percent, the company said.

Earlier on Tuesday, Circuit City said it would reposition itself exclusively as an electronics and home office retailer and would stop selling appliances, putting about \$1.5 billion in appliance sales up for grabs.

"It very clearly means there is a source for Sears' same-store sales growth next year," Tom Tashjian, retail industry analyst for Banc of America Securities, said. "They (Sears) will pick up a part of this."

Lowe's Cos Inc. (LOW.N) and Best Buy Co. Inc. (BBY.N) are the next largest appliance sellers behind Sears and Circuit City, and home improvement company Home Depot (HD.N) has plans to roll out appliances to all of its some 1,000 stores by the end of the year.

Another analyst said Circuit City's exit from the business would give home improvement retailers more clout with vendors and represents a chance for Lowe's and Home Depot to grow their appliance businesses.

"The demise of this competitor creates an excellent opportunity for the home centers to gain market share, in our opinion," Dan Wewer, retail analyst with Deutsche Banc Alex. Brown, wrote in a research note. "This is supported by our belief that Lowe's and Home Depot's appliance sales remain strong."

Despite the long-term optimism, both Sears' Settecase and Wewer cautioned that near-term appliance sales at all retailers could be hit as Circuit City lowers prices to liquidate inventory. – July 27, 2000

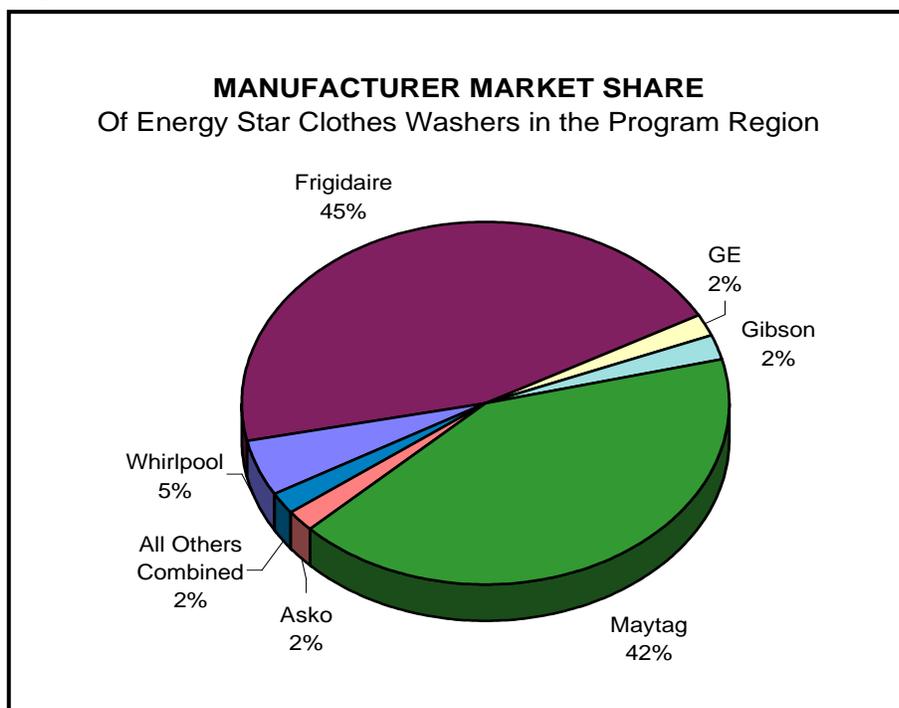
Product Brand Market Share

ESCW sales by brand type are shown in *Figure 5*. The percentages of sales by the various brands for the current reporting period is similar to the percentages reported in earlier MPERs. However, sales of the Frigidaire

2. Program and Market Status

product have increased and appear to be gaining market share at the expense of Maytag products. Whirlpool's product sales have increased, but remain less than 5% of the ESCWs sold and reported through the program.

Figure 5

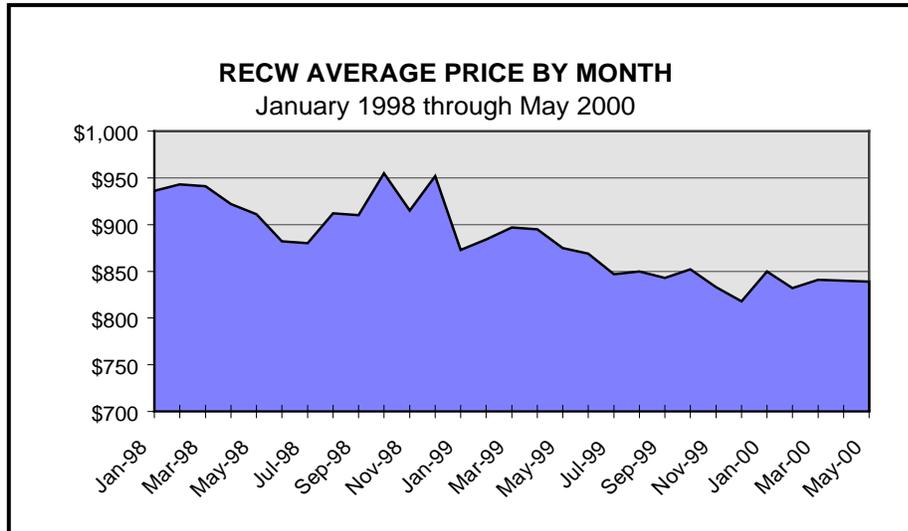


Price

With the assistance of PECEI, PEA reviewed data on prices of the ESCWs sold since program inception. Over the life of the program, the general trend is clearly towards lower prices. ESCW prices have dropped on average by approximately \$100 since January 1998. *Figure 6* shows an ESCW price curve from January 1998 through May 2000. (Data are for all qualifying clothes washer sales recorded by the program.)

Figure 6

2. Program and Market Status



The primary drivers of the price drop are: 1) a shift in sales from the higher price Maytag product line to the lower price products of Frigidaire and Whirlpool; 2) a price decrease by Frigidaire; and to a lesser degree, 3) the entry into the product mix of new, lower-priced

ESCWs. If these trends continue, Maytag may also have to reduce their price.

Summary

Despite multiple program modifications, each resulting in a less attractive offering for consumers and retailers, ESCW sales and retailer participation remain strong in the Northwest. The program has sold over 100,000 *ENERGY STAR*[®] (or resource efficient) clothes washers to date.

PEA estimates that ESCW market share continued at a 12.9% level for 1999 (after the rebates ended), nearly level with 1998, when rebates were available to consumers. While market share in 2000 is down somewhat in the first five months, PEA expects that number to rebound to 13% by the end of the year. National data indicate that the Northwest remains a leader in the sales of ESCWs, substantially above the national average for sales and over twice the rate on many non-program states.

Some large chains have elected to limit their participation regionally (although they are still active in the national ESCW program), but overall, most retailers continue to work with the program and promote the ESCW technology.

2. Program and Market Status

Prices have dropped about \$100 from January 1999 to the current time, primarily based on a shift in market share to less expensive ESCWs, as well as reductions in some price points. Maytag has lost some market share to lower cost units.



2. Program and Market Status



3. Analysis of Marketing Efforts

Introduction

A major interest of the Alliance for this MPER was to understand how effective the marketing of the ESCW Program has been. Initially, the ESCW Program's success was driven largely by rebate dollars. As this strategy became increasingly expensive, and initial levels of success were achieved, the ESCW Program moved to a marketing-only strategy, although a \$10 sales incentive (spiff) was left in place to help collect program data, as well as to continue to support retail sales.

More recently, the ESCW Program has expanded to encompass other *ENERGY STAR*[®]-labeled appliances, most notably refrigerators and dishwashers. However, the primary marketing elements reviewed in this report were focused exclusively on clothes washers. Funds for detailed consumer or retailer surveys were not available, so PEA focused on three mechanisms to gather information regarding the marketing effort. First, there were extensive discussions with program and Alliance staff and a review of program documentation. Second, PEA analyzed detailed sales data available from the independently owned retailers in the Northwest. Third, PEA interviewed twenty of the best performing retailers in the Northwest to get their impressions of the value of the marketing effort.

This chapter of the report contains several sections. The first section briefly describes the most important marketing elements of the program. The second section describes the results of the data review. The third section reports on the results of the retailer survey. The final section offers some conclusion and recommendations from the analysis of the marketing efforts.

Program Marketing Elements

Retailer Support

The ESCW Program has several types of marketing efforts that have been sustained over an extended period of time. These efforts are largely aimed at engaging, motivating, and supporting the sales staff and retailers. The primary elements of this retailer support effort are the spiff program (which operates in conjunction with the *Great Escape Sweepstakes*), the

3. Analysis of Marketing Efforts

WashLine Newsletter, point-of-purchase (POP) materials, and personal visits to retailers. Each of these options is explored briefly below.

