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Green Shift Forward:

Retailers Taking Big Steps Towards Eco-friendliness

Quadra Island Building Supplies, nestled between Vancouver and the mainland of British Columbia, could be considered the epicentre of the ‘greening’ home improvement market, says storeowner Barry Hatelt.

For over 30 years, Hatelt has served the island community made up of residents who hold the environment in high regard and who are as sophisticated as they come when selecting eco-friendly items. On the island, plastic bags are completely banned, wasteful product packaging is seriously frowned upon, and all items sold must be shipped from local suppliers to be even considered green. It’s also where local resident and environmentalist David Suzuki shops for his home improvement items.

“My customers are very much on the ball about the environmental impact of products, to the point where they know more about them than we do... so if we’re going to sell it as green, we have to be careful and make sure it actually is what we say it is.”

When asked if he ever expects to see similar awareness for the environment across all home improvement consumers across Canada, Hatelt believes that, yes, in time that day will come – especially as natural resources become scarce and energy costs climb uncontrollably.

For now, however, the question

– increasingly on the mind of retailers – is how far off are we from such widespread awareness and intense green demand? Or are we in the midst of a monumental green shift already? And, in the meantime, what’s the best way to address this growing reality among consumers?

LONG-TERM VISION

Pierre Sadik manager of legislative affairs for the David Suzuki Foundation, believes this demand is building fast and

that the home improvement industry has a considerable role to play in the overall march towards greener, more energy efficient homes and communities. He sees the inevitable “astronomical spike” in oil prices, looming government regulations here in Canada, and an “energy efficiency revolution” south of the border all leading to a monumental shift in our desire to be more eco-friendly.

And that desire represents tremendous opportunities for the industry, he says – that is, if retailers can put forth a long-term vision for their business. “Smart retailers and manufacturers will already have begun positioning their brand as the go-to location for consumers who are ready, or are poised to be ready, to invest in home energy efficiency.”

Sadik likens much of what’s happening now in the home improvement industry to the auto sector, with Toyota – once being scoffed at for positioning its brand as the most fuel efficient – now leading the way. While the GMs of the world – unwilling to recognize growing realities within the marketplace – are left to struggle in reactive mode.

He praises various home improvement retailers for having vision, stepping up to the plate and ending the sale of environmentally harmful products or focusing less on inefficient appliances, in order to set an example and to position themselves for the long term.

SHOWING ECO COMMITMENT

RONA is among major retailers trying to lead the way by taking on



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initiatives that reflect its commitment to the environment, says Claude Bernier, executive vice-president, marketing and customer innovations. Among its initiatives, it was the first major retailer to stop selling synthetically made pesticides in all stores across the country, which, he says, represents a significant amount of sales per year. Such proposals are meant to win the trust of Canadian consumers, who are now being bombarded by vast amounts of “green promises.”

“The eco trend is definitely a long-term one. It’s here to stay and we need to be serious about it... We are not just speaking, we are acting and taking a very ser-

friendly when, in fact, they’re not. So overcoming green washing by being as honest and transparent as possible is a major part of its environmental efforts, Bernier says.

‘EVOLUTION, NOT REVOLUTION’

Bill Morrison, president and CEO of TruServ Canada Inc., agrees keeping consumers well informed about these emerging products is imperative in driving sales, as many are just now familiarizing themselves with the concept. Although he sees environmental awareness as now well established and growing quickly, he explains that it still varies a great deal depending on the market.

their impact on the environment.

As an example, Morrison notes that the switch to chemical-free or more naturally based products, such as environmentally friendly cleaners, seems to be slower since so many of us have become dependent on their effectiveness and ease of application.

Green alternatives to those synthetic solutions are being chosen at a slower rate because those purchasing decisions are based on more of a personal choice to help the environment. Energy-efficient items, on the other hand, “offer something more tangible to consumers and something they can understand... These products have both a feel-good side to them and an important economic side too.”

ENERGY SAVING BIG DRIVER

Doug Keeling, buyer for Castle Building Centres, agrees that among green products, there’s great potential for energy-saving solutions – especially opportunities for bigger-ticket items involving solar- or wind-energy technologies. As energy costs continue to mount, Keeling says a significant number of homes and businesses, especially in rural communities, are showing interest in these cost-curbing concepts.

In response, Keeling says Castle has set up new programs with vendors who offer renewable energy products, systems, and service. The new programs cover both sides of the spectrum, allowing dealers to offer small-scale devices — such as power invertors, generators, and portable solar panels — to larger-scale technologies, such as solar air heating systems, heat reflector systems, and wind turbines. He says Castle is exploring various ways to meet these needs, as demand is expected to continue.

Joanna Caners, Home Depot Eco Options marketing manager, also believes the key in driving sales of eco-friendly products is in promoting the incentives or cost-saving abilities that go along with them. Customers still want value above all other aspects, so the greatest potential is in products that can offer some form of pay-back to the homeowner.

“While eco-friendly is important, price and performance remain key motivators for most consumers when making a purchase decision... Ultimately, consumers will measure us through their wallets as to how ‘green’ we are perceived to be.”



ious approach. We’re saying to customers, RONA is not green washing and we’re telling the truth.”

