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

Stuart Jeffcott
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

- Primary Suppliers
  - National Manufacturer
  - Importer
- Intermediary Suppliers
  - Wholesalers/Distributors
- Retailers
- Industry
- Government/Commercial/Retail
- Households
Communication of Lighting Product Performance Standards and Labelling Programmes

- 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

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

- 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

- 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

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?

- 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*...

- **Primary Suppliers**
  - National Manufacturer
  - Importer

- **Intermediary Suppliers**
  - Wholesalers/Distributers

- **Retailers**

- **Industry**

- **Government/Commercial/Retail**

- **Households**
# Primary Suppliers

<table>
<thead>
<tr>
<th>CFL</th>
<th>Number</th>
<th>Compliance Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large</td>
<td>1</td>
<td>“Average” (~70%)</td>
</tr>
<tr>
<td>Medium</td>
<td>2</td>
<td>Poor (~60%)</td>
</tr>
<tr>
<td>Small</td>
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<td>OK (~80%)</td>
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Primary Suppliers

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<tr>
<th>National Manufacturer</th>
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<tr>
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### CFL

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Primary Suppliers

<table>
<thead>
<tr>
<th>Category</th>
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<tr>
<td>Large</td>
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- Senior Managers
- Product Designs
- Production
- Packaging Designers
- Sales/ Marketing
- Government Relations
## Primary Suppliers

<table>
<thead>
<tr>
<th></th>
<th>MEPS Understand Requirement</th>
<th>Packaging Understand Requirement</th>
<th>SUPERSTAR Understand Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Manager</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Medium</td>
<td>✔</td>
<td>❌</td>
<td>❌</td>
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<tr>
<td>Small</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Product Design</td>
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<td>❌</td>
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<tr>
<td>Production</td>
<td>✔</td>
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<td>❌</td>
</tr>
<tr>
<td>Packaging Designers</td>
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</table>

- **Perceived Important to Job**
  - ✔
  - ❌

**Biggest manufacturer** = Average awareness, poor understanding, not perceived important

**= Low corporate priority = Poor compliance**
## Why Are The Targets Not Engaged/Motivated?

<table>
<thead>
<tr>
<th></th>
<th>MEPS</th>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Aware</td>
<td>Understand Requirement</td>
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<td>Understand Requirement</td>
</tr>
<tr>
<td><strong>Senior Manager</strong></td>
<td>✔️</td>
<td>✔️</td>
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<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td><strong>Product Design</strong></td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>X</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td><strong>Production</strong></td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td>X</td>
<td>✔️</td>
<td>✔️</td>
</tr>
<tr>
<td><strong>Packaging Designers</strong></td>
<td>✔️</td>
<td>X</td>
<td>✔️</td>
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Remember our main “tools and channels”:
- Launch events
- Articles in trade press
## What are the Key Drivers of the Targets?

<table>
<thead>
<tr>
<th>Key Driver</th>
<th>Perceived Important to Job</th>
<th>Main Job Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales and Marketing</td>
<td><img src="true" alt="Checkmark" /></td>
<td>Finance/Investment, Production, Quality, Marketing, Sales, …</td>
</tr>
<tr>
<td>And the Tools/Channels:</td>
<td><img src="true" alt="Checkmark" /></td>
<td>Sales Department Specification, Production Ability, Compliance</td>
</tr>
<tr>
<td></td>
<td><img src="false" alt="X" /></td>
<td>Sales Department Specification, Fast Production, Cost Control</td>
</tr>
<tr>
<td></td>
<td><img src="true" alt="Checkmark" /></td>
<td>Consumer Appeal, Compliance</td>
</tr>
<tr>
<td></td>
<td><img src="false" alt="X" /></td>
<td>Customer Specification Sales Quantity/Price</td>
</tr>
<tr>
<td></td>
<td><img src="true" alt="Checkmark" /></td>
<td>Government Satisfaction/Compliance</td>
</tr>
</tbody>
</table>

