



Communication of Lighting Product Performance Standards and Labelling Programmes to Supply Chain Providers

Stuart Jeffcott



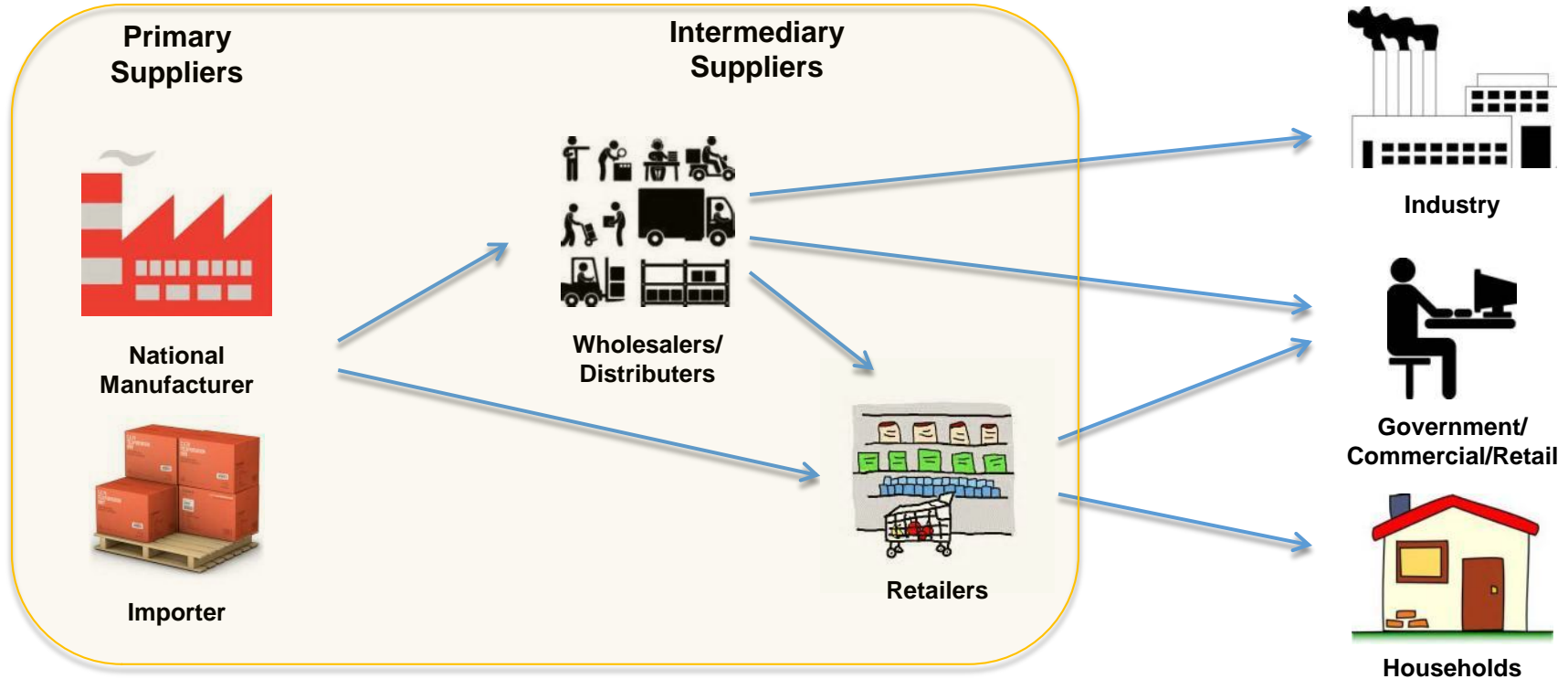
Agenda: Key Items

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- What do we mean by
 - “*Supply Chain*”
 - “*Communication of Lighting Product Performance Standards and Labelling Programmes*”
- Typical communications, typical result and why?
- An alternative approach to more effective supply chain communications
- What we are **NOT** doing
 - Providing ***the answer*** to effective supply chain communication strategy – local/culture specific
 - Householder/end-user communications

The Supply Chain

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Communication of Lighting Product Performance Standards and Labelling Programmes

