

# Retailer-Utility Recycling Programs: Close-up on Sears and Consumers Energy

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# Agenda

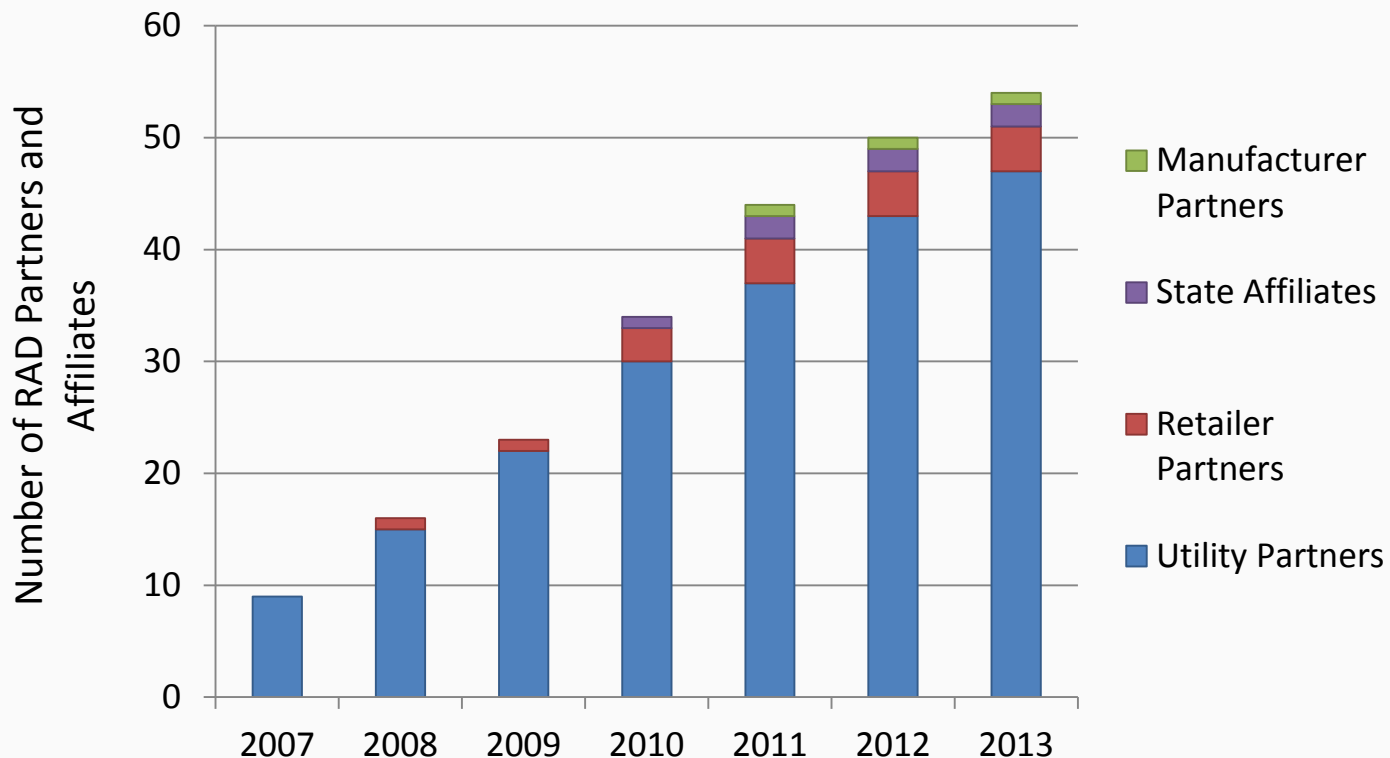
- Overview of RAD Utility-Retailer Partnerships
- Perspectives on How the Partnerships Work
  - Retailer: Sears
  - Utility: Consumers Energy
  - Appliance Recycler: JACO
- Q&A



