



Terms of Reference

Research Consultancy to Recommend Changes to the Mandatory Energy Efficiency Label for Residential Appliances

Location: Local (South Africa)

Application Deadline: 26 May 2019

Category: Appliance energy efficiency – Energy Label

Type of Contract: Professional Services Contract

Assignment Type: Market Research

Languages Required: English

Starting Date: June 2019

Duration of Initial Contract: Four Months

Background:

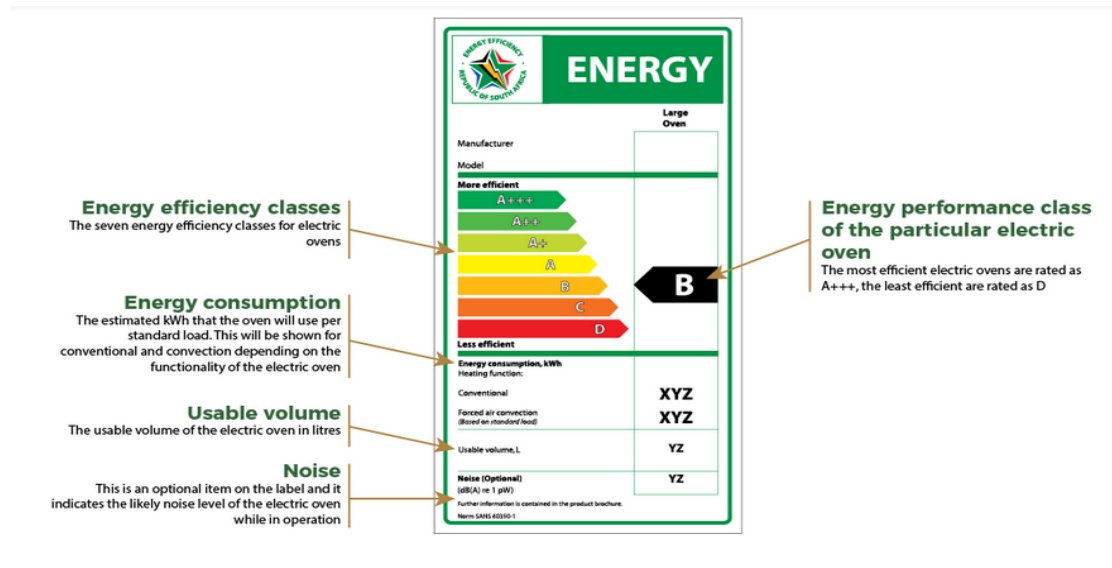
The South African government through the Department of Energy (DoE) in collaboration with the Department of Trade and Industry (**the dti**), and the United Nations Development Programme (UNDP) is implementing the project “Market Transformation through the Introduction of Energy Efficiency Standards and the Labelling of Household Appliances in South Africa”, hereafter referred to as the “S&L Programme”.

Energy efficiency standards and labels (EE S&L) are sets of procedures and regulations that, respectively, prescribe the minimum energy performance (MEPS) of manufactured products and the informative labels on these indicating products’ energy performance. They are meant to help the market recognise energy efficiency and act on it. Without the information provided by labels, consumers and other end-users are often unable to make an informed decision about the true cost of a product, and manufacturers lack the incentive to improve the energy performance of it as there is no way for the market to recognise and value this aspect. Standards can be set to ensure that obsolete and inefficient technology does not continue to dominate the market, much more effectively than is possible by the actions of individual end-users¹.

MEPS and the display of energy labels for 12 appliances was made mandatory in 2015 and 2016 with the issuance of VC’s 9008 and 9006 respectively. Globally, there are three types of comparative labels – bar, dial and continuous. In 2005 South Africa opted to align with the EU bar label as the vast majority of the country’s appliances were sourced from Europe. International research has confirmed that energy labels should be unique to each country², in other words they must depict homegrown symbols and terminology to assure consumers that the program is local and endorsed by the government. The South African energy label (shown below), launched in 2015, depicts the Department of Energy’s Energy Efficiency logo in the top right corner making the programme’s origins immediately evident to the consumer. Other locally relevant design features include South African National Standard (bottom), mandatory colours and dimensions.

