

ConvenienceStoreNews

KEEPING THE INDUSTRY AHEAD OF WHAT'S NEXT

Get "Green" By Going Green

What Convenience Retailers Need to Know
about Operating Environmentally Friendly,
Sustainable Stores – and Profitable Stores

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Interactivity Tips

- Getting Your Questions Answered
 - Submit A Question through your Console
- Copy Of Presentation
 - “Download Slides” button on console
- Join In On The Polling
 - Disable “Pop Up” blocker,
 - Hold down your CTRL key during polling

Featured Speakers



Don Longo
Editor-in-Chief
Convenience Store
News

Jay Ricker
President
Ricker Oil

**Scott E.
Hartman**
President & CEO
Rutter's Farm Stores

Stuart Clark
*SR. Vice President,
Sales, Grocery Supply
Chain Solutions*
McLane



Get Green by Going Green

Don Longo,
Editor-in-Chief
Convenience Store News

Get Green by Going Green



- o Doing the right thing for the planet does the right thing for retailers' bottom lines



Who Cares About the Environment?

- 85% say they care about protecting the environment -
- Natural Marketing Institute's *LOHAS Consumer Trends Database*TM
- Blog buzz on “sustainability” up 50% year over year
and up 106% since Sept 06 – Nielsen Online
- Hot topics include:
 - Renewable energy/alternative fuels
 - Packaging plastics
 - LEED
 - Simple living
 - Energy Star
 - Corporate responsibility
 - Green-washing



















Who Cares About the Environment?


- A company's environmental practices impact:
 - The products they purchase: 79%
 - The products/services they recommend to others: 77%
 - Where they shop: 74%


Source: Gfk Roper Consulting


But Skepticism is High

Who's Winning the Race to Green?

Industry	Company	Issue	Sentiment	Differentiating Tactic
Food and Beverage		Fair Trade		Public Relations
				
Media		Green-Themed Television Programming		Length of Commitment
				
Retail		Plastic Bag Reduction		Incongruous with Corporate Reputation
				
Energy/Oil		Energy Efficiency Initiatives		Contradictory Actions
				

 Sentiment toward topic leans positive

 Sentiment toward topic leans negative

 Sentiment toward topic leans mixed/neutral

Source: Nielsen Online



Impact of recession

- About 20% shopping the natural products channel less, buying fewer environmentally-friendly products, and have decreased the use of organic foods
- Most common approach to deal with economic challenges is buy less food overall (42%); another 31% buying cheaper, less healthy food.
- 33% are more likely to recycle due to downturn.
- Behavior with respect to purchasing from companies who support charities or use environmentally-friendly manufacturing and retail practices has not changed (74% and 68%, respectively).

Source: Natural Marketing Institute (NMI), NMI's 2009 Healthy Aging/Boomer Database® (3,000+ general population U.S. adults surveyed in Jan 2009)



Successful Examples

- Products:
 - Clorox Green Works cleaners
 - Home Depot Eco Options
 - Compact Fluorescent Lightbulbs (CFL's)
 - Tide Coldwater detergent
 - A re-designed Pampers line using 40% less material
 - Nestlé water bottles made with less packaging.
- Retailers:
 - Whole Foods, Aldi and Ikea have banished or started to charge for plastic bags
 - Safeway announced an ambitious plan to switch over its truck fleet to biodiesel fuel, removing 75 million pounds of carbon emissions from the air.

Source: Greentailing, And Other Revolutions in Retail, Neil Stern & Willard Ander

● ● ● | BP's Helios House, Los Angeles





NACS Green Toolkit

- Update T5 fluorescent light fittings to T8 or T12
- Use LED lights in fridges and canopy
- New heaterless, non-condensing fridge doors
- Cold air recovery technology
- Modular integrated refrigeration systems use excess heat to warm store
- Energy management systems using light and temperature sensors
- Harness natural light with skylights
- Painting roof white to reflect sun's rays

Jay Ricker
President
Ricker Oil Company



Energy use reduction

- ◆ Refrigeration
- ◆ Lighting
- ◆ HVAC
- ◆ Energy Management Systems

Carbon footprint reduction

- ✦ Cut energy use
- ✦ Green/renewable power
- ✦ Sustainable/recycled construction materials
- ✦ Natural refrigerants
- ✦ Lower carbon transport

Lighting

- ✦ Replace legacy incandescent bulbs with CFLs
- ✦ Replace T12 systems with T5 or T8 lighting - 35% energy cut
- ✦ LED lighting for spot lights, exit signs, petrol price signs, fridge lighting and canopy lighting
- ✦ Zonal lighting controls with daylight sensors
- ✦ Natural light – windows, skylights and light tubes

