2017 Sustainability at Retail

A look at sustainability from the Shop! perspective via the *MaRC Exam Prep, 2017 Edition*, along with case studies from the P-O-P and Store Design Industries.

**BONUS** – A preview of the Shop! Continuing Education Course on Sustainability.
SUSTAINABILITY means different things to different people.

For consumers, it often is about sourcing for the products they use – where are products coming from and are those companies conscientious about their impact on the environment?

For suppliers to retail environments, it’s about green building – both the products used and the knowledge of the people providing them.

For retailers hiring suppliers, it’s important to understand the companies they are working with. Are their people LEED accredited? Is the company following sustainable practices?

There are many benefits and obstacles to sustainability, not to mention rating systems, ecolabels, and customer perceptions. Moreover, they are always changing. Shop! created the special report to help you learn about these topics and more. Additionally, we’re pleased to include this report as an insert in our annual Sustainability issue of Retail Environments magazine. Our magazine team has been studying and reporting on green building trends for years.

The report also provides a glimpse at the new Shop! Online Continuing Education Sustainability course we are now offering. Some of the content in this report was excerpted from the Sustainability chapter of the 2017 MaRC Exam Prep course textbook. If you want to dive deeper into this subject, I encourage you to sign up for the course on our website (www.shopassociation.org/marc).

In addition to the education excerpt, this report includes three case studies from association members, providing you with practical information on applying green-building practices to store/business redesign and point of purchase displays.

While the retail community is admittedly at varying stages of the green building continuum, sustainability is a journey. And it’s a journey that Shop! takes seriously. It’s important enough that we have dedicated our first online course to the topic. We hope you will join us and take advantage of any and all opportunities to learn more about how you can meet your present needs without compromising the ability of future generations to meet theirs.

Thank you!

Todd Dittman
Shop! Executive Director
What legacy do you want to leave behind at the end of your life? It’s a question that sounds like it belongs in a philosophy class rather than a retail textbook. But this is the fundamental purpose behind sustainability—in retail or any other industry.

SUSTAINABILITY IS OFTEN DEFINED as the ability to meet present needs without compromising the ability of future generations to meet their own needs. In our industry, the term is often used synonymously with green building. Sustainability is also employed when developing in-marketing materials such as P-O-P displays and signage, as well as store fixtures, flooring and lighting products.

The various elements of store interiors can contribute to the indoor air quality of green stores, their efficient use of resources, their support of the local economy, and many other aspects of sustainability. The sustainability of a product takes into account its entire life cycle, including the materials from which it is made, its design, the processes used to make it, the packaging and transportation to get it to where it is used, and what happens to it after its useful life.

This special report will give you a glimpse into the Sustainability chapter from the MaRC Exam Prep, 2017 Edition textbook. You will also take a look into new spaces created by Gensler and new point of purchase displays created by FORMES & SCULPTURES.

From Gensler, learn how they created a sustainable bank branch prototype for PNC that would translate the company’s brand attributes into an architectural experience and help engage a younger market without alienating longtime customers.

Also see how Gensler turned Brooks’ new retail space into a quirky, unexpected celebration of happy. The space connects to multiple senses, engaging runners in new ways. At the core, the space is about the human experience: service, runners, and the community.

Afterward, see how FORMES & SCULPTURES considered the product environment when they made the product display structure for nailmatic® kids lighter with recycled materials without altering the sturdiness and reduced its carbon footprint to create a 100% recyclable display.

We end this report with a preview of a new online Sustainability Course offered through the Shop! Education Department.
Sustainability

By Jo Rossman, Editor, Retail Environments

THE PREVALENCE OF GREEN BUILDING IN RETAIL

With its faster remodel schedule and high rate of tenant sites, retail has been slower to adopt comprehensive sustainable construction efforts than have industries such as office development. Even today, all-out efforts are not common among retail projects. But there’s a reason sustainability is often described as a journey rather than a destination: Efforts can be incremental. While well-vetted comprehensive green building may not yet be the norm in retail, the industry has been employing increasing sustainable strategies throughout the past decade.