# Overview of RAD Utility-Retailer Partnerships & Opportunities

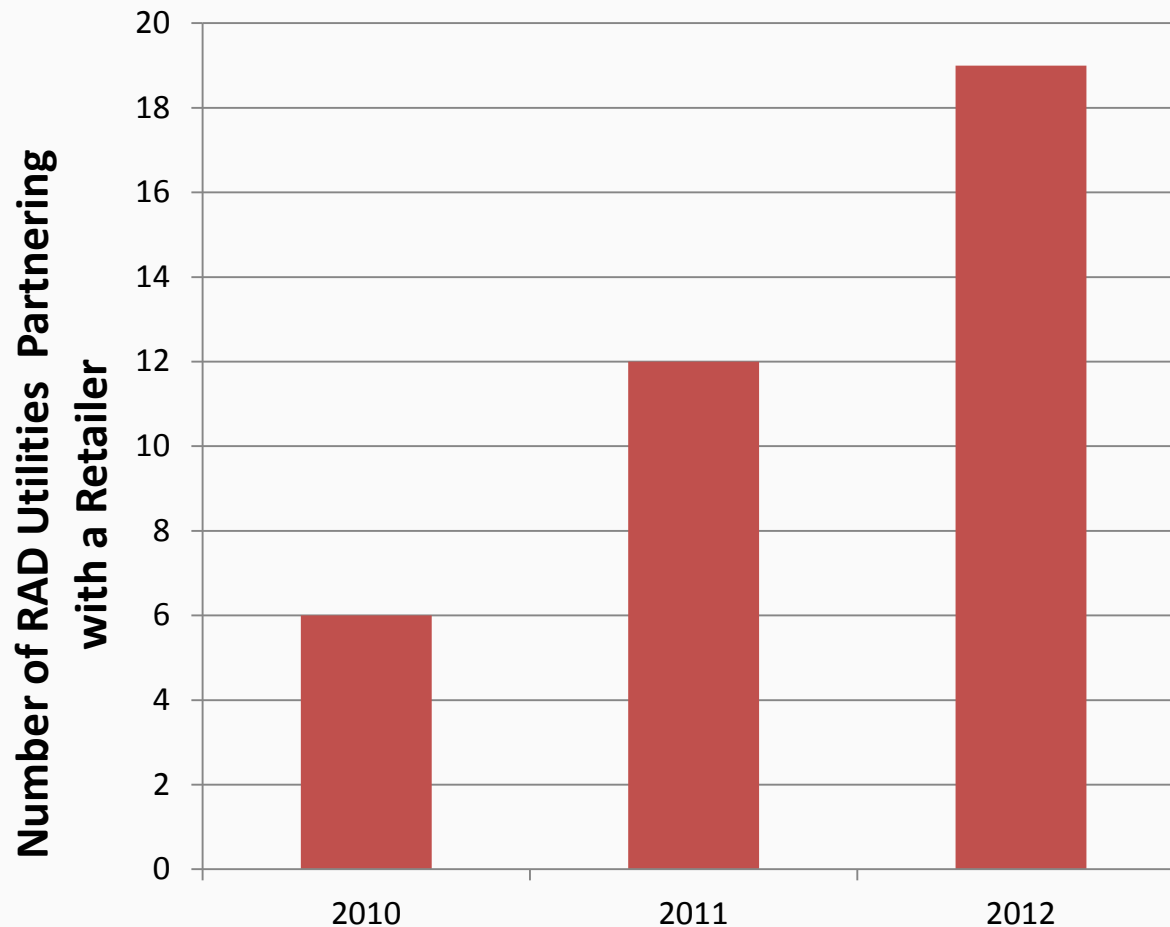
# Overview of RAD Partners

- In 2013, the RAD program consisted of 54 partners: 47 utilities, 4 retailers, 1 manufacturer (and 2 state affiliates)



# Utility-Retailer Partnerships

## Increasing number and impacts of RAD utility-retailer partnerships



### In 2012:

- Increasing number of units jointly processed
- 19 utilities engaged in partnerships
  - 40%+** more utilities than in 2010
  - 4x** more units jointly processed