The Spiff Program

Spiffs are traditionally a mechanism for manufacturers to spur sales of a particular model by providing a significant incentive (often \$20 to \$75 for appliances) to salespeople for a brief period of time, such as 60 days. Because spiffs can significantly alter a salesperson's presentation of a product, some retailers (notably Sears) do not allow spiffs in order to protect their long-term relationship with the customer and assure a salesperson's commitment to corporate goals.

The *ENERGY STAR® Clothes Washer Program* has redefined the use of the spiff as a marketing tool in several significant ways:

- The spiff is relatively small (\$10) compared to the value of the product.
- The spiff is continuing for an indefinite period of time.
- The spiff applies to a broad range of products from multiple manufacturers (i.e., any *ENERGY STAR®* clothes washer).
- The spiff is not supplied by the manufacturer.
- The invoicing also includes a significant set of data to track sales and pricing.

PECI has transformed the spiff from a short-term sales tool to a long-term relationship with the salesperson. This relationship continues to provide incentives for qualifying sales, but also serves a variety of other functions. Most importantly, in combination with the *WashLine* and other training/contact opportunities, it provides the salesperson with a reason for continuing to bring *ENERGY STAR®* clothes washers to the attention of customers at a relatively low-cost.

An additional element was added to the spiff in 1999. The *Great Escape Sweepstakes* provides monthly cash awards of \$500 in each state to a salesperson drawn from the spiff invoices that are submitted. The sweepstakes also includes large travel awards (e.g., a trip to Hawaii) twice



3. Analysis of Marketing Efforts

a year, as an additional incentive for sales people to promote ESCWs and submit their spiff requests.

While Sears does not allow spiffs, PECI believed that their sales data was important for the program, and arranged for the \$10 payment to generally support marketing efforts at Sears (and a few other retailers) in exchange for monthly data on clothes washer sales.

The WashLine

The *WashLine* is a quarterly newsletter produced for retailers, sales personnel, and other interested parties (such as utilities). The newsletter contains information on products, upcoming promotions, program highlights, etc. It is sent to the home address for salespeople that are registered with the spiff program, as well as to retailers.

Point-of-Purchase (POP) Materials

As the name implies, POP materials are used at the retailer to call attention to qualifying appliances, explain product features, or otherwise promote the selected product. For the ESCW Program, these materials include product stickers, displays/posters, banners, brochures, and other materials.

Retailer Visits

PECI has contracted with Applied Proactive Technology to regularly visit retailers (and other involved parties) to promote and explain the program. These visits assure that POP materials are available and being used, elements of the marketing program are explained, information is given to new employees, questions regarding the program are answered, and the program is given a higher profile with the retailers and sales personnel.

Consumer Marketing

With a limited marketing budget, the program has had a narrowed consumer marketing approach. Development and purchase of advertising space is expensive and promotions must have sufficient appeal to garner the interest of the media.

3. Analysis of Marketing Efforts

In 1999, PECI used several distinct consumer-marketing approaches, primarily in the fall of the year. These marketing elements were: the development and purchase of magazine and newspaper ads; development and sponsorship of the *Grimiest Soccer Team* promotion; provision of funds to support retailer advertising that featured ESCWs; and support of short-term promotions, including the *Weekend Blitz/Tumble Rumble* in the Seattle area.

Regional Advertising

PECI worked with an ad agency to develop and place print ads in magazines and newspapers throughout the region.

Grimiest Soccer Team

The *Grimiest Soccer Team* was a series of promotional events taking advantage of a strong regional interest in the Women's National Soccer Team. There were extensive mailings to local soccer teams and media, and a variety of press events. Winners were selected in each state.

Coop Ads

PECI provided limited funding (up to \$500) to support advertising that retailers developed and placed in local publications, providing that the ads met certain conditions regarding promotion of ESCWs.

Weekend Blitz/Tumble Rumble

The *Weekend Blitz/Tumble Rumble* was a joint project in the Seattle area that featured additional rebates from Seattle Public Utilities (a total of \$200) and a Frigidaire truckload sale. The ESCW Program supported the effort with coop marketing dollars, organizational assistance, and additional POP materials.

Marketing Budget

Table 2 below lists the budget for each of the major marketing elements for 1999. The spiffs in conjunction with the *Great Escape Sweepstakes*

3. Analysis of Marketing Efforts

were the most expensive marketing element at \$382,900, closely followed by the regional print ads production and placement (\$325,000).³ Contracted field support was the next largest item (\$246,000), followed by the *Grimiest Soccer Team* promotion (\$164,800). The other marketing elements (coop ad support, *WashLine*, POP, and other events) were all relatively inexpensive, at \$25,000 to \$35,000 each.

Table 2

MARKETING EXPENSES BY TYPE OF ACTIVITY	
Element	1999 Expenditures
SPIFFS	\$344,500
GREAT ESCAPE SWEEPSTAKES	\$ 38,400
WASHLINE	\$ 24,900
GRIMIEST SOCCER TEAM	\$164,800
REGIONAL AD PRODUCTION AND BUYS	\$325,000
COOP ADS	\$ 28,500
POP REPLENISHMENT	\$ 34,500
EVENTS AND DISPLAYS	\$ 29,600
APT FIELD SUPPORT	\$246,000
TOTAL – SPIFFS AND MARKETING	\$1,136,200

PECI has dropped the regional ad campaign for 2000, replacing it with a promotion through a major general retailer that is likely to be more successful in exposing consumers to the ESCW and increasing general awareness.

³ Note: for 2000, the ad production and buys are eliminated in favor of a large promotion developed in conjunction with Fred Meyer and manufacturers. This promotion is scheduled for Fall 2000.

3. Analysis of Marketing Efforts

Analysis of Marketing Impact on Sales

PEA reviewed sales data to attempt to discern the impact of marketing on direct, short-term sales. While the program has several marketing components that are consistent year-round (such as POP materials), PECEI concentrated its high profile *Grimiest Soccer Team* promotional event and its major advertising events in the fall of 1999. The advertising included both placement of color and black and white ads in magazines and newspapers, and co-op advertising support for local retailers. PECEI also encouraged utilities and retailers to boost their advertising during this period to get as much benefit from these coordinated efforts as possible.

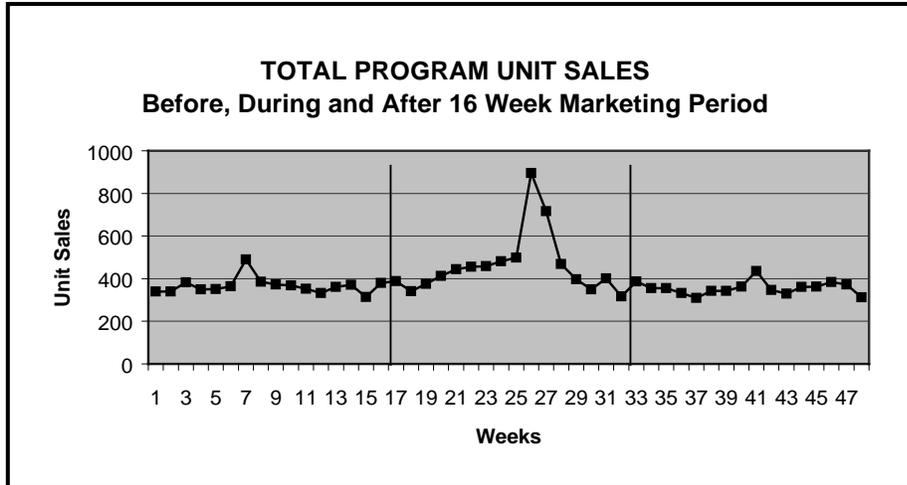
It is important to note that most of the marketing expenditures and promotions in the fall of 1999 were designed to increase general customer awareness rather than directly lead to sales. (An exception was the *Tumble Rumble*, which featured promotional prices and additional rebates to stimulate short-term sales.) Most consumers purchase a new clothes washer based on events, such as the breakdown of the old machine or moving to a new home. Only a small percentage of consumers are in the market for a major appliance at any given period in time, so with the exception of very aggressive sale prices, short-term response to a general marketing campaign would be expected to be moderate.

To complete the analysis, the detailed database from the independent retailers (data from Sears did not have sufficient detail to support this analysis) was broken down into weekly reporting by state. This weekly data was then broken into three segments, each sixteen weeks in length. The first segment was prior to the advertising and promotional events, the second segment included all of the advertising and the *Grimiest Soccer Team* event, and the third sixteen-week segment came after the promotional and advertising had ended. The time period for the marketing segment was September 4, 1999 to December 18, 1999.