Indeed, retailers report that 95% of their 2017 projects incorporate at least some sustainable strategies, according to the 2017 Shop! Green Building Survey. In many cases, design firms push these strategies—occasionally, without even giving the retail client a choice. This practice reflects a decision many design firms have made in order to lead market change.

The decision is often formalized. Rising numbers of design firms are committing to the 2030 Challenge, a commitment to achieve carbon neutrality for new-building and major-renovation projects by the year 2030. Nearly a third of design firms responding to a Shop! survey in 2016 had joined the cause.

Similarly, the 2016 survey found that the percentage of supplier companies indicating they’ve committed to the newer corresponding 2030 Challenge for Products more than doubled, from 7% in 2015 to 15% in 2016. These manufacturers commit to cutting the embodied carbon-equivalent footprint of their products in half by 2030. Organized by the nonprofit group Architecture 2030, the challenges include incremental goals, and companies report their status annually.

OBSTACLES AND BENEFITS

Aside from remodel norms and tenant sites, financial considerations strongly influence green-building decisions within the retail industry. They can sway decisions both for and against otherwise sustainable strategies. Many retailers view greener projects as costing more, and sometimes they do. But many proponents of green building note that market availability has reduced the cost of sustainable strategies, and some such strategies actually lower operating costs. For instance, LED lighting is ubiquitous in retail stores today, largely due to retrofits by retailers seeking to lower their lighting power loads.

Nonetheless, a perception of higher initial costs was cited as one of the top three obstacles to green building in 11 of the 13 featured countries in World Green Building Trends 2016. The cost perception is particularly prevalent in the U.S. (where 70% of respondents name it among their top three obstacles), Colombia (where 67% did so), and Mexico (where 54% did so). Other top obstacles worldwide are lack of public awareness, lack of political support or incentives, and a perception that green is for high-end projects only.

Green-building strategies implemented by the building owner or developer, such as highly efficient HVAC systems, can reduce operating costs for retail tenants as well as the shopping-center operators. Sustainable strategies can also help retailers comply with regulations. HVAC and refrigeration systems, for instance, have had to phase out first chlorofluorocarbons and hydrochlorofluorocarbons due to their damage to the ozone layer, and later hydrofluorocarbons due to their global warming properties. Such requirements have had a significant effect on supermarkets in particular. They’ve had to invest in the right kinds of systems and implement diligent maintenance to minimize coolant leaks.

DRIVERS OF GREEN BUILDING IN RETAIL

INCLUDE:

COST SAVINGS—Improved efficiencies reduce consumption of energy, water, and materials as well as the production of waste, thereby reducing operational costs.

CONSUMER PERCEPTION—With customer buying habits and brand loyalties shifting to retailers and brands perceived as caring about their environmental and social impact, retailers want greener stores as an integral part of their brand image.

COMPETITION—Suppliers are seeking a competitive edge to stand out in the marketplace.

DESIGN INNOVATION—Today, the industry can create better product with less impact than was historically possible.

REGULATORY ACTIVITY—Federal agencies, state and municipal governments, and local building codes are generating ever-more stringent requirements.

BRAND VALUES—Many leaders of companies across the board in the retail environments industry cite a desire to “do the right thing” as a driving force of their sustainable efforts.
CASE STUDY:
PNC Netzero Branch
Rollout in Progress
Fort Lauderdale, Florida, USA
By Gensler

Product Category: Store Fixtures
Retail Channel: Banking
Number of Stores: 55+
Materials Used: Pressed-paper counters, recycled carpet, four-layer window glazing
Green Certification: LEED Platinum

Gensler created a sustainable branch prototype that will translate the company’s brand attributes into an architectural experience and help engage a younger market without alienating longtime customers.

The project began as a collaboration between Gensler, PNC, and the Department of Energy’s (DOE) Pacific Northwest National Laboratory (PNL). Over two years, the team analyzed, designed and iterated over every aspect of the PNC retail branch prototype.

The sustainable prototype provided the foundation for the first LEED retail rollout. Innovative features include pressed-paper counters, recycled carpet, low-toxicity materials, drought-tolerant native plants, and a four-layer window-glazing system. Design features reduced energy consumption 45% compared to the typical bank branch.