# Opportunities

Expanded retailer-utility partnerships can:

- Leverage RAD partner resources to increase the number of units processed each year
- Deepen or broaden geographic coverage
- Increase consumer awareness of appliance recycling programs





# Retailer Perspective: Sears

# Sears Holdings: By the Numbers

sears®



**274,000  
Associates**



**Over 2,500 Retail  
Locations & 38  
Distribution Centers**



**Over 50% of U.S.  
households shop  
with Sears  
annually**



**35 million unique  
online visitors  
monthly**



**Nation's largest  
provider of home  
services**



**One of the fastest  
growing loyalty  
programs in history**



**A family of globally  
recognized and  
trusted brands**



**39.9 billion in  
annual revenue**



# Overview of Sears/RAD partnership



- Sears was the 1<sup>st</sup> retailer to join the RAD program in Oct 2007
- We are a leader in the development of energy-efficient appliances & felt that the partnership was a natural extension
- Protecting the environment & inspiring our members to do the same is important to us
- The RAD partnership contributes to our corporate objectives:



**Deliver a “WOW” Member Experience**



**Operational Excellence to Drive Profitable Sales**



**Become The World’s Greatest Integrated Retailer**



**Build a Team of Engaged Associates Who Embrace Change and Technology**

# Overview of Sears/RAD partnership

sears®

- Green Leadership team formed in 2009
  - Stemmed from the “Cash for Appliances” program
  - Transitioned into full-time support team for utility programs
    - Mutual customer base
    - ENERGYSTAR partners



Since 2008, Sears has recycled over 2 million units!

## Economic & Logistical Concerns

- Managing processes between 3 organizations
- Identify roles & responsibilities
- Engage sales associates
- Existing contractual agreements

## Trends

- Momentum driven by state and/or utility mandates
- West Coast saw highest demand for recycling & disposal solutions
- Went from Sears seeking partners to utilities/recyclers seeking Sears


## Impact

- Sears has seen an avg 15% YoY increase in recycling programs through utility partnerships
- Established processes have led to the creation of Retail Action Council  
**PEER Guidance** (Partnerships in Energy Efficiency with Retailers)

## Customer Satisfaction

- Increase in participation & satisfaction due to simplicity of process, ease of transaction, free haul away + rebate
- Purchase a new ee appliance, haul away the old one for free

- Well defined processes
  - Identify roles & responsibilities
  - Determine expectations for information flow
  - Develop clear lines of communications between parties
- Scale the program
  - Look for ways to simplify the model
  - Design program from the perspective of:
    1. The customer
    2. The sales associate
- Continue to explore opportunities:
  - Ex: Engage manufacturers to leverage their marketing channels and add'l rebate dollars to drive program growth and engagement



# Utility Perspective: Consumers Energy

# Overview

- August 2009 –
  - Implementation of Appliance Recycling Program
  - Providing rebates for refrigerators, freezers, window air conditioners and dehumidifiers
- April 2012 –
  - Began the retail portion of the program with both Sears and ABC
  - Grand opening of 2<sup>nd</sup> Warehouse in Michigan