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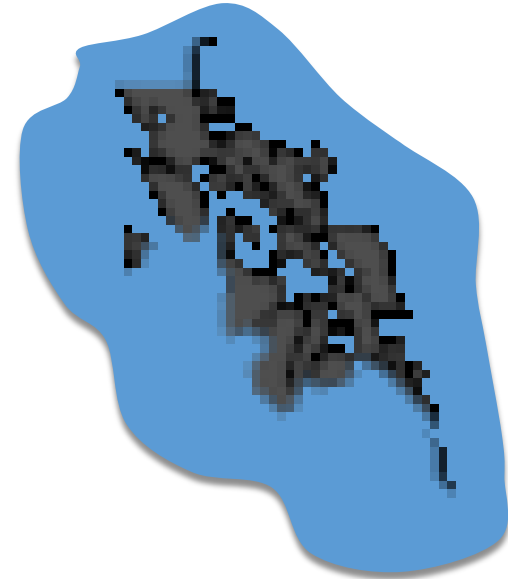
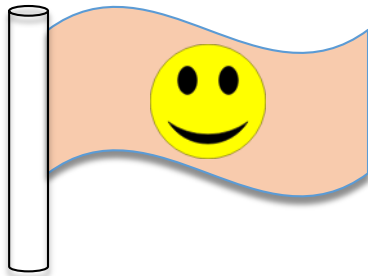
- Why communicate?
 - Create understanding of regulatory requirements
 - Minimum/voluntary product performance requirements
 - Labelling/packaging declaration requirements
 - Central/third party registration, certification or testing requirements
 - Etc...
 - Explain obligations placed on specific members of the supply chain
 - Which party in the supply chain is responsible for complying with each of the requirements and how

Hypothetical Country Case Study

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Welcome to *Happy Land*

- Pacific island chain
- Population = 10 million
- Developing nation with mixed economy (industry, tourism, resource extraction,...)



Happy Land's Lighting Regulatory Situation

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- Minimum Performance Standards (MEPS)
 - CFLs
 - LEDs (under development)
 - Considering “phase-out” of incandescent and halogen lamps
- Mandatory Packaging Requirements (CFLs and LEDs)
 - Lumen output
 - Power
 - Equivalence
 - Declaration on Mercury Content (where applicable)
- CFL *SUPERSTAR* Premium Label
 - Requires application to/registration with government
 - Considering extending to LEDs



Regulatory Related Communications

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- Happy Land's communication programme:
 - Public meetings including manufacturers/testing organisations and other stakeholders during development of regulations
 - Launch event announcing new regulations/explaining requirements
 - Manufacturers, test laboratories, others attending
 - Articles in technical journals explaining rules/requirements
 - Ongoing support through
 - Website with all regulatory requirements/documentation
 - Toll-free helpline

Happy Land Compliance Summary

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In preparation for new regulations, review of compliance with existing activities:

- In store survey (200 models):
 - Compliance with mandatory packaging declarations 60%
 - Compliance with CFL SUPERSTAR registration/ labelling requirements 85%
- Product testing (50 CFL models)
 - Compliance with MEPS 65%
 - Compliance with SUPERSTAR (15 of 50 models) 82%
- Overall Compliance
 - MEPS *and* Packaging 48%
 - SUPERSTAR Performance Requirement, Registration, Labelling 75%

