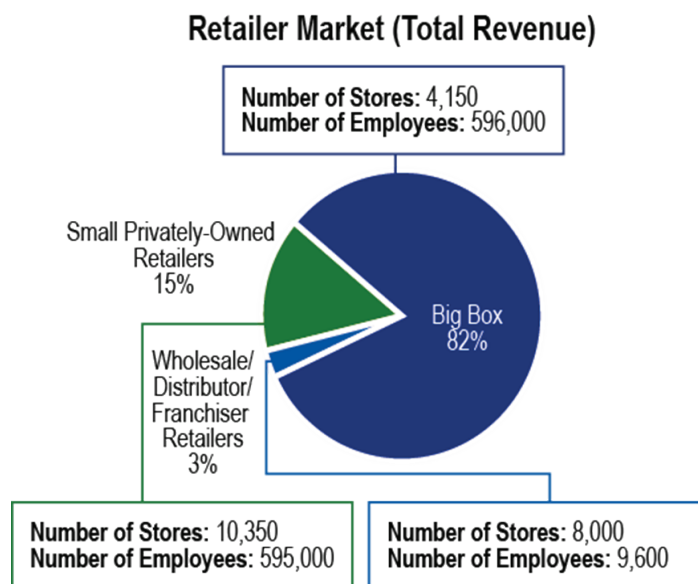


## 2.5.2 Retailer Market

The retailer market is generally dominated by large, big box companies (e.g., Home Depot, Lowe's) that hold 82 percent of the market share, as shown in Figure 2-25. The overall market generates \$150 billion in annual revenues and includes approximately 20,000 stores and 700,000 employees nationwide. Generally, retailers primarily make a profit through the sale of goods rather than services. However, as the market becomes more saturated with stores, retailers are more open to expansion through the addition of service lines and increased product sales. However, these service lines are often subcontracted out to specialist partners rather than conducted in-house by retailer staff. The retailer market consists of the following participants:



**Figure 2-25: Retailer Market**

- **Big box retailers**—these retailers typically are large publicly traded companies with strong brand identities and presences in both global and local markets. This type of retailer offers an entire value chain of products and services. Big box retailers such as Home Depot, Lowe's, and Menards focus on the “do-it-yourself” market. They have been increasing market share recently by acquiring smaller, privately owned chains. In addition, department stores such as Sears and Best Buy provide a large range of products and services that may include energy efficiency products.
- **Wholesale/distributor/franchiser retailers**—these retailers offer brand-name services and products through a locally owned retail outlet. The wholesale/distributor/franchiser retailer has greater access to resources, products, and services than do the small privately owned retailers. The wholesale/distributor/franchiser retailer can achieve greater profit margins than small local companies. Examples of wholesale/distributor/franchiser retailers include True Value and Ace Hardware.
- **Small privately owned retailers**—these retailers typically are small companies owned by an individual who has personal capital invested in the business. The small retailer has a presence in the local market. While these companies have smaller service and product offerings, they may have closer relationships with the local community, because they often are regarded as being part of the community, rather than a national chain. Examples of small privately owned retailers include Green Depot and the National Home Centers.

### Key Insights

| Retailer Insights |                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                    |
|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                   | Observations                                                                                                                                                                                                                                                                                                                                           | Impact on Potential Entry into Residential Energy Efficiency Market                                                                                                                                                                                                                                                                                                                                |
| Market            | <ul style="list-style-type: none"> <li>While there are multiple sizes and forms of retailers, big box chains represent 82 percent of the national market.</li> <li>Retailers primarily generate revenues through a product-based sales model rather than a service-provision model.</li> <li>The national market is nearing saturation with</li> </ul> | <ul style="list-style-type: none"> <li>Because big box retailers cannot grow through the addition of stores, they are considering expanding services, including those focused on energy efficiency, as an opportunity for growth.</li> <li>Retailers may be willing to explore service offerings that are not product-sales-based, but often will subcontract out the implementation of</li> </ul> |

| Retailer Insights |                                                                                                                                                                                                                                                                                                       |                                                                     |
|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
|                   | Observations                                                                                                                                                                                                                                                                                          | Impact on Potential Entry into Residential Energy Efficiency Market |
|                   | <p>brick-and-mortar stores, so large retailers are increasingly looking for growth opportunities through expanding services.</p> <ul style="list-style-type: none"> <li>■ Big box retailers are purchasing small retailers with the hopes of enlarging their footprint at the local level.</li> </ul> | <p>the service itself.</p>                                          |