Refrigeration

- ✦ System change:
 - Modular integrated systems which reuse waste heat
- ✦ Maintenance, cleaning and stocking procedures
- ✦ Heater less doors
- ✦ Efficient lighting - T8 or LED
- ✦ Cold air overspill
 - Doors on fridges
 - Cool area around fridges
 - Cold air retrieval
 - Effective air curtains
- ✦ Natural refrigerants
- ✦ Off peak electricity
- ✦ Cold exterior air to cool refrigerators in winter

HVAC

- ◆ Equipment maintenance
- ◆ Equipment specification
- ◆ Poorly maintained equipment can lead to expensive and unexpected equipment replacement costs
 - Southern California Edison: more than 50% of AC systems are oversized or have improper refrigerant charge, leaky ducts or mismatched coils, reducing equipment efficiency by 30-50%.

HVAC

- ◆ In house maintenance procedures - sealing and insulating the cooling system can improve efficiency by up to 20%.
- ◆ HVAC zoning to allow for solar gain, cold air spill and waste heat from cooking
- ◆ Use of fans
- ◆ Automation of temp and humidity controls
- ◆ Air curtains at back and front doors
- ◆ Integrated HVAC and refrigeration systems
- ◆ Energy Management Systems – new build and retrofit

Energy Management Systems

- ✦ Temperature/humidity/ light sensors in and outside the store
- ✦ Automated controls – equipment functioning at maximum efficiency.
- ✦ ExxonMobil has installed Emerson's E2 System at 500 US Stores/1100 globally
 - 17% average reduction in annual electricity consumption
- ✦ Emerson and Torex energy savings calculators included in the toolkit

Power Supply

- ✦ Ways to cut your electricity rate
- ✦ Green/renewable power can reduce carbon footprint
- ✦ Micro – generation
 - Solar – ROI difficult Tax incentives. Forecourt canopies
 - Wind – becoming established in UK Clear consumer signal
 - Geothermal – 30% less energy than a conventional pump. Tesco and Asda evaluating

Communication

Effective communication of an environmental strategy is expressed at every level to all stakeholders

- ◆ Store staff
- ◆ Customer
- ◆ Media
- ◆ Partnership
- ◆ M&S have set the standard

Communication

Staff: Effective Housekeeping Practices

- ✦ Raising awareness with:
 - Training sessions, posters, flyers, events and websites
 - Charting summary statistics like overall store energy use and equipment use
- ✦ Rewards to individuals, departments, stores
- ✦ Staff participation – feedback and ideas

Communication Customer Focus

- ✦ Recycling
- ✦ Carrier bags
- ✦ In store messaging

Regulation and Partnership

- ◆ Keep ahead of regulation
- ◆ Work with Government agencies – US EPA's Energy Star
- ◆ Utility companies - energy audits, incentives, advice
- ◆ Charities/schools
- ◆ Suppliers



Get "Green" By Going Green:

**What Convenience Retailers Need to Know
About Operating Environmentally Friendly,
Sustainable – and Profitable Stores.**

Green concepts can be readily incorporated into new stores but don't overlook the remodel or corporate wide opportunities as well.





Green Starts with a Corporate Strategic Commitment

- The senior leadership must actively support “Green” with their voice and checkbook
- Many initiatives may already be in place...look around
- Utilize the creativeness of the entire organization
- Ask your customers for ideas and have them participate
- Make “green” part of your brand



Green Starts with a Corporate Strategic Commitment

- Rutter's started with embracing "green" at a corporate strategic planning retreat
- Our senior management team went to Ireland and saw firsthand how other countries are more advanced than the U.S. when it comes to green
- The entire team was challenged to help find ideas, evaluate concepts and to help make Rutter's a leader
- Once the list of ideas was developed, we were off to the races to evaluate and implement the ideas



Green Starts with a Corporate Strategic Commitment

- Sustainable Companies Deliver Value to Four Constituencies:
 - Accountability to Shareholders
 - Accountability to Customers
 - Accountability to Employees
 - Accountability to Communities

Quote from Bill Birchard, journalist



Rutter's Green Store Initiatives:

- Plastic bottle, can and newsprint customer recycling
- Cardboard recycling
- White solar reflective roof for cooling
- Refrigeration, lighting and store climate managed by computer
- Energy efficient T5 and LED lighting
- Rain forest coffee

