

streetwire

Welcome to the December edition of Streetwire, breaking opinions on the state of the high street property market brought to you by Mace Retail.

During the past couple of months there's been so much economic turbulence, which has had both a direct and an indirect impact upon the retail property sector, that we've been spoilt for choice in terms of which topic to debate in this month's issue of Streetwire. In the end though we've asked our panel of experts to exercise their minds by responding to the following question:

“CAN RETAILERS AFFORD TO BE GREEN AND CONTINUE TO EMBRACE THE LATEST ENVIRONMENTAL THINKING IN THE CURRENT ECONOMIC CLIMATE?”

As ever, your feedback and suggestions for future topics is most welcome. We hope you enjoy the read and wish you well in the final run up to Christmas and a successful 2009.

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EXPERT PANELLISTS

High street retailers speak...



Julius Brinkworth
Head of Energy and Environment at Sainsbury's



In the current economic climate, companies are likely to pursue fewer environmental projects. However, rather than diluting efforts over 50 or 100 different environmental initiatives, by pursuing fewer projects businesses are able to apply much greater focus on each one and so optimise the benefits individual projects deliver.

The single most important aspect to concentrate upon is resource efficiency, as this will automatically provide a green focus. And, the three biggest and most valuable areas to focus efficiency-improving efforts on are Energy, Waste and Water.

Businesses that improve their efficient use of energy secure two-fold benefits. Firstly, they can save an awful lot of energy and money - retailers can reasonably target energy savings and cost reductions of 15% per year over

a minimum of five years; and secondly, having a highly efficient energy usage profile greatly increases the security of energy supply – a factor that is becoming evermore important as the UK imports increasing amounts of energy.

As greater efficiency increases are secured, system and component counts will fall, making stores simpler to design and build, and also more flexible/modular.

Finally, I would urge all organisations to put in place ongoing energy consumption monitoring measures, as these will be key to achieving sustainability rather than one-off savings. So it is clear that businesses which fail to embrace the latest green thinking will end up paying more, even in the short term, and so now more than ever they should now be investing time and resources in improving their operational efficiency.



High street retailers speak...



Gary Kent
Head of Group Property, Ulster Bank

Retail banks, just like any other high street retailers, simply cannot afford not to be environmentally responsible. With consumers increasingly aware of the green credentials of major brands, failing to be (and seen to be) environmentally responsible can have a serious impact on your business.



From a more positive perspective, through good energy conservation and resource management we are driving down our Carbon Footprint with energy bill reductions and waste reduction. The benefits aren't restricted just to reduced energy and resource bills, they can also come at the tills – because

green-minded consumers favour brands that share their environmental concerns and beliefs.

Tackling resource consumption across all your operations is an excellent Win-Win approach - not only is it an excellent green initiative, but it can also generate added value and very worthwhile cost savings.

We are absolutely passionate about our responsibility towards the environment and appreciate that for Ulster Bank to achieve its ambition of becoming the number one banking group in Ireland, our CR credentials must be top of the class too in terms of Environment and Sustainability.



Richard Gillies
Director of Plan A at M&S



It's an interesting question, especially when coupled with the many challenges facing businesses today.

M&S launched Plan A, our 100-point 'eco plan', because we believe it's 'the right thing to do' – morally, socially, environmentally and commercially.

By the end of year one Plan A had already become cost neutral and many of our initiatives - such as moving to low energy lamps, recycling coat hangers and charging for carrier bags - deliver benefits many times over.

Firstly, they produce immediate cost savings, which exponentially increase at scale and help future proof us against further rises in oil prices, material costs and carbon charges.

Secondly, climate change is a fact - it won't slow down just because the economy slows down. So, if we believe that doing our bit to tackle climate change is the right thing to do, then we have to stick to our principles, especially as we know that our customers look to us to take a lead in spearheading action. So, should business continue to invest in CSR during the current economic climate? My answer is an unequivocal and resounding YES!



Perspective from the media...



Noella Pio Kivlehan
Retail Editor at Estates Gazette



As tough as things might get economy wise, retailers can't afford not to embrace the latest green thinking. The environment still needs to be protected, even in a downturn. And, as predicted, when things start to pick up, then environmental issues will be just as important.

However, the other problem is that a lot of retailers, while they have good 'green' intentions at corporate level, are finding it difficult to turn those into reality - as they are underpinned by what the developers of the shops can feasibly do.

Overall, even if retailers just take small measures to be green in a recession, then it will be for the greater good when the good times roll again.



Mace Retail's view



Nigel Hursthouse
Renewable Distributed Generation Project Manager at Mace Retail



Effective energy conservation and management can cut energy bills by as much as 25%, while at the same time being a key part of a company's CSR programme.

Retailers should treat energy conservation and sustainability as a business priority and ensure they allocate the necessary

management time, expertise and resources to ensure they achieve the best possible cost savings through the adoption of a comprehensive energy management programme.

Businesses should adopt a twin-track approach to their environmental profile – cutting consumption AND increasing the use of directly sourced renewable energy.



Outside opinions



Nick Hurd MP
Nick has specialised in environmental issues as a Member of Parliament serving on the Environment Audit Committee.



The most successful retailers are those that stay just ahead of their customers. In a recession some 'short-termers' will make the mistake of dumping green, because they think that their customers won't pay a premium or that they will have other priorities.

These retailers will be missing an opportunity to build the long-term customer loyalty that rewards consistency and a matching of values.

In recent years, consumers have become increasingly interested in the impact of their purchasing decisions on the environment, and as such are looking for leadership from the brands they trust.

In a world of rising energy and waste costs, green products will become cheaper as the cost of not being green will increase. A new benchmark of competitiveness will be how efficient a company is in its use of energy and its management of waste.

The winners will recognise this and persevere; because they know that when it comes down to the bottom line, they cannot afford not to be green.



Philip Wolfe
Director General of The Renewable Energy Association



Informed retailers realised some time ago that they can't afford not to be green. This is no longer just a PR or 'green-wash', but a pathway to a sustainable business with lower inherent costs for the future.

Retailers who continue to adopt a twentieth century approach to energy are responsible not just for a larger carbon footprint - they are also wasting energy and money through poor insulation and unnecessary power usage. They are dependent on outside energy suppliers and have seen their costs rise by a quarter in the last year.

More progressive companies will have already adopted widespread energy efficiency measures and started to install renewable energy production in their properties. Most renewables are becoming cheaper as volume grows. Concessionary tariffs to be introduced next year will increase the range of sources that are already competitive with fossil fuels. Renewable generators can look expensive in terms of the capital cost, but most have comparatively little or no ongoing fuel costs. This de-risks energy purchases compared to highly uncertain future oil, gas, coal and even nuclear prices.

Increasing numbers of consumers are also realising that an investment in renewable energy is good for the budget as well as the planet. What better investment today than environmental products that can reduce tomorrow's energy bill to zero?