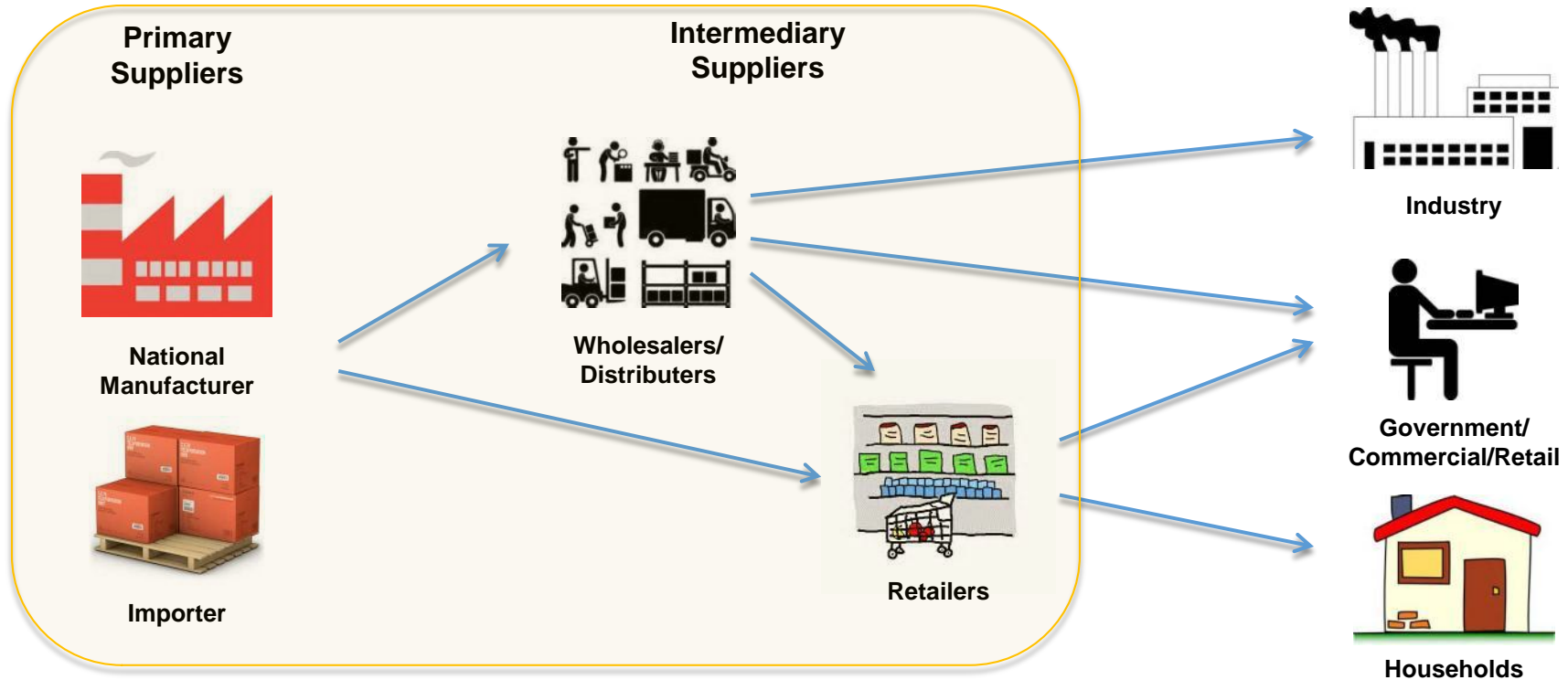
What Was Going Wrong in Happy Land?

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- CFL MEPS and labelling regulations in place for 3 years
 - Performance levels achievable for most manufacturers
 - Packaging requirements not difficult
- SUPERSTAR programme in place for 2 years
 - Performance levels more challenging, but achievable for some manufacturers
 - Registration requirements also challenging (e.g. requires independent testing), but still not difficult
- Suppliers were attending meetings
- Helpline/website in place
- ? Research...

The Supply Chain - *maybe not so simple after all...*

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Primary Suppliers

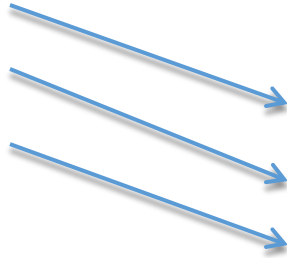
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**National
Manufacturer**

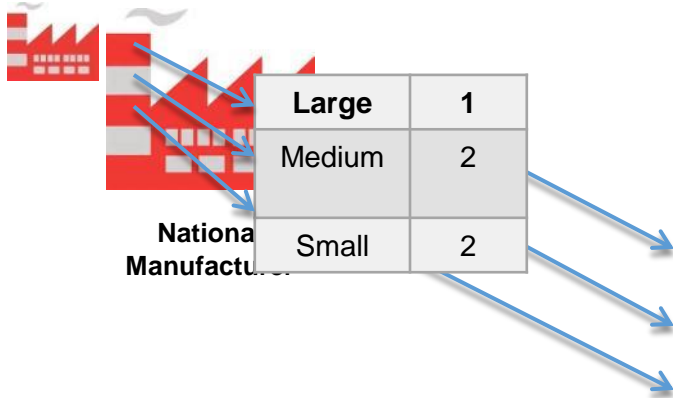


Importer



CFL		
	Number	Compliance Level
Large	1	“Average” (~70%)
Medium	2	Poor (~60%)
Small	2	OK (~80%)