The data indicate that sales increased by about 100 units per week overall during the sixteen-week promotional segment, a 26% increase over the baseline weeks. The sales impact appears to be short-term in nature, as sales in the following sixteen-week segment did not show much increase. Sales by week are indicated in *Figure 7* below.

3. Analysis of Marketing Efforts

Figure 7



Because of the very successful *Tumble Rumble* promotion in the Seattle area, PEA also reviewed the sales data from the fall promotional and advertising period without the two weeks of sales that appeared to be influenced by that single event.

While this effort certainly qualified as a promotional and marketing event, sales were also assisted by an additional \$100 rebate provided by Seattle Public Utilities (\$200 rebate total) and a price break from a major manufacturer. The rebate was provided for two days only, but the extra marketing increased sales for two weeks. Removing these two weeks from the analysis showed that the more general marketing still had a noticeable impact on short-term sales, providing an increase of about 50 units per week, or a 13% rise in sales of ESCWs during the marketing period.

In addition, PEA also reviewed the eight-week period when the *Grimiest Soccer Team* promotion was active. As initial mailings began in late September, and the *Grand Prize Victory Party* was November 23, PEA reviewed sales data reported for the eight-week period of October 2 through November 27. Over this period, when the sales from the *Tumble Rumble* are included, units increased by 186 per week, or 50% over the baseline period. With the sales weeks of *Tumble Rumble* excluded from the analysis, sales showed an increase of 102 units per week, 28% over baseline. These estimates of sales increases are summarized in *Table 3* below.

3. Analysis of Marketing Efforts

Table 3

SALES WITHIN THE MARKETING PERIODS			
Period	Total ESCWs Sold per Week	Number of Additional Sales per Week	Percent Above Baseline
BASELINE 16 WEEK PERIOD	366	NA	NA
16 WEEK MARKETING PERIOD WITH <i>TUMBLE RUMBLE</i>	462	96	26%
16 WEEK MARKETING PERIOD WITHOUT <i>TUMBLE RUMBLE</i>	413	47	13%
8 WEEK GST MARKETING PERIOD WITH <i>TUMBLE RUMBLE</i>	552	186	51%
8 WEEK GST MARKETING PERIOD WITHOUT <i>TUMBLE RUMBLE</i>	468	102	28%
ESTIMATED IMPACT OF <i>TUMBLE RUMBLE</i> (2 WEEK IMPACT)	NA (Washington Only)	338 (Washington Only)	92%
POST-MARKETING PERIOD – 16 WEEKS	356	(10)	(3%)

Note that in the sixteen weeks following the marketing period, sales dropped back to slightly below baseline level. It does not appear that these short-term marketing efforts have much impact beyond their direct operating period. Although some might speculate that customers in the Seattle area may have purchased a clothes washer slightly earlier than planned to take advantage of the promotional prices and rebates, PEA found that the Post-Marketing period had lower sales in each of the four states. The Post-Marketing period did include Christmas week, traditionally a slow week for major appliance sales. PEA attempted to discern other seasonal trends that may have influenced the sales patterns over the fall, but long-term appliance sales data by week or month was not available. A review of clothes washer production by month from 1986 to 1996 did not appear to support any major seasonal trends.

3. Analysis of Marketing Efforts

Summary

The short-term event in Seattle, a combination of substantial rebates and marketing, was very successful and generated hundreds of additional sales in a brief period of time. This type of short-term promotion can likely be repeated in other cases where considerable rebates are available and a well-crafted marketing campaign supports the effort.

The *Grimiest Soccer Team* and other marketing completed in the fall of 1999 also appeared to have a positive impact on sales. These fall promotions and ads were designed more to create consumer awareness and support long-term sales, but did appear to help increase sales by approximately 28% during the eight-week period of when all of the major consumer marketing elements were in full operation.

Retailer Survey

PEA conducted phone interviews with twenty of the retailers who were among the top sellers of *ENERGY STAR*[®] clothes washers according to program unit sales records. Of the twenty, twelve were independent retailers, seven were Sears stores, and one belonged to another large chain. These retailers are not necessarily representative of all retailers, but were selected because of their intimate knowledge of the ESCW Program elements and their demonstrated interest in the high-efficiency aspects of the clothes washer market. Interviewed retailers were spread nearly equally among the four states. The person interviewed was either the sales manager or a knowledgeable salesperson. The primary purpose of the interviews was to assess the perceived effectiveness of the *ENERGY STAR*[®] campaign, and to determine what other marketing-related efforts are being offered by others (for example, manufacturers or the retailers themselves).

This group of retailers indeed were effective at selling *ENERGY STAR*[®] clothes washers; their self-reported sales statistics indicated that ESCWs represented 26% of all of their clothes washer sales, nearly twice the average market share of the program, and several retailers had sales of ESCWs that represented over half of all of their total washer sales. Retailers also note that the higher prices for ESCWs mean that they contribute substantially more to store revenues.

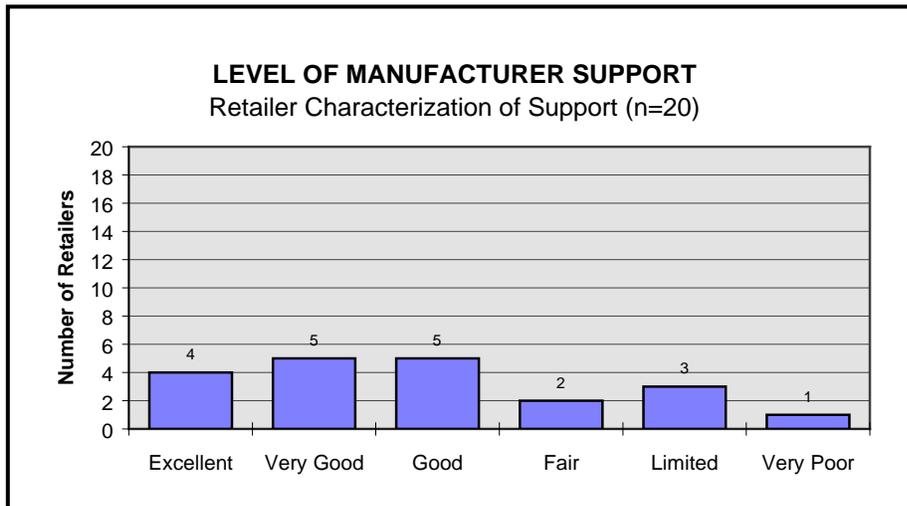
3. Analysis of Marketing Efforts

These retailers also continue to be optimistic about the future of the market for ESCWs. Several of the retailers noted that consumers had become more educated about the technology and that word-of-mouth between consumers appeared to be responsible for increasing consumer awareness. The retailers' responses to specific questions further suggest optimism. When asked about ESCW sales trends, sixty percent noted that sales had increased over the last six months, and 90% expect demand for ESCWs to increase in the next year. On average, they expect that in five years, ESCWs will represent 49% of the market.

Manufacturer Support

These higher volume retailers rated the level of support they received from manufacturers as being very good (see Figure 8 below).

Figure 8



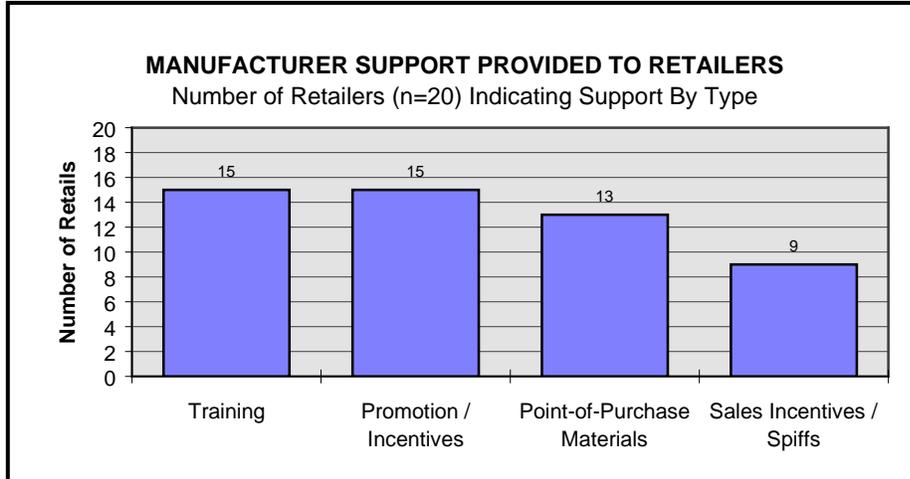
Retailers would like to see manufacturers increase their advertising of *ENERGY STAR*® clothes washers and offer more direct marketing linkages to *ENERGY STAR*®; that is, make the energy efficiency message more clear to consumers. They believe that manufacturers could promote

the ESCWs more.