¹ Introducing Energy Efficiency Standards and Labels for Appliances and Equipment (2009) Energy Charter Secretariat

² Energy Performance and Labelling Requirements for Specific Electrical Appliances and Equipment (2012) IDC



The energy label has become synonymous with the S&L programme and recent research undertaken by the Department of Energy demonstrates that consumers are deriving increasing benefits from the use of the label. This is largely due to the programme starting to mature and the ongoing communication and awareness campaign – for more information please see www.savingenergy.org.za – links to the mobile app, facebook and twitter campaigns can be accessed from the website. For more information about the label go to <https://www.savingenergy.org.za/asl/south-african-energy-efficiency-label/> and view the programme’s guideline document

Recent project and technology advancements has necessitated a review of the energy label. The primary reasons being:

- The decision by the EU to regrade its label to remove A+; A++; and A+++. The symbols were introduced to accommodate efficiency improvements but were becoming confusing to consumers. For more information refer to the official EU press statement [www.europa.eu/rapid/press-release MEMO-19-1596_en.htm](http://www.europa.eu/rapid/press-release_MEMO-19-1596_en.htm). South Africa’s alignment to the EU label necessitates an appropriate response, an issue which has been raised by industry;
- The imminent implementation of a dedicated appliance registration database at the National Regulator for Compulsory Specifications (NRCS) will provide an online database of all the appliances which have successfully met national regulatory requirements and can be legally sold in South Africa. The database provides the opportunity for consumers and NRCS test inspectors to access the database remotely via a QR code;
- Increasingly, information to consumers is shifting from text to infographics. This is especially helpful when communicating to non-homogenous consumers, as is the case in the EU which has a single label for 27 countries and 24 official languages. A similar situation to South Africa which has 11 official languages;
- Research undertaken by the programme has made several recommendations for improvements / changes to components of the energy label for specific appliances. For example, cooling appliances (refrigerators and Air Conditioners) use refrigerant gases which have global warming and ozone depleting properties. Although refrigerants are not regulated under the programme, it would be useful to alert consumers on the type of refrigerant being used so they have an opportunity to make an informed purchase decision.
- Energy classes are represented by horizontal bars (refer to above diagram) and the current design requires that seven energy classes are shown. However, MEPS may lead to a situation that for a specific appliance fewer than seven classes are available, at times five or even less. By way of example, using the label above, the MEPS for a large oven is a B meaning classes C and D may not be sold but are nevertheless shown on the label. This may have the unintended

consequence of inflating the energy performance of the appliance to the consumer as buying a B maybe be viewed as buying in the middle, when in fact it is not.

Objectives of the Market Research for the Changes to the Energy Label

The objective of S&L programmes is to keep pushing appliance efficiencies higher. A consequence of this is that the labels need to be revised as the programme matures. The purpose of this research assignment is to propose changes to the label that are informed through extensive consumer research to ensure that the effectiveness of the programme accelerates, as opposed to stalling or losing momentum due to consumer confusion. Thus, it is necessary to:

1. Test consumer understanding of the existing label
2. Test the effectiveness of infographics to communicate key information. In doing so the most appropriate infographic for a South African consumer must be selected, rather than assume that international symbols are relevant. For example, the EU label uses a milk carton to represent litres for the size of a refrigerator. Is this also suitable for South Africa?
3. Test the consumer response to the understanding of the regrading of energy classes. Are supporting communication activities required?
4. Identify the extent to which QR codes are understood and where they should be placed on the label
5. Test the usefulness and acceptability of additional information for certain appliances, such as refrigerants for cooling products
6. Identify which are the most appropriate colours, number of energy classes and the dimensions for the label
7. Test which options communicate the intended messages to consumers and recommend, as needed, refinements to the label design to ensure effective messaging.

Scope of Work

The Department of Energy and UNDP is seeking to procure the services of an independent market research company, which has graphic design capabilities, to conduct nationally representative consumer research that responds to the stated research objectives, deliver required inputs on the label content, and then guide the final label design and development. Market research is expected to include the following scope of work:

1. Finalise research approach (including the sampling frame and sampling strategy and approach to test concept labelling graphics with consumers)
2. Implement market research to agreed approach
3. Compile research findings and draft research report with recommendations
4. Finalise report incorporating comments and feedback

Methodology

The methodology for the study will be developed by the selected service provider at the outset of the work and will be presented in detail in the inception report. It is anticipated that the study will employ qualitative data collection methodologies using focus group discussions as the primary input source and supported by quantitative methodologies such as a short questionnaire, survey or other quantitative means of supplementing the data. The chosen methodologies should be appropriate to engage with and collect data from a representative sample of South African households.

The requirement is that the service provider submission/proposal, at a minimum, describes a recommended methodology / approach incorporating up to 12 focus groups for data collection. Understanding that quantitative research, especially questionnaires, has become increasingly difficult in recent years due to response fatigue and the very high level of unwanted mail received on a daily basis, it is required that the consultancy propose an innovative and cost-effective way to addressing the problem.

Work Arrangements

The market research company is required to develop a research protocol that will address the stated research objectives and specifically provide credible / reliable input to inform the most appropriate and effective design changes to the existing energy label.

All facilities and resources required to deliver on the scope of work should be covered / provided and costed into the proposal. This includes focus group meeting facilities, catering, compensation to participants, transport, printing, etc.