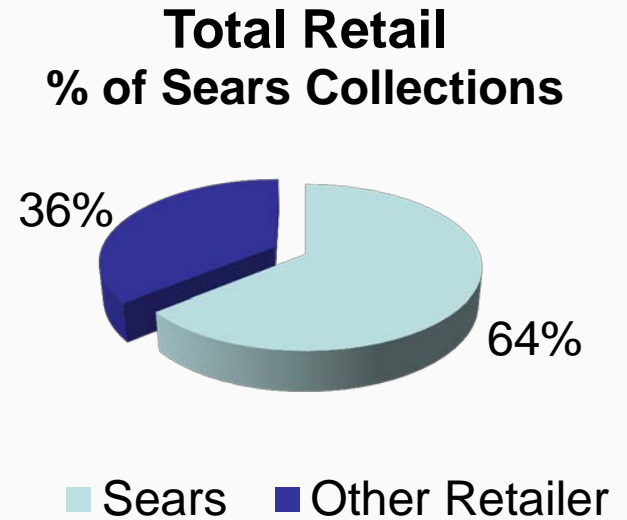
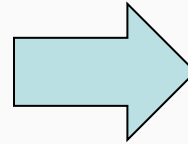
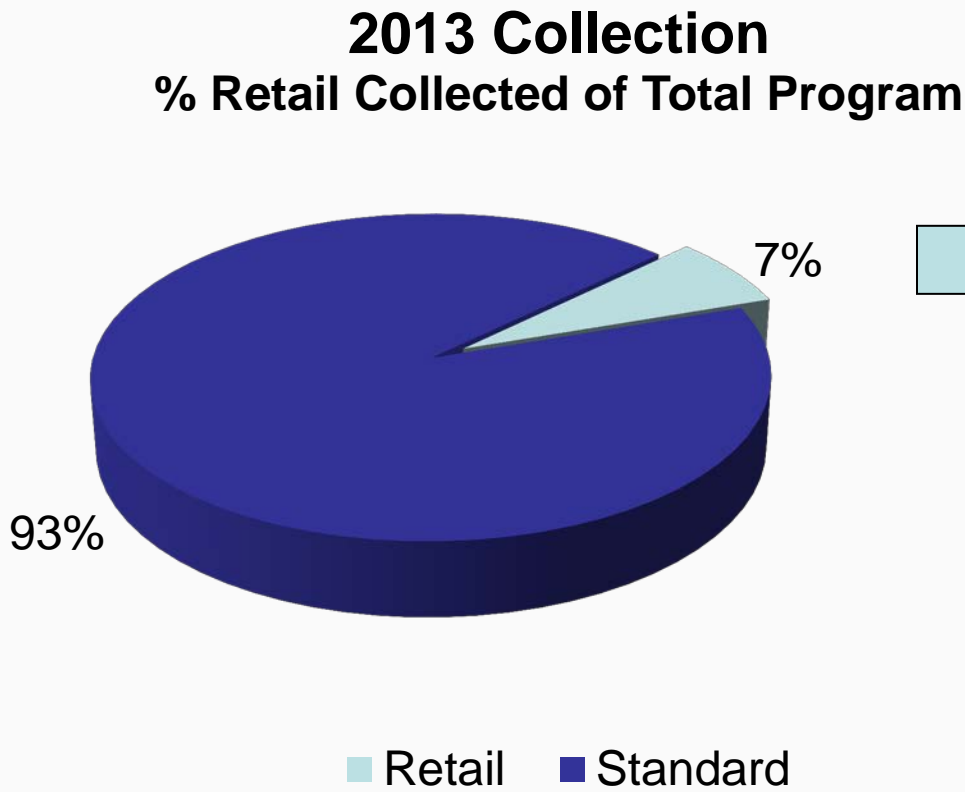


# Start-up Challenges

- In-store promotion from sales personnel
  - Sales personnel had to learn the details of the program and
  - Added to their limited talk time with the customer
- Systems in place
  - Create a separate measure in our existing system for tracking
- Proper documentation in place of the existing ATO
  - Use Bill of Lading as tracking
    - Includes details such as retailer, customer name, date, ATO number, appliance type and quantity
    - Exclude the other utilities' appliance collection information

# Retail Program Impact

- Impact on 2013 program





# Retail Program Impact

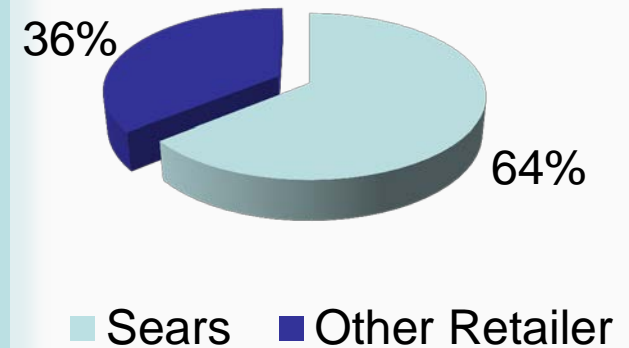
## ***2013 Environmental Impact of Sears-Consumers Partnership***