Figure 9 indicates the types of support that retailers have received so far from manufacturers.

3. Analysis of Marketing Efforts

Figure 9



ENERGY STAR® Brand

PEA asked a series of questions about the use and value of the *ENERGY STAR®* brand/label. PECO has reported that all retailers in the program have signed an agreement allowing them to use the *ENERGY STAR®* name and logo in their advertising. In addition, the program has recently expanded to support the promotion of other *ENERGY STAR®*-labeled appliances, not just clothes washers.

Retailers reported that very few consumers actually ask for *ENERGY STAR®* clothes washers (12 of 20 said customers never ask to see ESCWs by name, 4 said that fewer than 1% mention ESCWs). However, some customers do ask either to see “front-loader” clothes washers or “energy-efficient” clothes washers. Thus, at this point, consumers appear to be more familiar with the technology of energy-efficient clothes washers than with the *ENERGY STAR®* brand/label.

While retailers now have the ability to use the *ENERGY STAR®* name and logo in their advertising, only five of the twenty retailers reported using the brand name *ENERGY STAR®* in their own marketing, and only six reported using the *ENERGY STAR®* logo. Of the seven Sears stores, only two reported receiving *ENERGY STAR®* POP materials from their corporate office; although five of the seven stores said they had received *ENERGY STAR®* training and/or product information from the corporate office.

3. Analysis of Marketing Efforts

Most of the retailers have taken advantage of the program change and are actively promoting other *ENERGY STAR*[®] appliances (13 of 20). A slightly higher number (14 of 20) believed that expanding the *ENERGY STAR*[®] *Clothes Washer* program to include other appliances has been helpful to their marketing efforts.

Nearly all of the twenty retailers interviewed reported that they would continue to promote ESCWs, even if there were no marketing support from the regional *ENERGY STAR*[®] program. They believe that the third-party endorsement helps sales, and that the ESCW market has momentum.

While the *ENERGY STAR*[®] brand and logo clearly are perceived as having some value in marketing to consumers, retailers are not acting outside of the program to further promote customer recognition. To this point, consumers are not asking for *ENERGY STAR*[®] by name, even if they are familiar with the name/label through advertising or other contacts.

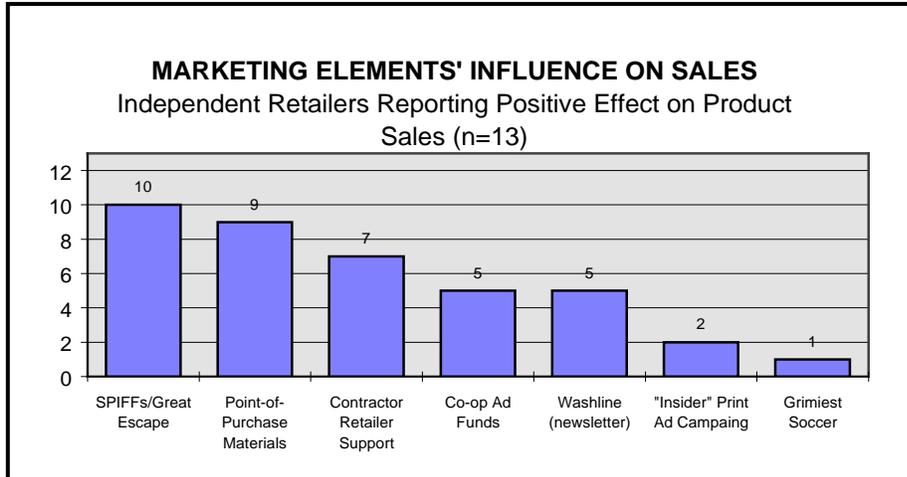
Perceived Value of the Regional *ENERGY STAR*[®] Marketing Components

PEA worked with PECI to determine the seven most important elements of the regional marketing effort to date. Several of these components were targeted to sales personnel (notably the spiff incentive, the *WashLine* newsletter, and in-person field support), while the remainder was targeted to consumers (i.e., the *Grimiest Soccer Team*, the print ad campaign, POP materials and funds to support local advertising). Because Sears does not directly participate in any of the regional marketing, they were not included in this series of questions.

Of the components targeted to sales personnel, the spiff program was judged to be most effective in increasing staff interest (9 of 13 judged it very effective) and in influencing sales (10 of 13 thought it had a positive influence). The other two sales personnel elements – face-to-face field support and the *WashLine* newsletter – were judged to be significantly less effective in influencing sales personnel, but still considered to be a positive influence in increasing sales (7 and 5 of 13 judged them a positive influence respectively). *Figure 10* shows this breakdown.

3. Analysis of Marketing Efforts

Figure 10



Of the marketing components targeted to customers, retailers judged the POP materials as having the most positive influence on sales (9 of 13 found the POP effective). The coop advertising dollars were judged next most effective in influencing sales

(5 of 13), while the print ad campaign and *Grimiest Soccer Team* contest received low marks (a majority of retailers said they didn't know if these marketing strategies increased consumer awareness).

In general, retailers seemed to support the most immediate and present types of marketing support, specifically the spiff and POP materials. More general or occasion marketing received lower levels of recognition.

Other Marketing Support

Eight of the twenty retailers noted that they received marketing support from their local utilities, primarily in the form of rebates, which they judged to be very useful in increasing sales. One utility provided zero-interest financing, which the participating retailer also judged to be very effective in supporting sales.

In Oregon, the five retailers interviewed all used the state tax credit as a sales tool, and all judged it very effective in supporting sales.

Several one-time events were noted by retailers. One utility-sponsored event at a remote location (not in the retail stores) received significant criticism for logistical problems and lower-than-anticipated sales. One event, the *Tumble Rumble*, sponsored by the *ENERGY STAR® Clothes*

3. Analysis of Marketing Efforts

Washer Program and a manufacturer with major utility support (including increased rebates) was judged to be very successful.

Summary

The program as a whole was considered by seven of twenty retailers as being very useful in stimulating the market for ESCWs, while ten retailers judged it somewhat useful, and three said it was not very useful. These numbers are considerably lower than similar statistics from the period of time when the program offered rebates, but still are quite positive.

The top selling retailers are optimistic about the market for ESCWs, and appreciate the effort made by the ESCW Program to provide marketing support. Of the various marketing related efforts, these retailers believe that the spiff and POP materials contribute the most to selling more ESCWs. Continued support from utility rebate programs and the Oregon tax credit were also important in sustaining sales.

Support from manufacturers was judged to be very good by the retailers; however, *ENERGY STAR*[®] brand recognition does not appear to be a significant driver in the market yet, in part because manufacturers do not want to support *ENERGY STAR*[®] to the exclusion of other clothes washers that they manufacture. Despite weak consumer recognition of *ENERGY STAR*[®], these top selling retailers see value in the branding, and will continue marketing *ENERGY STAR*[®] as a way to differentiate products to the consumer. Note that while these retailers receive very good support from manufacturers, and say they would continue *ENERGY STAR*[®] marketing, these responses are from the top-selling retailers of ESCWs in the region, and may not apply to smaller or less aggressive retailers.

4. Federal Standards

Federal Appliance Standards Update

Much activity and progress has occurred on the federal minimum efficiency standards for clothes washers since PEA's last report. After a protracted rule-making process, marred by concerns with DOE's economic analyses and the equipment testing procedures, a negotiated proposal has been developed. Most of the information in this section was obtained from Tom Eckman of the Northwest Power Planning Council, who participated in the negotiations, as well as a summary article from *ConWeb* (an information project funded by the Alliance), the Consortium for Energy Efficiency's website (<http://www.ceeformt.org/>), and conversations with Andrew DeLaski of the Appliance Standards Awareness Project.

On May 23, 2000, appliance manufacturers, energy efficiency advocates, and DOE officials announced a landmark agreement on revisions to the minimum efficiency standards for clothes washers. The agreement (which covers not only appliance efficiency standards but also related incentives and programs) culminated months of negotiations between appliance manufacturers and a broad coalition of public interest advocates. The agreement includes joint recommendations for: 1) efficiency standard levels and implementation dates, 2) *ENERGY STAR*[®] program specifications, 3) federal tax credits for manufacturers, and 4) energy and water use performance disclosure/reporting.