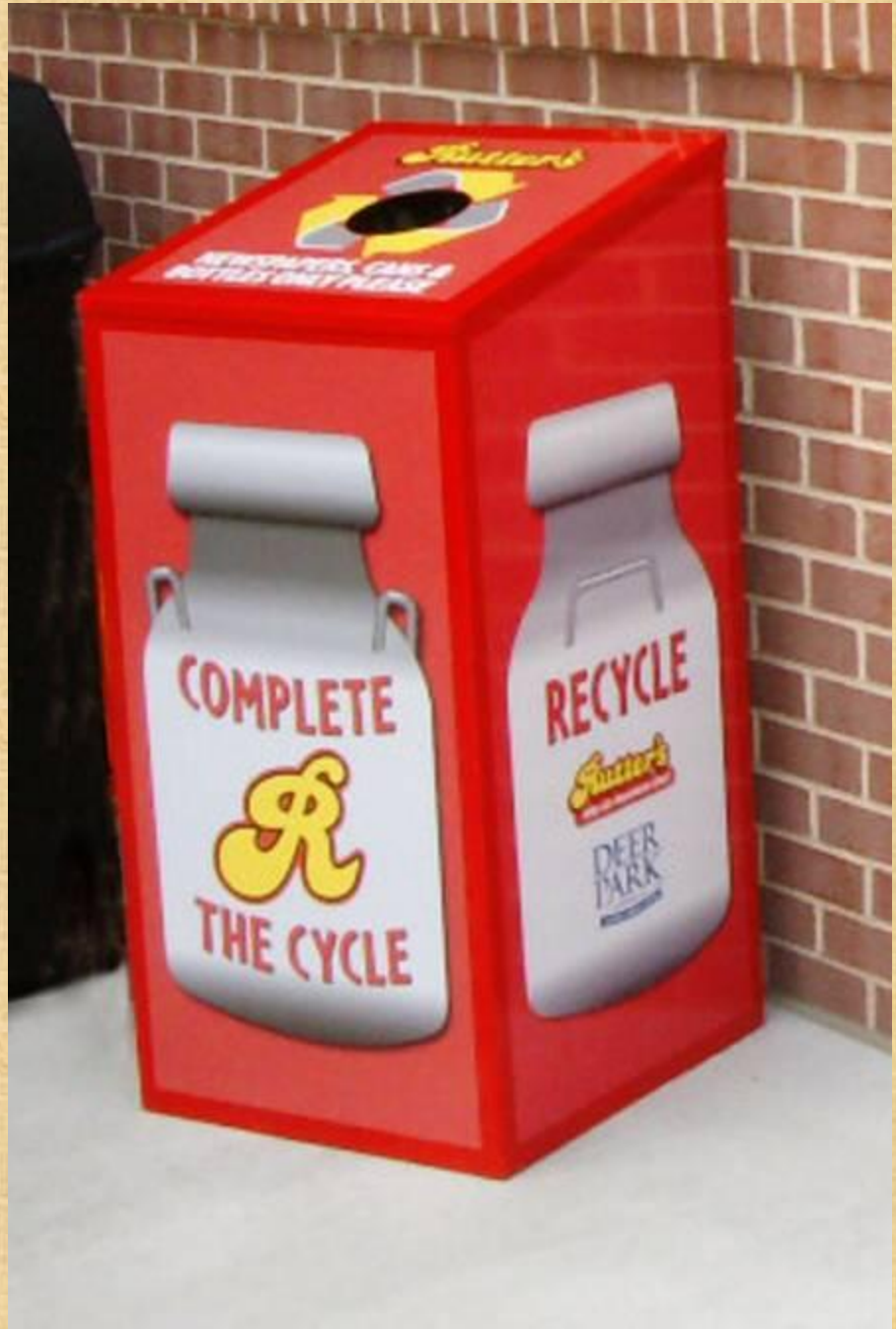


Green Store Initiatives

- Lighting motion detectors in backrooms and bathrooms
- Tankless water heaters
- Frying oils recycled for feedstock
- Light bulb and ballast recycling
- Air curtains at back doors
- Ethanol enriched gasoline

**Customer designed
Rutter's
Recycling container
placed at every store.**

**The winning designer
was 81 years old. So it
goes to show all ages
are interested in the
subject.**





Green Store Initiatives...the payback

- Some initiatives have more obvious payback
 - Measureable utility savings
 - Better lighting
 - Side benefits like temperature checks that benefit food safety goals
- Some things just seem right without payback
 - Bottle, can, newspaper recycling
- Some are soft benefits (rainforest coffee)
 - Drive more customer loyalty
 - Focused on the emerging shopper