Primary Suppliers

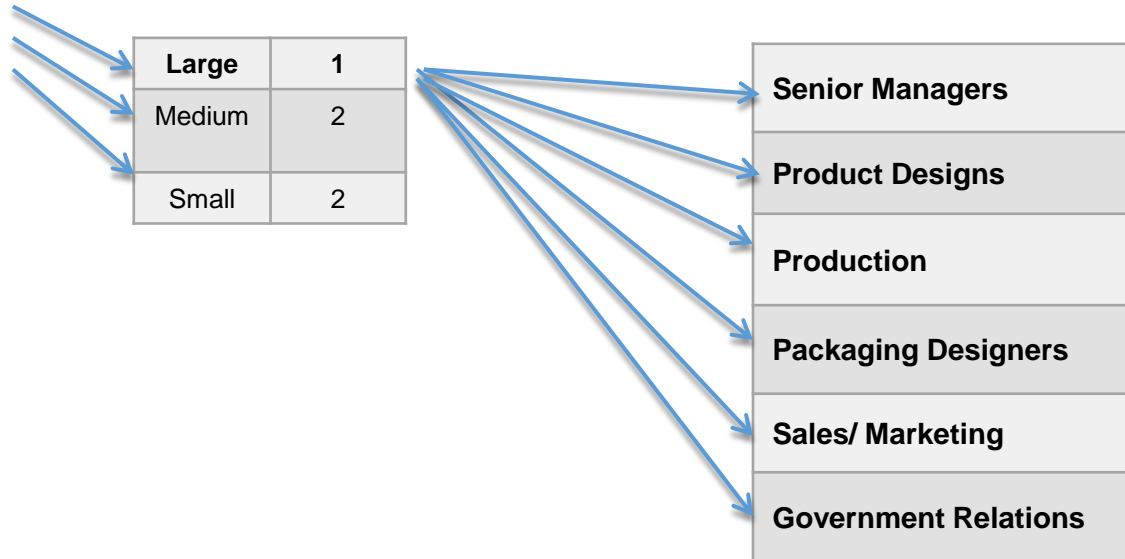


Importer

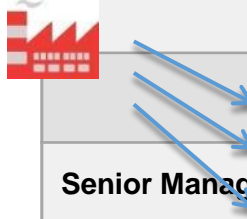
CFL		
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Primary Suppliers

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Primary Suppliers



		MEPS		Packaging		SUPERSTAR		Perceived Important to Job
		Understand Requirement	Aware	Understand Requirement	Aware	Understand Requirement		
Senior Manager	Large	1						
	Medium	2	✓	✓	✓	✓	✓	
	Small	2	✓	✓	✓	✓	✓	
Product Design		✓	✓	✗	✓	✓	✓	
Production		✓	✓	✗	✓	✓	✗	
Packaging Designers		✓	✗	✓	✓	✗	✓	
Sales/ Marketing		✗	✗	✓	✓	✗	✗	
Government Relations		✓	✓	✓	✓	✓	✓	

***Biggest manufacturer = Average awareness, poor understanding, not perceived important
= Low corporate priority = Poor compliance***

Why Are The Targets Not Engaged/Motivated?

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	MEPS		Packaging		SUPERSTAR		Perceived Important to Job
	Aware	Understand Requirement	Aware	Understand Requirement	Aware	Understand Requirement	
Senior Manager	✓	✓	✓	✓	✓	✓	✓
Product Design	✓	✓	✓	X	✓		
Production	✓	✓	✓	X	✓		
Packaging Designers	✓	X	✓	✓	✓	X	✓
Sales/ Marketing	X	X	✓	X	✓	X	X
Government Relations	✓	✓	✓	✓	✓	✓	✓

Remember our main “tools and channels”:

- Launch events
- Articles in trade press

What are the Key Drivers of the Targets?

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	Perceived Important to Job	Main Job Focus
Senior Manager	✓	Finance/Investment, Production, Quality, Marketing, Sales, ...
Product Design	✓	Sales Department Specification, Production Ability, Compliance
Production	X	Sales Department Specification, Fast Production, Cost Control
Packaging Designers	✓	Consumer Appeal, Compliance
Sales/ Marketing	X	Customer Specification Sales Quantity/Price
Government Relations	✓	Government Satisfaction/ Compliance

Tailor our messages to suit the needs of Sales and Marketing:

- “Customers Want Quality, Compliance = Quality”
- “Compliance = Better Products = Less Failure = Less Consumer Compliant = Repeat Sales”
- “SUPERSTAR = Premium Product = Higher Price = Bigger Margins