The company has come up with its own environmentally friendly line of products known as ‘RONA Eco,’ which emphasizes a ‘lifecycle approach’ to the environment and the importance of internationally recognized third-party certification of green products. It’s important, at this stage, to provide education to customers that explains the validity of its green policies because there is a considerable amount of ‘green washing’ taking place, Bernier says.

Green washing involves falsely spinning products and policies as environmentally

“The big picture is it’s an evolution, but not a revolution. Consumers have developed their product preferences over a large number of years and they’re just beginning to go green... and many are not making that sudden point of departure as green still needs more observation.”

Through its ‘Be Earth Smart’ program launched in 2008, Morrison says TruServ is trying to help retailers identify and promote products that appeal to this growing customer base – with more than 700 items now falling into the category. Among them, he sees the greatest demand for products that can, firstly, save homeowners on energy costs while at the same time minimizing

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CHANGING BUSINESS

Although Caners believes the market segment for green products is still relatively small, it is moving towards wider adoption so developing loyalty with these customers now is a top priority. She says it's changed many aspects of business to be in sync with the needs of this segment, ranging from phasing-out incandescent light bulbs by 2011 and old battery and paint recycling to opening Leadership in Energy and Environmental Design (LEED) stores (see *Home Improvement Retailing*, October 2008). Its line of Eco Options, as well, has expanded to now cover more than 1,500 products from 80 vendors.

Home Hardware Stores Limited also recognizes the growth of the green market and is changing the way it does business at a number of levels. Claire Trainor, public relations co-ordinator, says it has recently added a number of environmentally friendly items to its product range and has accelerated the rate of new introductions for its exclusive 'Natura' line of eco-conscious products – among its fastest growing lines.

At the corporate level, it has implemented waste-reduction and energy-saving practices at its facilities; ensured trucks have fuel-efficient engines; and has partnered with environmental non-profits such as Tree Canada to promote greener communities. "At Home Hardware, the environment has always been a priority and we are proud of our environmental commitments," she says.

COLLECTIVE EFFORTS

As retailers continue to adapt their businesses, manufactures, builders, governments, and other special interest groups are stepping in to reward eco-friendly actions. These collective efforts, happening at many levels now, are setting the stage for a boom, says Steve Koch, executive director for the North American Insulation Manufacturers Association (NAIMA) Canada.

"I think the next big step in truly making homes energy efficient in Canada is here... it just depends on how quickly we move forward on things... I believe our industry is on the verge of something comparable to the tech boom of the '80s and '90s."

Koch explains that step forward has been a rather long, ongoing process, but it's now accelerating. In the past, most of the effort

to promote energy efficiency came through voluntary programs that homebuilders and concerned groups mainly took part in, such as the R-2000 homes program or the LEED Green Building program. Those campaigns, still going strong today, "tested the waters for new technologies and allowed us to learn a lot about what works and what doesn't for providing efficient homes and buildings."

Today, much of the growing interest in energy efficiency stems from new government grants at federal, provincial, and municipal levels. The government support



is helping to boost demand for these emerging products and is minimizing the higher costs associated with these newer concepts – in turn, significantly improving future markets for energy-efficient goods.

HELPFUL PROGRAMS

ENERGY STAR, an international symbol of energy efficiency, is one such program significantly increasing standards in the marketplace. In Canada, it's a voluntary program between Natural Resources Canada's Office of Energy Efficiency and manufacturers and retailers that sell products that meet its levels of performance. As well, Canada's EnerGuide label is playing a complimentary role, allowing consumers to compare the energy consumption of

products such as refrigerators, washers, dishwashers, and air conditioners.

Also at the federal level, the big announcement during this year's budget was the extra \$300 million devoted to the ecoENERGY Retrofit program. It allows property owners to obtain grants of up to \$5,000 if they choose to make their homes more energy efficient, based on recommendations made after a home energy audit. Recently, Natural Resources Canada announced it would increase ecoENERGY grants by 25 per cent for a limited time of two years. With the increase, the eligible grant for a high-efficiency gas furnace, for example, increases to \$625 from \$500.

To highlight the success of the ecoENERGY Retrofit — Homes program, the Conservatives of Canada reports some promising numbers. Since the beginning of April, an average of more than 21,000 homeowners a month have had pre-retrofit energy evaluations completed, representing a growth of more than 75 per cent compared to April 2008. As well, the average ecoENERGY grant paid to homeowners since April 1, 2009, has increased by almost \$300 to more than \$1,400; and more than 100,000 homeowners have received more than \$112 million in grants since the program began. The Conservative's action plan is meant to expand investments in funding for energy efficient home retrofits and renovations, and, so far, "our Government is delivering results" says Mike Wallace, Member of Parliament (Burlington).

Provincial plans, as well, are greatly improving the market for energy efficient items. Overall, British Columbia, Manitoba, and Ontario are currently leading the way in offering incentives.

Most important of late are the actions outlined in Ontario's proposed Green Energy Act. If passed, the act will make it mandatory for homeowners to get a \$300 home energy audit (about \$150 after available rebates from the Ontario Home Energy Audit and Retrofit Rebate Programs) prior to the sale of a home. The act would also make energy efficiency a key part of building codes, something that's never been done before in Canada, Koch says, and could significantly change many aspects of home construction