Details of the Agreement

Standard Levels and Implementation Dates

The agreement, if adopted by DOE, will increase the minimum efficiency requirements in two stages for clothes washers sold in this country. The agreement calls for a 22.5% improvement over the current standards, effective for clothes washers manufactured on or after January 1, 2004, followed by a 35% improvement beginning January 1, 2007. (The current minimum efficiency standards for clothes washers became effective in 1994.)

4. Federal Standards

ENERGY STAR® Specifications

The agreement also calls upon DOE to set the minimum efficiency level for clothes washers to qualify for the *ENERGY STAR®* label in 2001 at 35% above the current standard, and raised it to 42.5% above the current standard in 2004. Interestingly, as evidence of the complicated nature of these negotiations, the agreement includes aspects related to refrigerators and freezers. The agreement calls upon DOE to increase the minimum efficiency levels needed to qualify for the *ENERGY STAR®* label for refrigerator and freezers to 10% above the new federal standard that takes effect July 1, 2001, and to raise this to 15% better than the 2001 standard in 2004.

Federal Tax Credits

Parties to the agreement are supporting legislation that would provide federal income tax credits for manufacturers producing clothes washers complying with the new standards prior to its effective date. In addition, manufacturers could receive tax credits for producing *ENERGY STAR®* compliant refrigerators and freezers.

Performance Disclosure and Reporting

The standard establishes the minimum energy efficiency of new clothes washers, but will not regulate the amount of water that can be used by the machines. However, manufacturers agreed to disclose the energy efficiency and water consumption of all clothes washers sold that qualify for the tax credit and *ENERGY STAR®* designation beginning sometime in 2001. The Association of Home Appliance Manufacturers (AHAM) will also report the sales-weighted average energy efficiency and water consumption of all machines sold beginning in 2002, and each machine's water factor beginning in 2007.

Table 4 outlines the agreement.

4. Federal Standards

Table 4

SUMMARY OF INDUSTRY AND ENERGY EFFICIENCY ADVOCATES AGREEMENT ON CLOTHES WASHER STANDARDS		
Joint Recommendation	Clothes Washers	Refrigerator/Freezers
<i>New Standard</i>		
JANUARY 1, 2004	22.5% Improvement (MEF 1.04)	Not Applicable
JANUARY 1, 2007	35% Improvement (MEF 1.26)	Not Applicable
<i>ENERGY STAR® Efficiency Levels</i>		
JANUARY 1, 2001	35% Improvement (MEF 1.26)	10% Improvement
JANUARY 1, 2004	42.5% Improvement (MEF 1.42)	15% Improvement
<i>Tax Credit</i>		
THROUGH DECEMBER 31, 2003	35% Improvement (MEF 1.26) - \$50/unit	10% Improvement - \$50/unit
THROUGH DECEMBER 31, 2006	42.5% Improvement (MEF 1.42) changing to 45% (MEF 1.5) on January 1, 2004 - \$100/unit	15% Improvement - \$100/unit

MEF = Modified Energy Factor is a measure of the energy efficiency of a clothes washer, basically combining the former Energy Factor with Remaining Moisture Content. MEF measures the cubic feet/kilowatt-hour of energy use per normal laundry cycle. The higher the MEF, the more energy efficient the machine. As noted above, no specific water efficiency component is included in the MEF.

Note: Information for this table was supplied by Tom Eckman

Impact

DOE estimates that the new agreement will save just over 5 quadrillion Btu (British thermal units) of energy (enough electricity to light 16 million U.S. homes for 25 years) and reduce water use by some 10.5 trillion gallons over a 25-year period. As a result of these energy savings, greenhouse gas emissions will be reduced by 80 million metric tons – an amount equal to that produced by nearly 4 million cars every year.

Parties to the agreement include the Association of Home Appliance Manufacturers, Alliance Laundry Systems, Amana, Asko, Frigidaire, General Electric Appliances, Maytag, Miele, Fisher & Paykel, Whirlpool, the Natural Resources Defense Council, American Council for an Energy-

4. Federal Standards

Efficient Economy, the Alliance to Save Energy, the Northwest Power Planning Council, the City of Austin, Texas, Pacific Gas and Electric Company, the Appliance Standards Awareness Project and the California Energy Commission. Several other parties actively participating in the rule making process and the negotiations, specifically the Oregon Office of Energy and the City of Seattle, declined to sign on to the agreement, primarily over a decision not to specifically include water efficiency performance factors in the requirements for clothes washers.

While the agreement is subject to a final rule-making by DOE, it is expected that the joint recommendations by manufacturers and efficiency advocates will be accepted and written into the final standards. DOE expects to publish the proposed clothes washer standards in the *Federal Register* this summer and issue the final rule by December of 2000.

FTC's Energy Label Changes

The ubiquitous and often misunderstood yellow *EnergyGuide Label* is changing for the better with respect to efficient clothes washers and the *ENERGY STAR[®] Appliance Labeling Program*. In two separate rulings, the Federal Trade Commission (FTC) required modifications to the way clothes washer efficiency is portrayed on the label, and allows for the *ENERGY STAR[®]* logo to be integrated on the *EnergyGuide* label of qualifying products.

This past spring, responding to petition filed by the Consortium for Energy Efficiency (CEE) in 1998, the FTC ruled that as of July 14, 2000, there would be no labeling distinction made between horizontal-axis clothes washers and traditional top-loading washers. In the past, horizontal-axis models were labeled as a distinct sub-category of clothes washers with their own “*Energy use range of all similar models*” scale. The scale places the subject washer on a scale from “*Uses least energy*” to “*Uses most energy.*” CEE suggested (correctly) that this two-category approach for clothes washers was misleading. A horizontal-axis RECW of lesser efficiency than other RECWs could be labeled as “*Uses most energy*” of all similar models, while in reality using far less energy than standard top-loading washers. Conversely, a somewhat efficient top loading washer could be labeled as “*Uses least energy*” of all similar models, while in reality using far more energy than horizontal-axis clothes washers. The

4. Federal Standards

FTC corrected this misleading aspect of the label and now all washers, regardless of technical approach, are listed on the same scale.

In February of this year, in another attempt to improve the *EnergyGuide* label, the FTC ruled that manufacturers producing *ENERGY STAR*[®]-qualifying products are permitted (but not required) to include the *ENERGY STAR*[®] logo on the label. The FTC concluded that consumers would be able to recognize energy-efficient products more easily and that manufacturers would save labeling cost by attaching one combination label rather than two separate labels.

4. Federal Standards



5. Energy Savings Analysis Update

This section contains the results of the most recent Alliance analysis of energy savings for the WashWise/*ENERGY STAR*[®] Resource Efficient Clothes Washer Program and recommendations for updating some aspects of that analysis based on the recent agreement and prospects for new Federal Appliance Standards.

Background

In December 1996, the Alliance approved the *WashWise Program* for one year based on the best planning information available at that time. Program funding was increased in August 1997, based on very strong early program participation and additional market information. *WashWise* was renewed (with modifications) by the Alliance in December 1997, based on additional market information, a revised set of planning assumptions, and revised estimates of program effects.

As a supplement to MPER #3 in August 1999, PEA reviewed and documented the program planning assumptions presented at the time the program was originally approved and the revised program planning assumptions that supported program renewal (December 1997). PEA also suggested several revisions to the assumptions and recommended that the Alliance update and enhance its analysis of program effects based on the best current market and program assumptions. An approach to attributing market effects to the program was discussed in this supplement to MPER #3.

Updated Program Savings Analysis (1999)

As part of an Alliance project to standardize and formalize the analysis of program effects and cost-effectiveness, Alliance staff developed an updated savings analysis for the WashWise/*ENERGY STAR*[®] Resource-Efficient Clothes Washer Program in the spring of 2000. Alliance staff reviewed all available program-specific planning and market research documentation, as well as PEA's evaluation work products and recommendations. They also interviewed selected program and market actor personnel to confirm or revise the list of assumptions used for the analysis.

5. Energy Savings Analysis Update

(Please see *Appendix A* for the Alliance's *Cost-Effectiveness Summary for ENERGY STAR® Resource Efficient Clothes Washers*.)

Recommendations for Updating Program Savings Analysis (2000)

Based on the characteristics of the industry agreement and proposed new federal efficiency minimums for clothes washers, PEA recommends that the Alliance modify several key assumptions that drive the cost-effectiveness analysis for this program. Alliance staff anticipates updating the analysis of cost-effectiveness for this program early in 2001 as part of the annual reporting process.