In order to create this sustainable, cost-conscious design, Gensler had to rethink the typical building process. By creating pre-fabricated brick and glass structures that “go up like a barn raising,” Gensler shaved four to five weeks off construction time. Gensler allowed PNC the flexibility to erect branches during the coldest winter months through the elimination of brick layers.

Gensler provided architecture and design/branding expertise and PNL provided detailed energy modeling feedback. Gensler worked closely with PNC in every aspect—from branch merchandising to IT systems to reduce annual power consumption to 50 percent of ASHRAE 90.1-2007 (a requirement by DOE for the net-zero energy designation).

The remaining power was accounted for by a superefficient on-site renewable design (solar power), which will produce more energy than the branch consumes on an annual basis. The solar design was used as the architectural expression for the branch and has received incredible community support for its design and sustainable features since its opening in January 2013.

The US Green Building Council has recognized 55 of the branches designed under this prototype. Gensler is continuing the prototype rollout and working on a new two-story branch design for several locations.
CONSUMER PERCEPTION OF SUSTAINABLE BRANDS

The impact of shopper perception is significant. Studies have shown that consumers around the world look to brands to address social and environmental issues. Indeed, the 2015 Cone Communications/Ebiquity Global CSR Study found that 91% of global consumers expect companies to operate responsibly to address social and environmental issues. And consumers are willing to put their money where their mouths are: 84% seek responsible products whenever possible in their purchase habits, according to the study.

The study, which surveyed 9,709 consumers in nine countries, found shoppers in India, China, and Brazil most likely to choose responsible products over other products. This reinforces prior studies finding a strong preference for sustainable brands among Chinese consumers in particular.

Shoppers’ willingness to vote with their wallets has been increasing, according to a Nielsen study, “The Sustainable Imperative.” The 2015 study, which surveyed 30,000 consumers in 60 countries, found 66% willing to pay more for products and services from companies committed to positive social and environmental impact, up from 55% in 2014, and 50% in 2013. Millennials continue to be most willing to pay extra for sustainable offerings—almost three out of four would do so, Nielsen reports.

The Cone study found consumers pay closest attention to companies on the extreme ends of the sustainability spectrum: those that go above and beyond and those known for poor performance in this area. To get this information, consumers are looking to multiple channels, including the press, ads, company websites, and social media. And 25% of global consumers read traditional corporate social responsibility reports.

While a shopper isn’t likely to question how the HVAC system works or whether toxic materials were used in construction before shopping in a particular store, consumers may not be as oblivious to building methods as one might think. Those who peruse retailer websites and read corporate reports note the efforts toward green retailing. Additionally, many shoppers read in-store signage not only about products, but also about the buildings that showcase them.

INTEGRATED DESIGN

A key principle of green building is the concept of integrated design. Integrated design is a process in which multiple disciplines and seemingly unrelated aspects of design are integrated in a manner affording synergistic benefits. The goal is to achieve high-performance and multiple benefits at a lower cost than the total for all the components combined.

Characterized by early significant collaboration among people from different disciplines, the process often includes integrating green design strategies into conventional design criteria for form, function, performance, and cost. In the green building industry, it involves a developer or owner committing to high performance and energy efficiency and ensuring that these commitments are recognized by each team member.

For example, the following parties worked together from the start for a PIRCH store (then known as Fixtures Living) in Costa Mesa, Calif.: owner, architect, interior designer, engineer, commissioning agent, general contractor, and sustainable design consultant.

In the integrated design process, a project team undertakes whole-system (whole building) analyses, considering interactions among systems. Systems that should be analyzed together include lighting (electrical and natural) and mechanical systems; daylighting and envelope systems; water (supply and waste) and heating and cooling; and windows, ventilation, and lighting.

RATING SYSTEMS

LEED – By far, the most popular green building rating system worldwide is Leadership in Energy and Environmental Design (LEED). Nearly a third of retailers have used LEED to benchmark their green building efforts. Developed by the U.S. Green Building Council (USGBC), LEED encompasses a suite of rating systems, including two systems that rate retail projects in particular.

GREEN GLOBES – Designed to allow building owners and managers to select which sustainability features best fit their building and occupants, Green Globes recognizes projects that meet at least 35% of 1,000 available points in project management, site, energy, water, materials and resources, emissions, and indoor environment. Certification levels range from One to Four Green Globes.