*(based on 1,200 units)*

### *Recycled:*

- ♻️ **90** tons of metal
- ♻️ **15** tons of plastic recycled
- ♻️ **2** tons of glass recycled
- ♻️ **6** tons of foam insulation
- ♻️ **2** tons of aluminum (100k aluminum cans!)
- ♻️ and the CO2 emissions avoided is equivalent to keeping **2,400** cars off the road in one year

**Total Retail  
% of Sears Collections**

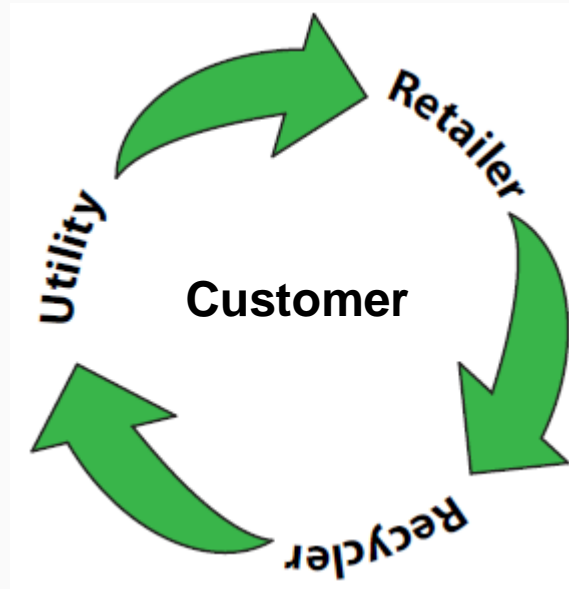


# Program Benefits/Successes

- Capturing and recycling additional units (7% of overall program)
- Potential spillover effect of helping retailer and customer aware of recycling benefits
- Promotes the utility appliance recycling program
- Provides a convenient option for customers
- High satisfaction rate of Sears retail customers participating in the program:
  - ✓ Overall Satisfaction
  - ✓ Likelihood of Recommending Program
  - ✓ Applying to program
  - ✓ Convenience of scheduling a pick-up ★
  - ✓ Appliance collection ★
  - ✓ Satisfaction of rebate

# Utility Tips

- Keep the process simple, easy and convenient for the retail salespersons
- Maintain good communication/relationship between utility, recycler, retailer
- Let your customers know!