PEA recommends that the analysis reflect the latest information regarding the efficiency levels and timing of the proposed federal appliance standards for clothes washers. The negotiated standard includes three levels of efficiency: the current standard, a change in the standard in 2004, and a final change in 2007. PEA recommends that the Alliance expand the analysis from its current approach of having standard and qualifying clothes washers to having three categories of products: those meeting the current minimum appliance efficiency; those meeting the first stage of the new standard; and those meeting the final stage of the new standard.

PEA worked with Alliance staff to develop the following market share projections (shown in *Table 5*) for the staged implementation of the new clothes washer standards in an attempt to characterize projected manufacturing ramp-up and consumer market acceptance of the various levels of product efficiency.

PEA notes that using these three categories for the analysis does not fully account for those products that do and will exceed the second stage of the new standards. For example, several current *ENERGY STAR®*-qualifying clothes washers exceed the MEF=1.26 performance level. Beginning in 2004, the *ENERGY STAR®* requirements will increase to MEF=1.42. Presumably, clothes washers meeting this level of efficiency will command some portion of the market, particularly if one assumes the tax credit portion of the agreement goes through and manufacturers pursue the incentives for producing these higher efficiency levels. These subtleties would not be captured by the analysis if only three efficiency levels are included. Therefore, PEA recommends that the Alliance develop a market

5. Energy Savings Analysis Update

share curve for a fourth category of MEF=1.42, unless a more conservative, somewhat less complicated analysis is desired. PEA acknowledges that the market share of MEF=1.42 clothes washers will be small, perhaps starting at 5% in 2004 and moving to 10%-15% in 2010.

Table 5

MARKET SHARE OF FEDERAL STANDARDS STAGED EFFICIENCIES			
Year	Current: MEF=0.817	Stage 1: MEF=1.04	Stage 2: MEF=1.26
1999	85%	0%	15%
2000	85%	0%	15%
2001	75%	10%	15%
2002	65%	20%	15%
2003	30%	50%	20%
2004	0%	60%	40%
2005	0%	55%	45%
2006	0%	50%	50%
2007	0%	0%	100%
2008	0%	0%	100%
2009	0%	0%	100%
2010	0%	0%	100%

Related to the format of the newly proposed federal standards, PEA recommends that the Alliance examine and document any assumed effects of using the Modified Energy Factor (MEF) as the efficiency performance scale. Primarily, this would include integration of Remaining Moisture Content (RMC) with the previous Energy Factor, which may have an assumed effect on the dryer savings estimate. The Alliance may also want to consider modifying (slightly reducing) the water savings assumptions to reflect the uncertainties regarding this resource due to the election of the parties to the Agreement not to include a Water Factor component of the standards.

5. Energy Savings Analysis Update



6. Conclusions and Recommendations

In this report, PEA found that the ESCW Program has been very effective at maintaining relatively high sales levels of ESCW. Throughout the history of the ESCW Program to date, the Program has been very effective in moving the market, and has provided leadership and support to the Federal Appliance Standards process, thus helping provide success in both forums. Specific conclusions include:

- ▶ **The negotiated settlement leading to new Federal Standards for clothes washers is a major victory, and the Alliance has certainly played a role in that victory.** The negotiated settlement resolved a potentially problematic political process, and is nearly certain to be fully supported in the standard setting process. Not all parties in the Northwest are satisfied with the results of the negotiated settlement process, due to the lack of an explicit water efficiency standard.
- ▶ **Despite the elimination of consumer rebates from the program, sales have continued at strong levels.** Overall market share in 1999 was 12.9%, effectively the same as 1998 when rebates were available for nearly all of the year.
- ▶ **The average retail price of ESCWs has been reduced by about \$100 since January 1998.** This was caused by market share shifts to less expensive ESCWs, price point drops in some models, and the entry of new products.
- ▶ **PECI has done an outstanding job of crafting an effective marketing campaign on a modest budget.** The program contractor has demonstrated creativity in their approach to marketing, and, most importantly, has maintained an effective line of communication and a solid relationship with retailers.
- ▶ **PEA believes that the spiff program, supported by the *Great Escape Sweepstakes*, is the most important and successful element of the marketing effort.** The relationship established by this marketing approach has kept sales personnel focused on promoting ESCWs, and has a direct impact on short-term sales. Related to the success of the spiff effort is the continued support for POP materials, and the ability to support retailers through personal communications and service.

6. Conclusions and Recommendations

- ▶ **Retailers continue to be optimistic about the future of the ESCW market.** Retailers expect that ESCWs will have half of the market share in five years.
- ▶ **Expanding the program to cover all ENERGY STAR® appliances has been a useful change.** While the key marketing elements reviewed in this report were almost exclusively targeted to clothes washers, retailers expressed their strong support for the expanded program.
- ▶ **The retail market is bifurcated into national chains, which have limited interaction with the program, and independent retailers and regional chains that work closely with the program and sell the majority of ESCWs in the Northwest.** While the national chains participate in the EPA/DOE ENERGY STAR® program, their desire to maintain control of their sales-floor and national advertising development have limited their direct interactions with the program.
- ▶ **The Alliance has developed an improved ability to estimate program savings impact.** The products reviewed by PEA are clear and high quality. PEA is working with the Alliance to refine some inputs.

Recommendations for Future Program Design Options

The program is nearing the end of its contract period, and within that period, PEA does not have any specific recommendations for program changes or enhancements. With the program's success in the market and at the federal standards level, the original program objectives have been fully achieved.

However, the Alliance is beginning the process to consider whether a continued effort to influence the appliance market is worthwhile, and has conducted some market research to initiate planning efforts. In support of that planning effort, PEA offers the following suggestions for program design based on the evaluation findings.

6. Conclusions and Recommendations

A general note covering most of these recommendations is that the planning process should recognize that independent retailers and regional chains in the Northwest have been willing participants in the program to date, have accounted for the majority of sales of ESCWs, and would benefit from continued support. Many of the recommendations provided below only apply to the independent retailers and regional chains, rather than the large national chains where coordinated efforts with others may be more successful.

PEA believes that the ESCW Program has been sufficiently successful with its “marketing only” approach to justify continued support for an *ENERGY STAR*[®] marketing campaign for appliances that focuses on retailer support. The *ENERGY STAR*[®] brand platform, especially with the forthcoming changes to equipment qualification specifications for dishwasher, refrigerators and room air conditioners, is the obvious choice for baseline technical specifications for major appliances.

We make the following recommendations:

- ▶ **Ensure that there are no lapses in funding and communicating with retailers.** The appliance retailers are a critical sales link. The investment to date in establishing good relationships has been substantial, and any break in that relationship will prove costly.
- ▶ **Continue efforts to include an array of appliances.** Retailers found the extension of the program into other *ENERGY STAR*[®] appliances to be useful. Note that many appliance retailers also carry televisions, VCRs and other products that are covered by the national *ENERGY STAR*[®] label, which may create some opportunities to further strengthen the brand name.
- ▶ **Consider expansion of the \$10 spiff to include other *ENERGY STAR*[®] Appliances.** When the new *ENERGY STAR*[®] levels are in place, only a small percentage of dishwashers and refrigerators will qualify for *ENERGY STAR*[®] designation. Expanding the spiff to cover these appliances for one to two years will ensure the salespeople make an effort to distinguish these models from standard efficiency models in their sales presentations. (This needs to be combined with accurate labeling of the *ENERGY STAR*[®] appliances.)

6. Conclusions and Recommendations

- ▶ **Continue regular communications with sales personnel (e.g., the *WashLine*) and provide POP support, training, etc., to keep the sales personnel engaged.** The ESCW Program has developed a variety of low-cost marketing elements that serve useful purposes. The *WashLine*, POP support, support for events and displays, and support for coop advertising should all be considered for continuation in any future marketing efforts.
- ▶ **Support special promotions as part of the marketing strategy.** Promotional elements also have marketing value, and can leverage substantial press coverage and/or financial support from others, such as manufacturers and other retailers. Continued support for promotional activities, such as the Grimiest Soccer Team and the fall 2000 promotion planned for the Fred Meyer retail chain, is an excellent vehicle for increasing general awareness, and when combined with rebates or price discounts, effective in driving short-term sales.
- ▶ **Provide expert marketing support that can work with local utility rebate or financing programs, or state tax credits, to help those efforts succeed.**
- ▶ **The Alliance should participate in national planning/coordination for large chains in conjunction with EPA, DOE and other regional/national groups.** While coordinating with national chains is important, these firms have not responded well to regional initiatives to date, because of their needs for corporate control of the sales-floor (e.g., no POP materials except for corporate supplied) and long-term, national planning for advertising campaigns. Within the framework of national coordination, the Alliance should be clear that such support is conditioned upon accomplishment of objectives that will support regional as well as national goals. Key objectives of national coordination should include:
 - Ensure that manufacturers label all *ENERGY STAR*[®]-qualifying products in a way that facilitates consumer identification.
 - Require national retailer chain partners to use the *ENERGY STAR*[®] name and logo in their advertising.