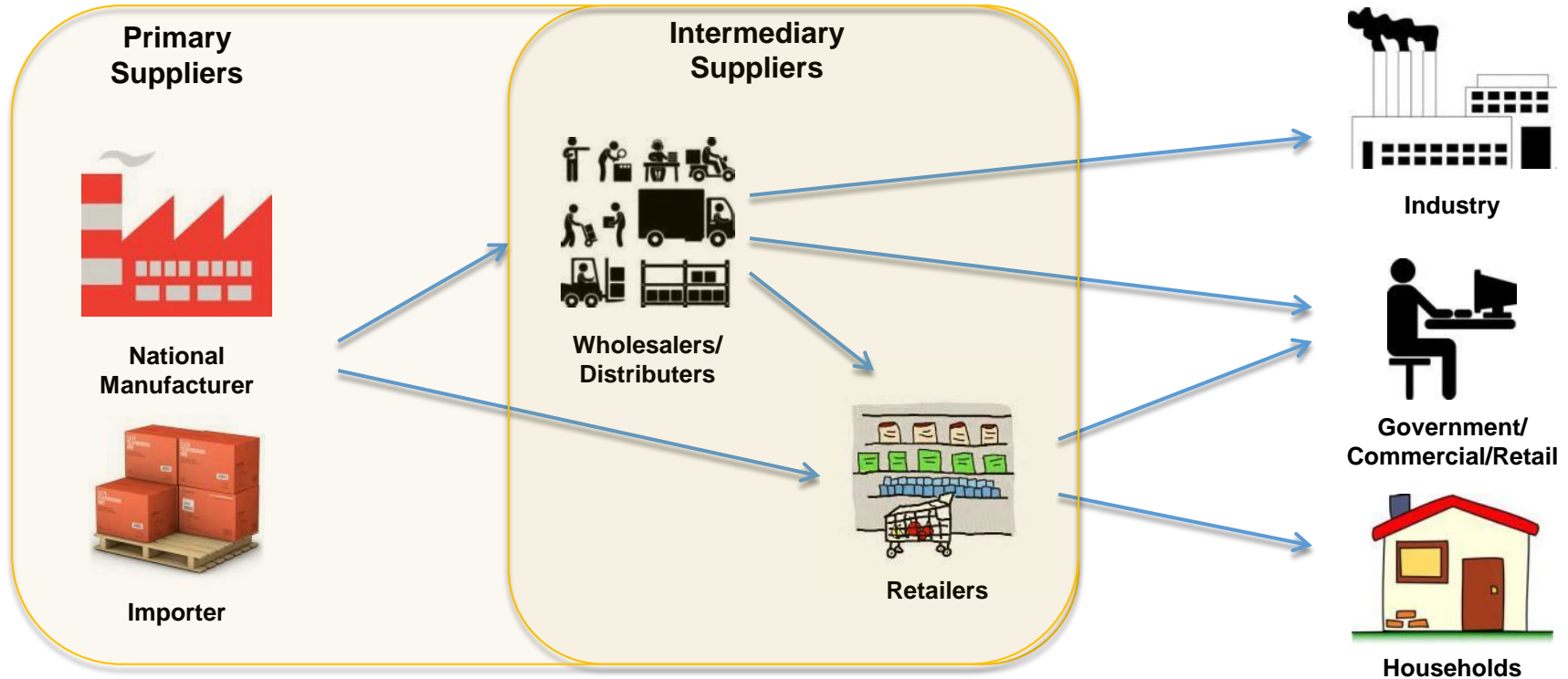
And the Tools/Channels:

- Go and see them – “sell the benefits” to *them* in *their language!*
- Articles in trade and *retail* journals promoting sale/margin opportunities
- Case studies of “satisfied buyers” for their customers
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AND ENGAGE WITH THEIR BUYERS

