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FROM THE EDITOR'S DESK



Oversights result in energy waste

Money on the Table

To remain profitable during the recession, retailers are doing all they can to trim expenses and cut costs. That's especially true in the area of store development where capital expenditures have been slashed and, as *Chain Store Age's* annual Store Construction & Outfitting Survey illustrates, expansion has been scaled back (see cover story, page 24).

With expense control the critical top-line priority, I find it hard to believe that chains are still overlooking one of the most significant (and timely, given the push for sustainability) ways to add dollars to their bottom line: reduced energy consumption. But many are doing just that. Excessive energy use remains common throughout the retail industry, and contrary to what many people think, the fix does not necessarily involve a costly new system or equipment upgrade.

Indeed, the leading cause of excessive energy spending among retailers is not outdated equipment, many experts say, but poor monitoring of heating, ventilation and air-conditioning, lighting and refrigeration systems.

"Most companies don't operate existing equipment efficiently," said Scott Beaver, director of marketing, Prenova, Atlanta, an energy management services company. "By not watching and keeping track of what's happening with equipment on a day-to-day basis, many retailers are in fact leaving money on the table."

According to Prenova, companies with an annual energy spend of \$15,000 per site can easily lose up to \$3,750 purely because of oversights.

"In many cases, it's a matter of simply not paying attention," Beaver said.

HVAC ranks as the largest source of energy consumption for most retailers (the main exception is supermarkets, where refrigeration dominates). The most common HVAC system trouble spots in terms of wasting energy are mishandling of heating and cooling set points, poorly functioning temperature sensors and inefficient fan cycle periods.

When it comes to lighting, the most common offenses are leaving lights on when a store or building is unoccupied, overriding lighting schedules or using artificial lighting when there is sufficient daylight for customers to shop comfortably.

Automated control of lighting and HVAC systems can go a long way to helping retailers reduce energy waste — with one important caveat.

"After you establish corporate standards for store thermostat settings and the like, you need to monitor them to ensure ongoing compliance," Beaver said. "With HVAC, for example, many store managers eventually figure out how to override the set point, or a technician comes in and it gets changed. You just can't set the equipment and forget about it, because the standard will degrade without constant monitoring."

One of the most effective ways to minimize a store's energy use is to reward store personnel when specific reduction targets are met.

"The retailers with the most successful energy strategies have some kind of ongoing program that keeps associates aware of the energy they are using," Beaver said.

It's imperative that retailers get a handle on energy costs now as they are not expected to decrease anytime soon.

"If cap and trade legislation passes, many energy consultants are predicting a spike in energy costs, with a middle ground estimate in the 20% range," Beaver said.

Many companies talk a good line when it comes to sustainability and energy conservation, but how many are actually adopting strategies for better energy management? Prenova and *Chain Store Age* conducted an online survey of more than 250 retailers to get a better understanding of how the industry is approaching the topic.

To read the report, "The Great Green Way," go to chainstoreage.com/Prenova.

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