6. Conclusions and Recommendations

- Ensure that national retailers develop and utilize *ENERGY STAR*[®]-related POP materials and sales training.
- Work with national retailers to enlist their support for regional promotions (in cooperation with the regional offices), perhaps including headquarters provision of additional marketing funds to regional offices to match/leverage utility supported efforts.

Finally, PEA notes that this project has supplied a wealth of data to support market tracking and documentation. While data sources may be less rich in the future, it appears that the national database of *ENERGY STAR*[®] retail partners developed by D&R International contains sufficient information to allow general market tracking. However, the data would be more useful if it were more accessible to the Alliance. Therefore, PEA recommends that:

- ▶ **The Alliance should work with D&R International to develop regular, quarterly reports of sales and market share in the Northwest, along with comparative data from other areas of the country.** The Alliance should review the database structure to determine what other information might be useful to track key market trends.

6. Conclusions and Recommendations



Appendices

Appendix A: *Cost-Effectiveness Summary for ENERGY STAR® Resource Efficient Clothes Washers*

Appendix B: *Survey Document – High-Volume Retailer Interview*





Appendix A

Cost Effectiveness Summary for Energy Star Resource Efficient Clothes Washers

Creation Date	March 20, 2000
ProCost Ver.	4.10
Run Date	April 27, 2000
Analyst	Ken Anderson

Project Number:	C97-005
Sector:	Residential
Stage:	MPER3

Key Assumptions	Analysis Unit:	ES Washer
Duration:	Venture Period: 3 years	Project Start: 1997
	Ann Non-Electric Benefits: \$22.38	nn. Net O&M Cost: \$0.00 Per Unit

Venture Cost Summary	Period	Venture Costs	Consumer Costs	Other Costs	Total Costs
1997	Venture	\$3,518,353	\$7,142,589	\$2,151,500	\$12,812,442
1998	Venture	\$4,692,313	\$14,982,340	\$3,713,660	\$23,388,313
1999	Venture	\$1,277,687	\$15,162,000	\$0	\$16,439,687
2000	Post-venture	\$0	\$13,410,825	\$0	\$13,410,825
2001	Post-venture	\$0	\$11,343,323	\$0	\$11,343,323
2002	Post-venture	\$0	\$9,210,778	\$0	\$9,210,778
2003	Post-venture	\$0	\$9,348,940	\$0	\$9,348,940
2004	Post-venture	\$0	\$12,652,232	\$0	\$12,652,232
2005	Post-venture	\$0	\$19,263,023	\$0	\$19,263,023
2006	Post-venture	\$0	\$26,069,291	\$0	\$26,069,291
2007	Post-venture	\$0	\$33,075,414	\$0	\$33,075,414
2008	Post-venture	\$0	\$33,571,545	\$0	\$33,571,545
2009	Post-venture	\$0	\$34,075,118	\$0	\$34,075,118
2010	Post-venture	\$0	\$34,586,245	\$0	\$34,586,245
Totals		\$9,488,353	\$273,893,662	\$5,865,160	\$289,247,175

Assumptions:

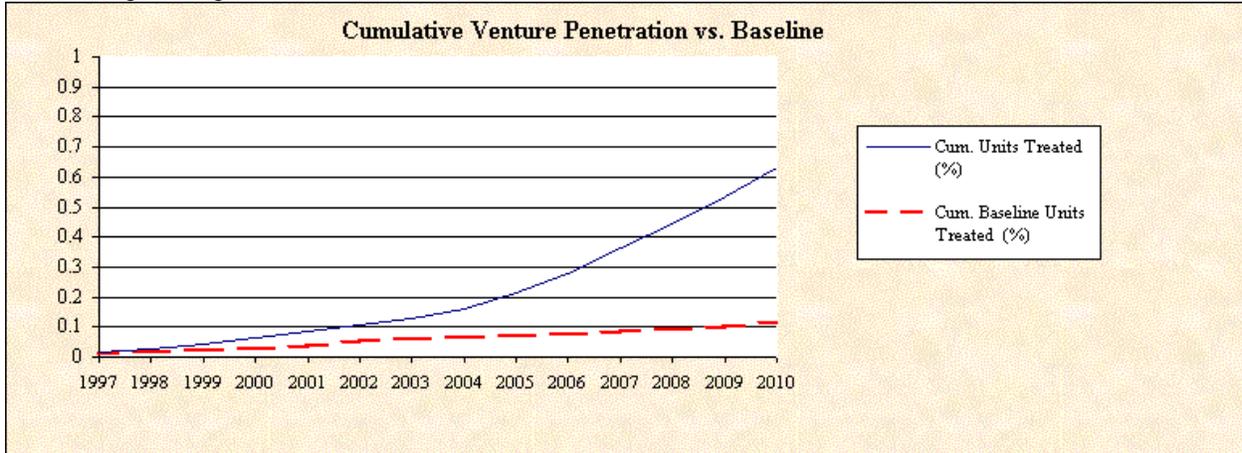
STANDARD - 2002 ADOPT and 2007 IMPLEMENT (Steve Nadel)

The analysis assumes 12 combinations of water heaters (gas or electric), dryers (gas or electric) and home types (single family, multifamily and manufactured home). Incremental cost of ES-washer was \$500-1997 dropping steadily to \$100 in 2004 where it remains until the end of the period, 2010. Alliance cost includes \$60,000 for Admin, \$2.7 million contract, \$135,000 for evaluation, \$5.9 million consumer incentives, and \$350,000 distributor incentives. Standards are assumed to be adopted in 2002 and implemented in 2007 at which time the market share goes to 100%. Market share of ES-washers starts at 7% in 1997, goes to 15% by 2000 where it stays until manufacturers start ramping to meet the new standard beginning in 2003 at 20%, 2004 at 40%, 2005 at 60% and 2006 at 80%. Baseline market share is 1% in 1997 growing to 12% by 2010. The Alliance claims all regional savings above the baseline to 2010. Savings are based on 350 loads of clothes per year. Electric savings include 59 kWh/year for the washer motor, 340 kWh/year for electric DHW, and 160 kWh/year for electric dryer. Gas savings are 14 therms/year for gas DHW and 7.38 therms/year for gas dryer where gas is valued at \$0.30 per therm and included in Non-electric benefit. Water savings is 5,100 gals/year. Washer life and replacement rate is based on 14 years. New homes and washers add 1.5% for a total of 285,000 eligible washers in 1997 growing to 346,000 in 2010. (Note--While not included in the analysis, water savings from 73,000 ES-washers will prevent the construction of a one-million gallon per day sewage plant at an avoided cost of \$7 million dollars to the region, this is \$96 savings in first cost and \$0.54 per year in operating cost for each ES-washer installed.)



Non-electric Benefits and Net O&M Cost Assumptions:

No net O&M costs. Non-electric benefits include sewer and water charge reduction \$4.11/year, a washing detergent savings of \$16.67, and gas savings of \$1.59..



Key Findings:

Estimated Cumulative Electrical Energy Savings

Year	Period	Cumulative aMW Savings
1997	Venture	0.8
1998	Venture	2.9
1999	Venture	4.8
2000	Post-venture	6.7
2001	Post-venture	8.4
2002	Post-venture	9.8
2003	Post-venture	12.1
2004	Post-venture	17.4
2005	Post-venture	25.9
2006	Post-venture	37.7
2007	Post-venture	52.9
2008	Post-venture	68.2
2009	Post-venture	83.5
2010	Post-venture	98.7

ProCost Results:

Total Resource Perspective		Unit First Cost	Annual Unit Savings (kWh)	Levelized Cost (Cents/kWh)	CE Index* Benefit/Cost Ratio
Venture + Post-Venture Period		\$128.97	439.1	-2.09	2.6
Venture Period Only		\$481.28	439.1	5.33	0.7
Alliance Perspective		Unit First Cost	Annual Unit Savings (kWh)	Levelized Cost (Cents/kWh)	CE Index* Benefit/Cost Ratio
Venture + Post-Venture Period		\$4.32	439.1	0.02	25.0
Venture Period Only		\$89.13	439.1	1.81	1.2

* If CE Index for Total Resource Perspective and Venture + Post-venture Period is greater than 1.0, then project is deemed cost effective.