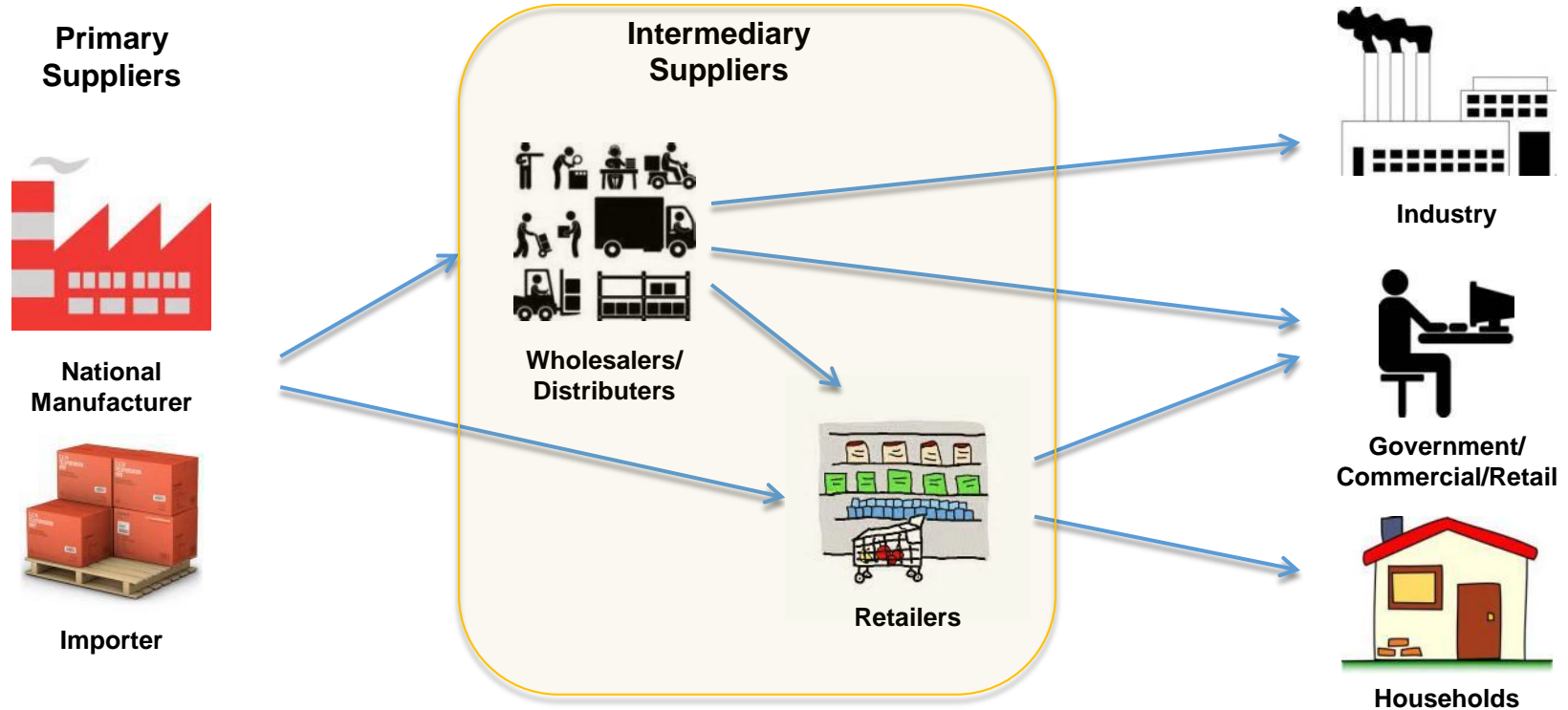
Buyers From Our Manufacturer - Intermediary Suppliers

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Intermediary Suppliers

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Intermediary Suppliers - Retailers