Living Building – The most difficult green building rating to achieve is Living Building. The Living Building Challenge encompasses seven performance categories: Place, Water, Energy, Health & Happiness, Materials, Equity and Beauty.
CASE STUDY:
Point of Purchase in France

By FORMES & SCULPTURES

QUICK FACTS
Display Type: Floor Stand
Brand: nailmatic® kids
Sector: Cosmetics
Number of Displays: 50
Awards: Gold POPAI Ecoconception

From the start, FORMES & SCULPTURES involved the client in the product design. They made the structure lighter without altering its steadiness.

Next, they investigated other ways to save money and rethought the design according to IKEA’s principle: flat delivered furniture, easy to mount by oneself and in its case without screws.

1. The selected materials were certified by FSC, and are recycled and recyclable MDF and birch plywood.
2. The company wanted to manufacture furniture as lightweight as possible for easy use in stores while keeping the structure steady. The back panel was smaller than the full fixture resulting in less material; packing was lower and thus less bulky.
3. Full optimization of the packing and the end of product life: the fixture was conceived to be delivered flat and easily assembled in less than 15 minutes
4. A callout label identifies materials used in manufacturing to help facilitate the sorting of the recycled materials after the display has surpassed its useful life.

SUSTAINABILITY ACHIEVEMENTS
Carbon Footprint
FORMES & SCULPTURES reduced the carbon footprint from 5,261 CO2 tons to 3,833 tons for 50 displays with the flat delivered version, resulting in a -27% carbon footprint.

Materials
86% of the full weight was manufactured from materials derived FSC-certified wood, recycled and recyclable MDF and birch plywood.

Shipment
• The fixture was designed so that 50 displays could be shipped flat on five pallets instead of 25.
• FORMES & SCULPTURES reduced the shipped volume by five, thus they shipped 25 pallets instead of 5 and therefore reduced the carbon footprint by 51% = 1,230 CO2 tons.

Packaging
The flat delivery saved 45% cardboard when manufacturing, while the packing resulted in 127 CO2 tons saved for 50 displays.

End of Life Cycle
• The fixture was designed to disassemble quicker than it was assembled.
• 100% of the fixture was recyclable, 281 CO2 tons saved for 50 displays.
SUSTAINABILITY ON THE SUPPLY SIDE

Store fixtures, flooring, and other elements of store interiors can contribute to the indoor air quality of green stores, their efficient use of resources, their support of the local economy, and many other aspects of sustainability. The sustainability of a product takes into account its entire life cycle, including the materials from which it is made, its design, the processes used to make it, the packaging and transportation to get it to where it is used, and what happens to it after its useful life.

Materials that were produced, harvested or extracted, and manufactured close to the project site also are a plus. This minimizes the use of resources to transport the material. Products that are designed for disassembly (often abbreviated DfD) make it easier to reuse or recycle their component materials at the end of their useful life. The industry is increasingly scrutinizing end-of-life management for store fixtures, P-O-P, mannequins, and other retail environments products. This focus is placing increasing emphasis on reusability, recyclability, and take-back programs.

CORPORATE SUSTAINABILITY REPORTING

Many companies in the retail industry produce annual reports of their sustainable efforts, typically referred to as corporate sustainability reports (CSRs). Consumers often take these reports from retailers and brands into consideration when making purchasing decisions, and they factor into customer loyalty as well. Similarly, specifiers often consult such reports when considering materials for store interiors.

FUTURE OUTLOOK

Net-zero concepts have been garnering increasing attention in sustainability. Companies are looking at how to make new buildings attain net-zero energy, existing facilities attain net-zero waste, or plants attain net-zero energy. There are varying definitions of net-zero energy, some more rigorous than others, but the general idea is to prevent a building from adding any net energy consumption to the marketplace. The Living Building Challenge is one driver of this market change.

Net-zero waste, which is of particular interest to some retailers such as supermarkets that deal with a constant barrage of cardboard boxes, just got a boost in the form of a new certification—the Zero Waste Facility Certification. Developed by the U. S. Zero Waste Business Council (USZWBC), the certification will be administered by the Green Business Certification Inc. (GBCI). Microsoft was the first company to achieve the new certification.

