

Chains & Franchises: Understanding a Key Market

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This poster presents an overview of the methodology and selected results from a market characterization of the chain and franchise sector in Massachusetts.

In 2010, the Massachusetts Program Administrators commenced a multi-year research agenda to characterize its large commercial and industrial new construction market. The overarching objective of the research is “to define the attributes of a specific market area in enough detail that the program planners and administrators can use the information for improving program implementation.” As part of that market characterization, the evaluation team conducted this study of the Chains & Franchises (C&F) market sector. Underlying this study were concerns by some program planners that C&F customers may be influenced by the programs to a lesser degree than non-C&F customers, due to their regional or national corporate structure. The primary objectives of this market characterization were to estimate the size of key C&F market sectors, identify the key decision-makers and major barriers to the adoption of energy efficiency measures, understand the decision-making process, assess the current level of program participation and methods to increase participation, and identify the opportunities for increased energy efficiency.

This study was implemented using a multi-phased approach. First, a literature review incorporated findings from existing studies of commercial building stock inventories and efficiency-related decision making that were conducted over the past 10 years. Second, data from the evaluation of four NSTAR C&I programs between 2003 and 2007 were compiled re-analyzed in order to contrast findings of C&F and non-C&F firms. Third, a quantitative profile of Massachusetts C&F firms and their construction practices was constructed from the Dun & Bradstreet and Dodge Players databases. Fourth, interviews with national account provided a solid foundation for understanding the market structure and decision-making process of the C&F customers in Massachusetts. Finally, interviews with C&F management provided insight and understanding into the decision-making process of C&F customers in Massachusetts.

This study provides evidence that the C&F market in Massachusetts warrants an independent market characterization study, as it consists of a large heterogeneous market which national firms exhibit differing levels of influence on local construction guidelines and provide for variability in the adoption of energy efficient measure. However, study results do not conclusively support the notion that program influence is lower for C&F customers.