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Wholesalers/
Distributers



Retailers



Intermediary Suppliers - Retailers

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Wholesalers/
Distributers

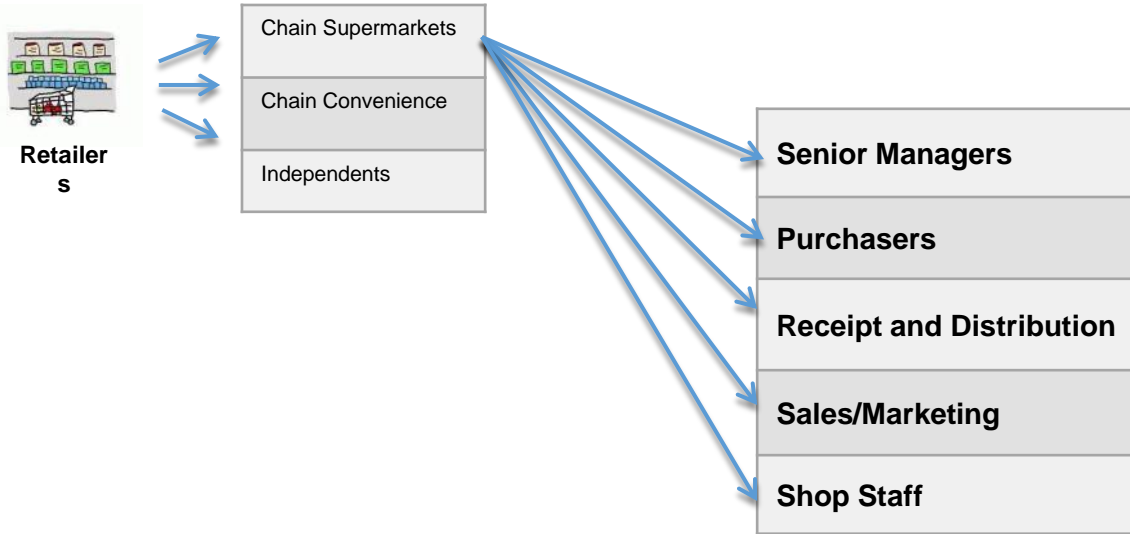


Retailers



Intermediary Suppliers - Chain Supermarkets

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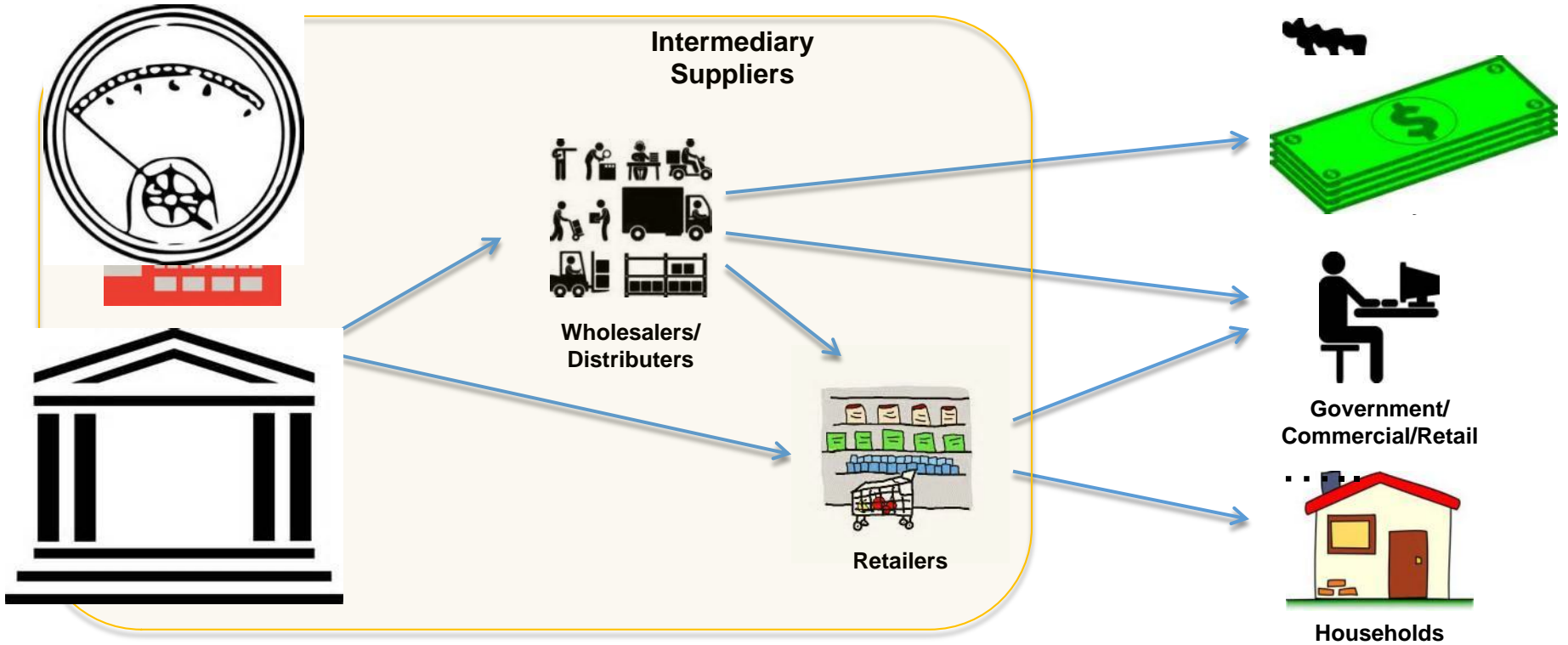