Manufacturers also can make products greener by using processes that minimize the use of resources during their fabrication. Plants can use strategies such as energy efficient equipment, water-saving plumbing fixtures, renewable energy such as on-site windmills or solar panels, skylights to reduce the need for artificial light, combined heat and power technologies (known as cogeneration), geothermal power or heating, or the reuse of sawdust for firewood (known as waste to energy). The fair treatment of plant workers also contributes toward a product’s sustainability.
CASE STUDY:
Brooks Trailhead
Flagship Retail Store
Seattle, WA
by Gensler

Completed: 2014
Product Category: Store Fixtures
Retail Channel: Apparel, Footwear
Number of Stores: 1
Materials Used: Millwork and Display Walls: Reclaimed Wood

Brooks’ new retail space is a little quirky, a lot unexpected, and a celebration of happy. The space connects to multiple senses, engaging runners in new ways. At the core, the space is about the human experience: service, runners, and the community.

The “Guru Bar” is the soul of the space where staff and customers naturally gather and share their love of running. Quirky and humorous “Run Happy” visual merchandising, environmental graphics and “running mannequins” add surprise, delight, and discovery to the space.

Brooks is committed to a high level of sustainability. Sustainable elements include a LEED Platinum building site, materials and sourcing, construction (Velcro end grain), and a self-sustaining living green wall. All the millwork within the store consists of either reclaimed material from old growth beams salvaged demolished buildings from Capitol Hill, or wind fallen logs from Bainbridge Island. The product display walls consist of over 2,500 8”x8” wind fallen cedar squares attached with Velcro. The beer garden tables were custom fabricated out of reclaimed old growth Douglas Fir beams.

Learn more about the Brooks store redesign in the July/August 2015 edition of the Retail Environments magazine.

Brooks Sports, a running product company, has a strong, brand-centric culture that, above all else, celebrates “The Run.” Its new flagship retail space reflects the company’s passion for its product and creates trust and connection with the local and global running community.

The ground floor space of Brooks’ headquarters contains its 4,700-square-foot flagship retail store. Strategically located on the Burke-Gilman trail, the space is designed to bring the outside in, acting as an extension of an outdoor running trail. Design elements in the space include a guru bar, a beer garden, and a storytelling track.

Exterior elements incorporated into the space such as trees, power lines, a bridge, brick walls, concrete, and reclaimed wood “beer garden” tables conjure a sense of an urban outdoor environment.
Just Launched: Shop! Continuing Education - Sustainability

Shop! Online Learning Course

The Shop! Continuing Education Program provides access to professional development opportunities that enable participants to develop knowledge and skills necessary to achieve their professional goals, improve the performance of their organizations, and provide leadership and service to the industry.

The Shop! Continuing Education Program will focus on bringing the industry courses and other opportunities that will help confirm the understanding of all phases of the Shop! Value Cycle that outlines the full spectrum of activities that drive shopper purchases at retail.

Each Shop! online Continuing Education course follows a set of carefully chosen learning objectives. These will help you organize and focus your thoughts as you go through the course so you are better prepared to take the test at the end of the course. Don’t worry, if you are paying attention the test will be a breeze. All participants will receive a course completion certification at the end of each course.

SUSTAINABILITY IN THE RETAIL INDUSTRY

What legacy do you want to leave behind at the end of your life? It’s a question that sounds like it belongs in a philosophy class rather than a Retail eLearning course. But this is the fundamental purpose behind sustainability. Sustainability is basically the capacity to endure. We want to make sure our planet endures while we provide the retail industry with the best store fixtures, in-store marketing materials, visual merchandising, and other environmental products.

Learning Objectives.

This course provides retail industry professionals and suppliers an in-depth look into sustainability and how it affects the retail world. After completing this course, you should be able to:

1. Define sustainability.
2. Discuss how a proposed sustainability strategy affects each of the three areas of The Triple Bottom Line (People, Planet, Profit).
3. Describe why retailers need to pay attention to sustainability trends.
4. Characterize the state of green building in retail.
5. Identify factors that influence green building decisions.
6. Explain the benefits retailers gain by building green.
7. Describe how the use of integrative design affects green building decisions.
8. Identify characteristics of sustainable retail fixtures and construction material.
9. Describe how the use of life-cycle assessments affects green marketing decisions.
10. Demonstrate knowledge of product eco labels and what they communicate.
11. Exhibit knowledge of green building rating systems.
12. Explore options for benchmarking sustainability efforts.