Green Store Initiatives – The PR & Public Angle

- Make sure you truly understand what your “green” initiatives achieve
- Don’t go public until you are sure of what you are doing and the results
- Be conscious that the public may be skeptical of your green PR and label you “green washing”
- Get all your internal staff onboard before you tell your customers
- Walk the walk, then do the talking



Green Store Initiatives – Summary

- Green and sustainability are clearly not a fad
- The emerging shopper (18-24 year olds) really get it
- Customers will participate if you make it convenient
- Make green the key goal, not PR
- Engage your entire team on this subject
- Embrace the easy ROI projects but don't overlook the soft benefits....make it part of your brand



GOING GREEN

McLane Green Advantage

February 19, 2009



COMPANY HIGHLIGHTS



\$30 Billion Supply Chain Services Company

Supply Chain Solutions

- Convenience stores
- Mass merchants
- Warehouse clubs
- Military
- Drug stores
- Chain-based restaurants



Wholly owned subsidiary of Berkshire-Hathaway

15,000 teammates

Nationwide coverage

24 x 7 operation

Service 60,000 retail locations



GREEN ADVANTAGE OVERVIEW



Green Advantage is our company-wide comprehensive environmental initiative to create more **energy-efficient** and **environmentally sustainable** practices throughout our Grocery and Foodservice operations



GREEN ADVANTAGE OVERVIEW



AS PART OF THE GREEN ADVANTAGE PROGRAM, WE HAVE:

- Made **significant investments** in various types of automation with a focus on energy conservation
- Implemented a number of **practices designed** to
 - Conserve energy
 - Reduce environmental impact
 - Increase operational efficiency

GREEN ADVANTAGE OVERVIEW



Our initiative spans four major areas:

- Equipment and facilities
- Processes and technology
- Teammates involvement
- Community support



EQUIPMENT AND FACILITIES



We have invested:

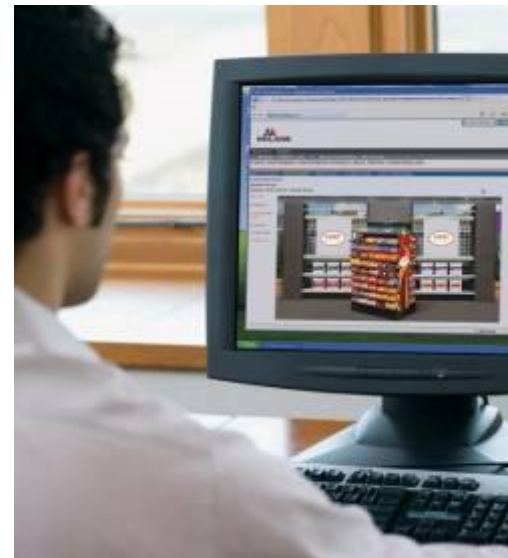
- Over **\$100 million** in automation with a key focus on energy conservation
- **\$7 million** in energy-efficient fluorescent lighting and motion detectors for distribution centers



PROCESS CHANGES



- **Recycling and treating water** used in many of our wash bays to eliminate contaminants and save thousands of gallons yearly
- **Lowering the highway** speeds of all trucks to conserve fuel and reduce CO² emissions
- Maximizing the **efficiency of loads** carried and reducing the amount of total trips to increase the efficiency of truck delivery
- Offering McLane **Technology Services** online to reduce use of paper and the need to travel



TEAMMATES INVOLVEMENT



- Providing lunch service on site in many locations, to reduce the need to drive for lunch
- Encouraging carpooling by providing incentives to carpoolers, like close-in parking spots
- Recycling of paper and other materials

COMMUNITY SUPPORT



- Working with a reclamation group to donate unused goods for reuse
- Donating manufacturer samples to local food banks and charities

IN PROGRESS



- Moving to paperless vendor management and central accounts payable practices to reduce waste
- Looking into reusable plastic pallets rather than wood pallets that can only be used 2-3 cycles
- Working with manufacturers to create more environmentally efficient packaging to reduce corrugates and plastics. Some examples:
 - Smaller bags for chips
 - Cardboard boxes for candy built like water bottle crates instead of full boxes



QUESTIONS?



You may also visit

www.mclaneco.com/goto/green for more information on Green Advantage or call (800) 299-1401.

Check the McLane website later this Spring for a Green Advantage White Paper to download.





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Q & A Panel



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THANK YOU

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