### 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
- …..

**AND ENGAGE WITH THEIR BUYERS**
Buyers From Our Manufacturer - Intermediary Suppliers

- **Primary Suppliers**
  - National Manufacturer
  - Importer

- **Intermediary Suppliers**
  - Wholesalers/Distributers
  - Retailers

- **End Users**
  - Industry
  - Government/Commercial/Retail
  - Households
Intermediary Suppliers

- Primary Suppliers
  - National Manufacturer
  - Importer

- Intermediary Suppliers
  - Wholesalers/Distributors
  - Retailers

- Industry
- Government/Commercial/Retail
- Households
Intermediary Suppliers - Retailers

- Chain Supermarkets, e.g. Carrefour
- Chain Convenience, e.g. 7eleven
- Independent Convenience

Wholesalers/Distributers

Retailers
Intermediary Suppliers - Retailers

Wholesalers/Distributers

Retailers

- Chain Supermarkets, e.g. Carrefour
- Chain Convenience, e.g. 7eleven
- Independent Convenience
Intermediary Suppliers - Chain Supermarkets

- Chain Supermarkets
- Chain Convenience
- Independents

- Senior Managers
- Purchasers
- Receipt and Distribution
- Sales/Marketing
- Shop Staff
# Intermediary Suppliers - Chain Supermarkets

<table>
<thead>
<tr>
<th>Main Job Focus</th>
<th>Potential Messages</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Senior Managers</strong></td>
<td>Customer Satisfaction = Compliant Products</td>
</tr>
<tr>
<td>Finance/Investment, Quality, Marketing, Sales,</td>
<td>SUPERSTAR = Premium Margins</td>
</tr>
<tr>
<td>…</td>
<td></td>
</tr>
<tr>
<td><strong>Purchasers</strong></td>
<td>Simply specify MEPS and/SUPERSTAR compliant products</td>
</tr>
<tr>
<td>Sales Department Demands, Easy Purchasing,</td>
<td></td>
</tr>
<tr>
<td>Competitive Pricing</td>
<td></td>
</tr>
<tr>
<td><strong>Receipt and Distribution</strong></td>
<td></td>
</tr>
<tr>
<td>Accuracy of deliveries</td>
<td></td>
</tr>
<tr>
<td><strong>Sales/Marketing</strong></td>
<td>Customer Satisfaction = Compliant Products</td>
</tr>
<tr>
<td>Customer Demands, Low Complaints</td>
<td>SUPERSTAR = Premium Margins</td>
</tr>
<tr>
<td><strong>Shop Staff</strong></td>
<td>Customer Satisfaction = Correct Product Selection</td>
</tr>
<tr>
<td>Low Complaints, Sales Support for Incentives</td>
<td>Incentives = SUPERSTAR SALES</td>
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Mobilise Partners

Intermediary Suppliers

Wholesalers/Distributers

Retailers

Government/Commercial/Retail

Households

Primary Suppliers

Importers

National Manufacturer

Intermediary Suppliers

Industry

Government/Commercial/Retail

Households
The Results in Happy Land….

- 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?

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Regulatory Development</th>
<th>Communications</th>
<th>Compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before</td>
<td>~$150,000</td>
<td>~$50,000</td>
<td>~$200,000</td>
</tr>
<tr>
<td>After</td>
<td>~$150,000</td>
<td>~$150,000</td>
<td>~$75,000</td>
</tr>
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- 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?

Map Supply Chain
- Identify Critical Product Path(s)
  - Largest product flows
  - Highest levels of non-compliance
- Understand Key Stakeholders/Drivers
  - Who are the key groups within each organisation?
  - What do they want and how can you help them achieve it?
- Develop Targeted Messages/Tools
  - Why is doing what you want good for them?
Mobilise Partners
Deliver Through Focused Channels
  - ...And reap the rewards

UNEP-lites.asia MVE webinar, 9 April 2015
Thank You.....

...and goodbye from Happy Land