Expected deliverables:

1. A detailed workplan after contract signature
2. Design of the data collection instruments for the market research
3. A market research report covering the research objectives
4. Presentation of the preliminary findings and recommendations to the DoE and relevant stakeholders
5. Submission of final report and presentation to the DoE

Delivery timeline

It is required that the inception report be signed off within 2 weeks of contract award, and before June 2019, provided the contract is placed timeously. The final report must be concluded within four months of the project start date, and ideally before end September 2019.

Bidders Requirements

The successful bidder will:

1. Draw on work already done in this area to avoid duplication;
2. Ensure familiarity with the topic and area of market research;
3. Engage with the project team throughout the research process;
4. Report to the PM and to the Project Management Team (PMT) on completion of each deliverable for discussion and validation. Meetings will be held with the PMT at the end of each deliverable where the next steps of the programme will be agreed;
5. At the end of the project, present the findings of the research study in a written (not powerpoint) report to the Department of Energy and other designated stakeholders;
6. Treat project details and information with confidentiality, as required;
7. Must demonstrate experience and competence as detailed in the scope of work above; and
8. Submit an all-inclusive fixed price proposal

Requirements:

1. Company profile including team members CV's
2. Reference letters and/or a list of contactable references supporting relevant experience and/or capacity statements – clearly link references to areas of expertise to facilitate reference checks
3. A short proposal which includes the following:
 - a. Company profile or capacity statement with demonstrated market research experience / track record delivering on similar scale and size projects;
 - b. Identified team members with suitable qualifications and demonstrated experience relevant to market research, focus group facilitation and graphic design; and
 - c. Proposed methodology for conducting the market research and delivering on the stated research objectives.

The proposal will be evaluated on the following criteria:

#	Functionality Evaluation Criterion		Sub-criteria	Weight
	<p>Functionality will be measured on a scale of 1-5</p> <p>0 = Non-responsive</p> <p>1 = Very limited association to criteria</p> <p>2 = Some association to criteria</p> <p>3 = Meets the minimum criteria</p> <p>4 = Exceeds the minimum criteria</p> <p>5 = Exceeds the criteria and demonstrates excellence or leadership in the specified field</p>			
1	COMPANY EXPERIENCE			15
1.1	<p>Provided a summary of the Service Provider’s experience as market research company.</p> <p>Provided evidence of track record of similar size and type of market research projects in the form of reference letters, testimonials or current and contactable details from clients where similar projects have been completed.</p> <p>Demonstrated experience working in the electricity / energy sector and/or environmental / sustainability / climate change or advocacy related projects will be beneficial.</p>		15	
	No project referenced	0		
	≤5 similar size and type of market research projects referenced	1		
	More than five (5) similar size and type of market research projects referenced	3		
	More than five (5) similar size and type of market research projects referenced and more than one specific to any of the areas of interest listed	5		
2	TEAM EXPERIENCE AND QUALIFICATIONS			60
	<p>Provided a 1 page Curriculum Vitae and contactable references.</p> <p>Demonstrated experience working in the electricity / energy sector and/or environmental / sustainability / climate change or advocacy related projects will be beneficial.</p>			
2.1	Team lead qualifications (Focus Groups and Primary Researcher)		25	
	No qualification indicated with work experience	0		
	Undergraduate qualification including B.A., Commerce degree with >5 years work experience	1		

#	Functionality Evaluation Criterion		Sub-criteria	Weight
	Post graduate qualification including B.A., Commerce degree with > 5 years' experience as market researcher plus ability to communicate in more than 2 official languages	3		
	Post graduate qualification (Masters), > 10 years' experience with specific relevance to focus group market research and research psychology plus ability to communicate in more than 3 official languages	5		
2.2	Support team qualifications (Quantitative Research)		20	
	No qualification indicated with work experience	0		
	Undergraduate qualification including B.A., Commerce degree with >5 years work experience	1		
	Post graduate qualification including B.A., Commerce degree with > 5 years' experience as market researcher plus ability to communicate demonstrated experience in quantitative research	3		
	Post graduate qualification (Masters), > 10 years' experience with specific relevance to focus group market research and research psychology with demonstrated experience of multiple (>10) questionnaire assignments	5		
2.3	Graphic Designer		15	
	No graphic designer included	0		
	≤5 years' experience – no qualification	1		
	>5 years' experience with relevant qualification	3		
	>5 years' experience with relevant qualification, references and examples of recent work	5		
4	PROPOSED APPROACH			25
	Formulate a short approach which demonstrates an understanding of the work to be undertaken and the manner in which it will be approached so as to meet the project objectives within the project timelines.		25	
	Overview provided with standard market research approach included	1		
	As per above, and shows a thorough understanding of what is required with an approach which will reach all South African consumers	3		
	As per above, with innovative ideas and demonstrates an understanding of S&L concepts and key success factors	5		
	Total (Minimum Threshold = 70%)		100	100