# Appliance Recycler Perspective: JACO

# JACO History

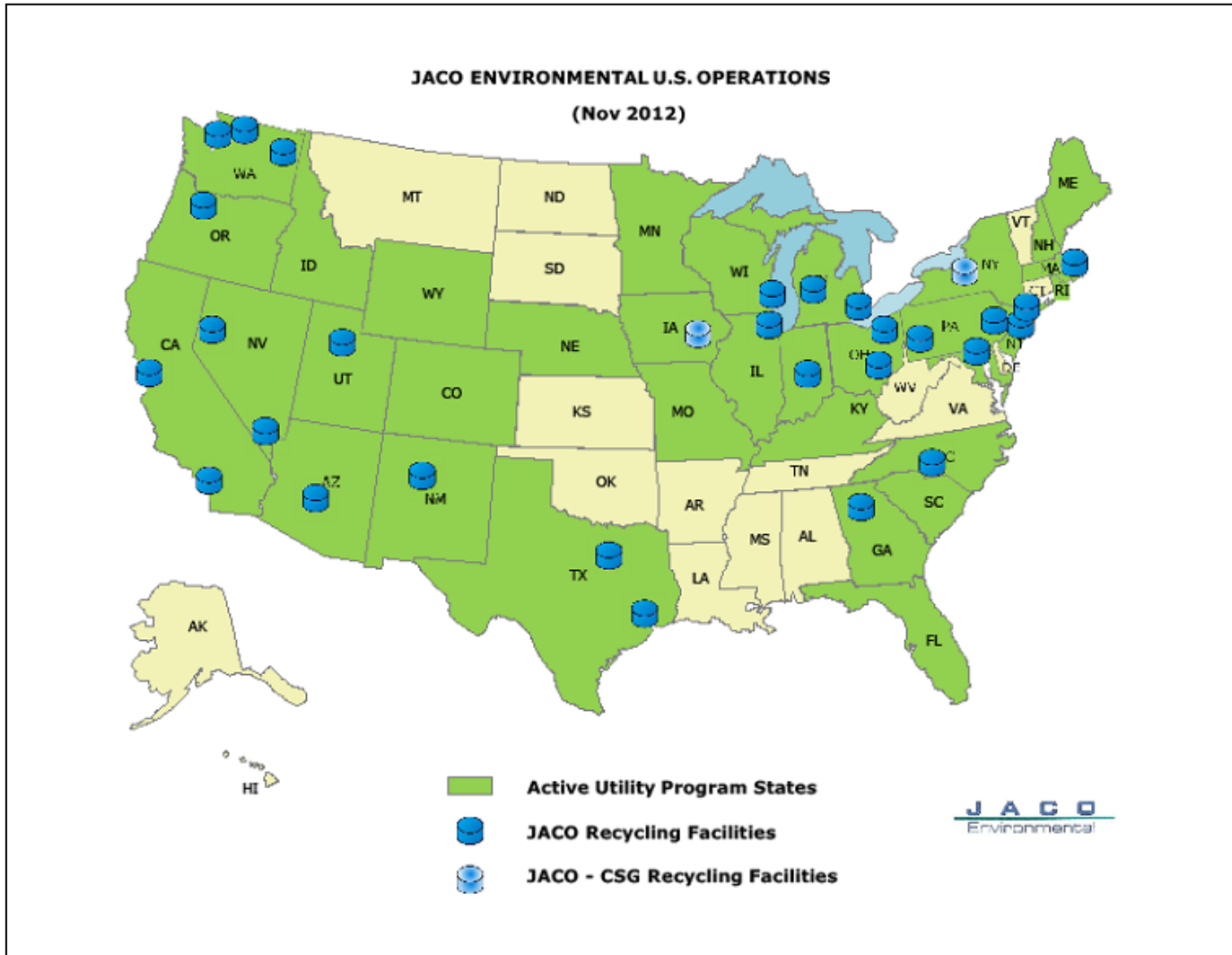
|   |  |
|---|--|
| Founded   | 1989   |
| Initial Business Focus                          | Recycling used appliances for retail chains (e.g., Sears)                |
| When Utility Energy Efficiency Programs Started | 2001 (for Sacramento M.U.D.)   |
| Headquarters                                    | Bothell, WA  |
| Legal Form                                      | Corporation  |
| Employees                                       | 625 as of 12/31/2013   |
| Employee Turnover                               | <10% annually  |
| Permits   | Facilities, trucks, and technicians all fully permitted and licensed     |
| Safety  | ISO 14000 safety procedures utilized                                     |
| Environmental Compliance                        | No environmental violations or infractions in the history of the Company |



# JACO Current Programs

- Over 270 energy efficiency (EE) appliance recycling programs (ARPs) currently being implemented or launched nationally
  - Operations in 35 states
  - 30 recycling facilities
  - 2013 volumes: approximately 450,000 Utility units
    - Overwhelmingly refrigerators and freezers
    - Some room air conditioners and dehumidifiers
- Non-EE ARPs for retailers and landfills
  - 2013 volumes: approximately 600,000 units
    - All types of home appliances
      - Includes many units at EOL (“dead” units)

# JACO National Footprint



# Warehouse DeManufacturing





# SEG De-Manufacturing



# Retail Partnership

Our Retail partnership allows the customers to enroll for the rebate in store and have only one home visit.