Intermediary Suppliers - Chain Supermarkets

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	Main Job Focus	Potential Messages
Senior Managers	Finance/Investment, Quality, Marketing, Sales, ...	Customer Satisfaction = Compliant Products SUPERSTAR = Premium Margins
Purchasers	Sales Department Demands, Easy Purchasing, Competitive Pricing	Simply specify MEPS and/SUPERSTAR compliant products
Receipt and Distribution	Accuracy of deliveries	
Sales/ Marketing	Customer Demands, Low Complaints	Customer Satisfaction = Compliant Products SUPERSTAR = Premium Margins
Shop Staff	Low Complaints, Sales Support for Incentives	Customer Satisfaction = Correct Product Selection Incentives = SUPERSTAR SALES

Mobilise Partners





The Results in Happy Land....

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- In store survey (1000 models):
 - Compliance with mandatory packaging declarations ~~60%~~ 83%
 - Compliance with CFL SUPERSTAR registration/ labelling requirements ~~85%~~ 93%
- Product testing (100 CFL models)
 - Compliance with MEPS ~~65%~~ 77%
 - Compliance with SUPERSTAR (15 of 100 models) ~~82%~~ 87%
- Overall Compliance
 - MEPS *and* Packaging ~~48%~~ 71%
 - SUPERSTAR Performance Requirement, Registration, Labelling ~~75%~~ 85%

The Annual Costs?

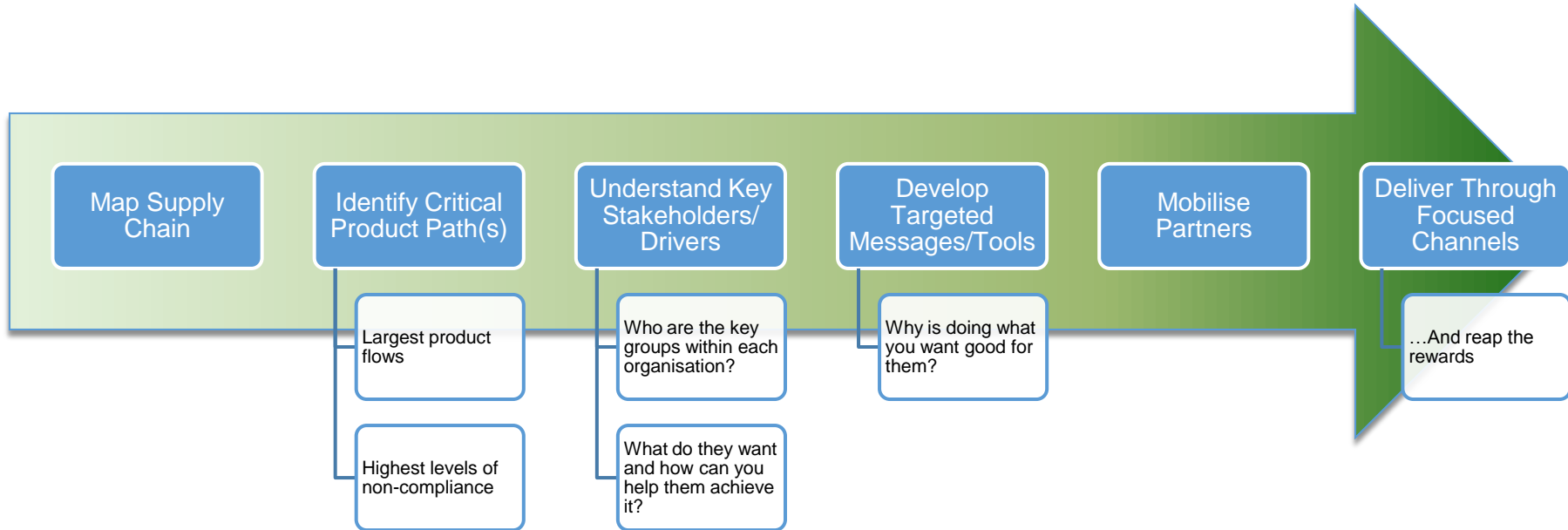
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Time Period	Regulatory Development	Communications	Compliance
Before	~\$150,000	~\$50,000	~\$200,000
After	~\$150,000	 ~\$150,000	 ~\$75,000

- Result – improved overall compliance in MEPS & Packaging (from 48% to 71%), and SUPERSTAR Label (from 75% to 85%)
- Achieved through improved communication at approximately the same overall cost

What Can We Learn From Happy Land?

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Thank You.....

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...and goodbye from
Happy Land