The Sustainability course focuses on Phase 3 of the Shop! Value Cycle – Build, and will take approximately 60 minutes to complete.

Current MaRC holders will automatically receive MaRC Recertification credits for each course completed. The Sustainability course is worth 1 MaRC – Build PDU.

To register for the Sustainability course, please visit http://www.shopassociation.org/continuing-education/

To learn more about the MaRC Program, please visit http://www.shopassociation.org/marc/
Three Key Takeaways on Sustainability

By understanding the following takeaways from this Sustainability report, retailers and their partners can provide consumers with a healthier and more sustainable retail environment.

1. **DRIVERS OF GREEN BUILDING IN RETAIL INCLUDE:**
   - **COST SAVINGS**—Improved efficiencies reduce consumption of energy, water, and materials as well as the production of waste, thereby reducing operational costs.
   - **CONSUMER PERCEPTION**—With customer buying habits and brand loyalties shifting to retailers and brands perceived as caring about their environmental and social impact, retailers want greener stores as an integral part of their brand image.
   - **COMPETITION**—Suppliers are seeking a competitive edge to stand out in the marketplace.
   - **DESIGN INNOVATION**—Today, the industry can create better product with less impact than was historically possible.
   - **REGULATORY ACTIVITY**—Federal agencies, state and municipal governments, and local building codes are generating ever-more stringent requirements as they relate to the environment.
   - **BRAND VALUES**—Many leaders of companies across the board in the retail environments industry cite a desire to “do the right thing” as a driving force of their sustainable efforts.

2. **INTEGRATED DESIGN**
   A key principle of green building is the concept of integrated design. Integrated design is a process in which multiple disciplines and seemingly unrelated aspects of design are integrated in a manner affording synergistic benefits. The goal is to achieve high-performance and multiple benefits at a lower cost than the total for all the components combined.

   Characterized by early significant collaboration among people from different disciplines, the process often includes integrating green design strategies into conventional design criteria for form, function, performance, and cost. In the green building industry, it involves a developer or owner committing to high performance and energy efficiency and ensuring that these commitments are recognized by each team member.

3. **RATING SYSTEMS**
   Several organizations around the world have developed rating systems to guide the design of the built environment. Good systems cover several aspects of the construction process, use standards within various disciplines, and product categories that were developed through industry consensus, and are updated on a regular basis. Rating systems are also a way to differentiate your company and products from others in the industry.

   **LEED**
   By far, the most popular green building rating system worldwide is Leadership in Energy and Environmental Design (LEED). Nearly a third of retailers have used LEED to earn certification, for which a project team must demonstrate compliance with all mandatory prerequisites in addition to a number of optional credits. Read more at usgbc.org.

   **Green Globes**
   Another green building rating system gaining traction around the world is Green Globes. Developed by the Green Building Initiative, this program has several rating systems for different project types. It is designed to allow building owners and managers to select which sustainability features best fit their needs. Read more at greenglobes.com.

   **Living Building**
   The most difficult green building rating to achieve is Living Building. Founded in 2006 by the International Living Future Institute, the Living Building Challenge encompasses seven performance categories: Place, Water, Energy, Health & Happiness, Materials, Equity and Beauty. As of press time, a mere 11 buildings had achieved Living Building status. Read more at living-future.org.

For additional questions about the data or information contained in this Special Report, please contact us at: mbaumgartner@shopassociation.org, or call us at 954.893.7300
Shop! (www.shopassociation.org) is the global nonprofit trade association dedicated to enhancing retail environments and experiences. Shop! represents more than 2,000 member companies worldwide and provides value to the global retail marketplace through its leadership in: Research (consumer behavior, trends, and futures); Design (customer experience design, store design, display design, fixture design); Build (manufacturing, construction, materials, methods, logistics, and installation); Marketing (in-store communications, in-store marketing, technology, visual merchandising); and Evaluation (ROI, analytics, recognition/awards).