The retail delivery team delivers the new appliance, qualifies and collects the old unit.

JACO collects the units in bulk from the retail local warehouse

Data collected and recorded, units de-manufactured

**First launched in CA with Sears 2008 4 locations**  
**287 Sears locations in 18 states as of 2014 Q1**



# Consumers - Sears Partnership

Launched April 24, 2012

11 SEARS locations

Over 2,000 units collected since the start from SEARS!



# Consumers Retail Materials

UTILITY COMPANY: \_\_\_\_\_

CUSTOMER NAME: \_\_\_\_\_

CONFIRMATION NUMBER: \_\_\_\_\_

1. Please write the Utility Company, your name and confirmation number in the space above.
2. Affix the sticker to the old unit being recycled on the **RIGHT SIDE** of the unit in the upper left corner **PRIOR** to the delivery of your new appliance. The team that delivers will haul away the old appliance.

*If you have any questions please call: 1-877-398-8764*

**J A C O**  
Environmental

*Your Energy Efficiency Program Appliance Recycling Company.*



**RECYCLE.**

**GET A \$50 INCENTIVE**

Chances are, the second refrigerator or freezer in your basement or garage is running up your utility bill by as much as \$150 a year. Recycle it, reduce your energy use and keep greenhouse gases and ozone depleting substances out of the environment. We'll pick it up for free and you'll pick up \$50.

**SAVE UP TO \$150/YR IN ENERGY COSTS**

For a **FREE pickup**, call 1-877-270-3519 or visit [www.ConsumersEnergy.com/recycle](http://www.ConsumersEnergy.com/recycle).

**Consumers Energy**  
Count on Us

No appliance age restrictions. Refrigerators and freezers must be in working condition and must be a maximum of 15 cubic feet in size, adding inside measurements. Consumers Energy contracts with JACO Environmental, an appliance recycler, to pick up and recycle refrigerators and freezers that are in working condition. Limits for this program is limited. Must have a Consumers Energy electric customer and one recycling bag recycled. Limit two units per residential address. A check will be mailed to the customer within four to six weeks after the appliance collection. See website for details. © 2012 Consumers Energy.

**To receive a \$50 rebate and FREE haul-away of your old refrigerator or freezer, please follow the steps below.**

1. Make sure your old appliance is working, and a minimum of 10 cubic feet in size.
2. With the help of your sales associate, register to have your old appliance removed and recycled at the time of your new appliance delivery.  
Or call 1-877-270-3510 or visit [www.ConsumersEnergy.com/recycle](http://www.ConsumersEnergy.com/recycle) prior to the delivery of your new appliance to have your old one removed free of charge.
3. You will be given a 7-digit confirmation number. Write this number along with your name and energy provider on the accompanying sticker. For your records, you may also want to write 3 lines for reference: \_\_\_\_\_
4. Place the peel off sticker on the **RIGHT SIDE** of your refrigerator or freezer in the top left corner, **PRIOR** to your new appliance delivery. The unit should be empty and plugged in until it is removed, with a clear safe pathway.
5. The team that delivers your new appliance will remove the old unit. Your \$50 rebate check will arrive via mail within 4-6 weeks.

**JACO**  
ENVIRONMENTAL

# CHALLENGES AND IMPROVEMENTS

- Advanced process for handling polyurethane foam insulation
- Hard plastic from interior and crispers being sent to Dell for computer manufacturing

## Retail-utility partnerships

- Keep it simple, consistent and easy
- Communication

# Q&A



# Discussion

- Other experiences?
  - Interest among retailers or utilities in exploring partnerships?
  - Barriers to partnerships?
  - Best practices, tips, and/or tools that other utilities/retailers in partnerships would like to share?
- How can the RAD program help?
  - Resources?
  - Facilitated dialogue?