Consumer Perspective

Simple Payback in Years



Appendix A

Scenario	@ 5.0 cents/kWh	@ 3.0 cents/kWh
Simple Payback (Yrs) Electricity Savings Only	10.464	17.440
Simple Payback (Yrs) Electricity plus Non-electric Benefits	5.182	6.463

Key Changes

Detergent cost savings were added based on two estimates, one from the evaluator and the Bern Kansas study by ORNL and USDOE. Also added washer motor electricity savings from a Robert Morris Assoc study. The weighted ES washer unit was based on 12 combinations rather than two. Baseline assumptions were changed from 10% each year to 1% in 1997 growing to 12% by 2010 as recommended by the MPER evaluator, a manufacturer's estimate of market share by 2002 of 5.3% and NPPC plan estimate of 10% by 2009. The number of eligible washers in 1997 was increased from 250,000 to 285,000 based on MPER recommendations.



Appendix B

Retailer _____

Contact _____

Phone _____ Date _____

High-Volume Retailer Interview

Introduction:

May I speak with....{contact name}.

This is Gary Smith of Pacific Energy Associates. I am calling on behalf of the *ENERGY STAR*[®] Clothes Washer Program, the program formerly known as WashWise. We are contacting a few high-volume retailers to solicit some input about the future direction of the *ENERGY STAR*[®] program.

Would you have about 10 to 15 minutes to answer some questions about the program?

- 1) Over the past six months, have your sales of *ENERGY STAR*[®] Clothes Washers been increasing, decreasing, or staying about the same?
Increasing decreasing same
- 2) Approximately what percent of total washer sales do *ENERGY STAR*[®] clothes washers currently represent? _____%
- 3) How do you think the demand for *ENERGY STAR*[®] clothes washers might change in the next year? Increase, decrease, stay the same
- 4) How large do you think the *ENERGY STAR*[®] clothes washer market will be in five years (% of sales)? _____%
- 5) What features are purchasers of *ENERGY STAR*[®] clothes washers most interested in? **(Do Not Read)**

Energy savings	Wheelchair accessible
Water savings	Detergent savings
Capacity	Gentler on clothes
Easy to load	Less drying time due to faster spinout
Cleaner clothes	Rebates from utilities
Clothes last longer	Lowest long term cost
Other	



6) What percent of customers ask to see *ENERGY STAR*[®] clothes washers? _____%

7) Now I have a few questions concerning the kinds of support manufactures are providing to increase sales of *ENERGY STAR*[®] clothes washers.

Are they providing...

Training? Yes No

Promotions? Yes No

ENERGY STAR[®] related advertising materials? Yes No

POP materials? Yes No

SPIFFS? Yes No

Other? _____

8) How would you characterize the level of support you are receiving from manufacturers of *ENERGY STAR*[®] clothes washers? As...

Excellent

Very Good

Good

Adequate/Fair

Limited

9) What kind of support would you like more of from manufacturers? Advertising, promotions, education, training, other _____

10) Has your company signed an *ENERGY STAR*[®] logo use agreement with EPA/DOE? Yes No

11) Does your store use the *ENERGY STAR*[®] brand name in any of its ads? Yes No

12) Does your store use the *ENERGY STAR*[®] logo in any of its ads? Yes No

13) Are you actively promoting other *ENERGY STAR*[®] appliances? Yes No

14) Do you currently get marketing support, including rebates or financing, for *ENERGY STAR*[®] clothes washers from any local utility (other than the regional *ENERGY STAR*[®] Program)?

Yes No

If yes, 14a) How useful has the marketing support from the local utilities been in increasing sales of *ENERGY STAR*[®] clothes washers? Very useful Somewhat useful Not useful DK

14b) Are any local utilities providing zero interest financing? Yes No

14c) How effective has the zero interest financing been in increasing sales? (very, somewhat, not effective).

15) **(For Oregon Retailers Only)** The State of Oregon offers a tax credit for front loading clothes washers.

15a) Do you use the tax credit as a sales tool? Yes no

15b) Has the tax credit made a noticeable impact on sales? Yes no

SEARS – Skip to Question 23a

(For independent retailers only) Now I am going to ask about some of the marketing related activities that the regional *ENERGY STAR*[®] Clothes Washer Program has completed over the last 18 months. I would like your reactions to the value of the marketing effort. Your feedback will help us adjust the marketing effort in the future. The major elements of value we are considering are:

- increasing the awareness among customers of *ENERGY STAR*[®] washers, and
- increasing sales.

- 16a) How effective was the Griniest Soccer Team Contest in increasing customer awareness of *ENERGY STAR*[®] clothes washers? (very effective, somewhat effective, not effective, don't know/can't recall)
- 16b) Do you think this promotion had a positive influence on sales? (Definitely yes, somewhat, no, DK)
- 17a) How effective was the co-op advertising support, that is the dollars for the *ENERGY STAR*[®] Washer Program, in increasing customer awareness? (very effective, somewhat effective, not effective, don't know/can't recall)
- 17b) Do you think this support had a positive influence on sales? (Definitely yes, somewhat, no, DK)
- 18a) How effective was the *ENERGY STAR*[®] Spiff program, including the \$10 sales incentive and the Great Escape Sweepstakes, in increasing sales staff interest in promoting *ENERGY STAR*[®] Clothes Washers? (very effective, somewhat effective, not effective, don't know/can't recall)
- 18b) Do you think this promotion had a positive influence on sales? (Definitely yes, somewhat, no, DK)
- 19a) How effective are the point of purchase materials such as the poster, Green Washer brochures, peel-off stickers, and appliance tri-fold in increasing customer awareness? (very effective, somewhat effective, not effective, don't know/can't recall)
- 19b) Do you think these materials had a positive influence on sales? (Definitely yes, somewhat, no, DK)
- 20a) How effective was the print ad campaign, that is the Insider Information Ad campaign, in increasing customer awareness? (very effective, somewhat effective, not effective, don't know/can't recall)

- 20b) Do you think this campaign had a positive influence on sales. (Definitely yes, somewhat, no, DK)
- 21a) How effective is the *ENERGY STAR*[®] Washer field support, that is the face-to-face support provided by the program, in increasing sales staff knowledge about *ENERGY STAR*[®] clothes washers? (very effective, somewhat effective, not effective, don't know/can't recall)
- 21b) Do you think this effort has a positive influence on sales? (Definitely yes, somewhat, no, DK)
- 22a) How effective was the *WashLine*, the newsletter sent out to talk about new products and promotions, in increasing sales staff knowledge about *ENERGY STAR*[®] clothes washers? (very effective, somewhat effective, not effective, don't know/can't recall)
- 22b) Do you think the WashLine had a positive influence on sales? (Definitely yes, somewhat, no, DK)

Washington Independents – skip to 27a.....All other Independents – skip to 28

(For SEARS Stores)

- 23a) How effective was the Grimiest Soccer Team Contest in increasing customer awareness of *ENERGY STAR*[®] clothes washers? (very effective, somewhat effective, not effective, don't know/can't recall)
- 23b) Do you think this promotion had a positive influence on sales? (Definitely yes, somewhat, no, DK)
- 24a) How effective was the print ad campaign, that is the *Insider Information Ad* campaign, in increasing customer awareness? (very effective, somewhat effective, not effective, don't know/can't recall)
- 24b) Do you think this campaign had a positive influence on sales? (Definitely yes, somewhat, no, DK)

- 25) Has your corporate office provided any *ENERGY STAR*[®] related POP materials? Yes, No, DK
- 26a) Has your corporate office provided any other types of marketing assistance for *ENERGY STAR*[®] such as training, product information, or other assistance? Yes, No, DK
- 26b) What types of assistance have they provided? List

- 27a) **(Washington State Only)** How effective was the weekend blitz in increasing customer awareness? (very effective, somewhat effective, not effective, don't know/can't recall).
- 27b) Do you think this effort had a positive influence on sales? (Definitely yes, somewhat, no, DK).
- 28) Overall, how useful has the *ENERGY STAR*[®] Clothes Washer program been in stimulating the market for front-loading washers in the Northwest?
- Very Useful
Somewhat useful
Not very useful
- 29) In the future, if there was no marketing support from the regional WashWise/ *ENERGY STAR*[®] program, would your store continue to promote *ENERGY STAR*[®] clothes washers?
- Yes, definitely
Probably
Probably not
- 30) The *ENERGY STAR*[®] clothes washer program has recently begun to support other *ENERGY STAR*[®] appliances. Has this extension of the program been helpful to your marketing efforts? Yes No
- 31) Do you have any other specific comments about or suggestions for the regional *ENERGY STAR*[®] Washer Program?

That concludes our survey. Thank you for your time and cooperation.



