

How to Speak a Grocer's Language

From the EPA's Energy Star Program:

Energy Use in Supermarkets: On average, supermarkets in the United States use around 50 kilowatt-hours (kWh) of electricity and 50 cubic feet of natural gas per square foot per year — an average annual energy cost of more than \$4 per square foot. For an average-size (50,000 square foot) store, this equates to more than \$200,000 annually in energy costs and results in 1,900 tons of CO₂ being emitted into the atmosphere — equivalent to the emissions from 360 vehicles in one year! Refrigeration and lighting account for over 50 percent of total energy use in the average supermarket, making these systems the best places to start looking for energy efficiency opportunities. Especially since the profit margins of supermarkets are so thin, on the order of 1 percent, ENERGY STAR estimates that one dollar in energy savings is equivalent to increasing sales by \$59! (I got \$100 when I did the math! JAH)

WHAT IF TOGETHER WE COULD INCREASE YOUR SALES PER SQUARE FOOT BY 10-25% WITHOUT INCREASING SALES?

Remember this morning? Do I have your attention? Are you interested?

Grocery Stores measure sales by square foot of floor space! That's their language....

Average US Supermarket = \$16M/year in sales and average size of 50K sq. ft. *

\$16 million sales / 50,000 sq. ft. = \$320 in sales per sq. ft. per year

Net Profit averages 1% or \$160,000*

Average energy cost \$200K per year or \$4/per square foot*

If, through energy efficiency projects, we could achieve over a period of time a 20% reduction in energy use = \$40,000 per year savings

\$100 in sales = \$1 in Net Profit, so then \$1 saved on energy equivalent to \$100 in sales at the register!

\$40,000 saved on energy X \$100 in sales = \$4,000,000 in effective increased sales revenue!

New effective sales per year is \$20 million/ 50,000 sq. ft. = \$400 per square foot in sales per year

Sales per square foot increased 25% after ROI from \$320/sq. ft. to \$400/sq. ft. ($320 \times 1.25 = 400$)

New average energy cost \$160K/year or reduced from \$4/sq. ft. to \$3.20/sq. ft.

Win-win, any way you look at it, but we must have the ability to help them see the vision through energy efficiency to realize these massive gains in an industry that averages 1% profit margin.

EPA Source:

<https://www.energystar.gov/sites/default/files/buildings/tools/SPP%20Sales%20Flyer%20for%20Supermarkets%20and%20Grocery%20Stores.pdf>