

# Businesses see advantage in green buildings

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The Subway sandwich shop on Chicago's State Street may look like any other new restaurant, but its tile, crown molding and most wall coverings are made from recycled materials. In the bathroom, sensors control water flow, timers manage lights, and the toilet has a low-flow option. A smart air-conditioning system normalizes temperature between the bread ovens and the eating area.

A few blocks north at Macy's, the Starbucks cafe features LED lighting, manually operated hand meter faucets to conserve water and a wooden coffee bar with a plaque explaining it was salvaged from a fallen local tree.

The Dominick's grocery store reopening soon in Chicago's Lincoln Square neighborhood has a "cool" roof, priority parking for low-emission vehicles, highly efficient meat and freezer cases, a bin for plastic bags that will be converted into deck materials and environmentally-friendly flooring secured with environmentally-friendly adhesive.

Restaurants, cafes and grocery stores, it seems, are in an all-out race to be green.

The Subway shop is the chain's first of its kind in a major city, and the Dominick's is the first of its Chicago grocery stores to have been rebuilt from the ground up with sustainability in mind. The store features high-tech, energy-saving equipment, such as heating and cooling systems tied into sensors that normalize temperatures from the bakery to the frozen-

foods section. Starbucks, meanwhile, has vowed that all of its new, company-run stores will meet the U.S. Green Building Council's standard for environmentally-sustainable building design (LEED) by year-end.

A variety of factors have encouraged green buildings. Subway and Dominick's, which is a division of Pleasanton, Calif.-based Safeway Inc., cite a slight improvement in the economy, and some cities, like Chicago, have streamlined the green permitting process.

But most important, stores almost need to go green to retain and grow their customer base, said Robert Passikoff, founder of Brand Keys, a consultancy that measures customer loyalty. He said consumer interest in a corporation's environmentalism is five times greater than it was a decade ago.

"It's one of those things you can't ignore," Passikoff said. Green buildings, he said, resonate with consumers even more than corporate pledges to recycle or purchase carbon offsets. All things being equal, the customer will choose the green company, or the milkshake from the green restaurant, he said.

From a business perspective, motivations for building green appear to be threefold: energy savings, customer goodwill and marketing.

Passikoff noted that going greener is just the first step.

"The issue isn't just doing it, but doing it believably and communicating it believably," he said. "Right now, if I told you BP is doing a heck of a job with the environment, would you believe me?"

A company's commitment to going greener, he said, "should be part of the entire brand equity approach," integrated into everything from

advertising to public relations.

Savvy retailers such as Starbucks know this and believe it's a reason customers may pay more for their coffee. The chain also certifies free-trade coffees and touts its relationships with farmers in the world's coffee-growing regions. Its store-design strategy has become another extension of the same message.

Dominick's sees a link between going green and building goodwill.

"A lot of what we've done is based on requests from consumers," company President Don Keprta said during a recent tour of the store, which is slated to reopen Sept. 30. "Everyone is very conscious of the greening of the country."

For instance, in urban areas, the chain gets requests to help recycle, particularly plastic bags, and customers ask for a greater selection of reusable bags and expanded offerings of organics.

Keprta said that Dominick's also built a bioswale, which will filter storm runoff from the parking lot before it goes into the sewer.

A bioswale doesn't have a measurable return on investment, Keprta said, "but it's the right thing to do." Besides, since the more-efficient freezer cases save so much money, "it helps us pay for the things we want to do."

Dominick's has committed to step up its green projects, Keprta said, because the chasm between what customers want and what corporations can afford has narrowed: It has become cheaper and easier to build green.

"The technology is catching up with the wants of the consumer," he said.

"Some things in the past would have been cost-prohibitive."

And with many technologies on their third or fourth iterations, the equipment has become more reliable and affordable.

"It's like an electric car," Keprta said. "They were there 10 years ago, but you didn't want to own one."

For instance, energy-management software that can monitor and control store equipment and operating systems, even down to a freezer door left open, has gotten cheaper and easier to use in the last decade.

Dominick's expects annual energy savings of about 22 percent at the redone store and maintains that store outlays weren't significantly more than what would have been spent on a traditional store. That's partly due to Safeway spending several years searching out the right equipment and materials to save on cost.

But for some, building green remains expensive. Subway franchisee Murad Fazal said his State Street store cost about 45 percent more than a traditional Subway restaurant, yet he expects energy savings will offset the additional costs in about five years. Fazal's landlord is taking the building green and absorbed some of his costs.

"I think customers will appreciate it," Fazal said of being green.

Fazal also said customers are more aware of green technology. He and his business partner, Iqbal Ali, installed timers on bathroom lights to conserve electricity about 15 years ago, but patrons confused them with light switches and occasionally broke them trying to turn out the lights. It was also hard to set the timers -- deciding on the right amount of time to give someone in the bathroom -- for fear of leaving them in the dark. The timer is now set for 12 minutes.

"We felt like this was the right time," Fazal said of opening a green location. He and Ali have 24 Subway restaurants, and he said they would definitely go green again. "Particularly if it's in partnership with a landlord," Ali said.

Going green can also lead to cashing in. Susan Gallagher, a Rockford franchisee who recently opened Subway's first eco-store in Illinois, said her build-out costs weren't higher than an average location because the landlord absorbed additional costs, including a geothermal heating and cooling system. So far, the shop's utility costs are down 40 percent to 60 percent on a square-foot basis. Another big plus: Sales are up about 30 percent.

There are number of contributing factors. The restaurant is in a more visible location, has updated decor and, like the other Subway chain stores, is serving breakfast. But Gallagher also credits some of the increase in traffic to goodwill generated from being in a green building.

"I think there are some customers who don't care, but there's a lot of them who really appreciate it," she said. "They come to my Subway just because outside of outstanding service and a great product, they enjoy the fact that they're eating in a LEED silver award Subway location ... and people do appreciate that."

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