

Geothermal Marketing 101

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What is Marketing?

Any guesses?

What is Marketing?

- Webster says...
 - the total of activities involved in the transfer of goods from the producer or seller to the consumer or buyer, including advertising, shipping, storing, and selling

What is the Marketing Mix?

- **Marketing mix** is probably the most well-known marketing term. Its elements make up the basic, tactical components of a **marketing plan**
- Also known as the “**Four P's**”, the *marketing mix* elements are:
 - Price
 - Place
 - Product
 - Promotion

What Do I Do with the Marketing Mix?

- The concept is that there are several components of a marketing plan
- Depending on your company's objectives, you can manipulate these elements to achieve your desired end result
 - Are you going to play on price?
 - Are you going to grow based on expanded territory?
 - Are you going to become top of mind due to increased advertising?
 - Etc

Pricing

- There are many pricing strategies, including:
 - Premium pricing
 - Penetration pricing
 - Promotional pricing
 - Bundle pricing
 - Etc...

Pricing is important



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Place

- This is the distribution channel – how the product goes from manufacturer to consumer
 - Location (market in which you compete)
 - Storefront
 - Includes Personal Salesmanship in geo industry
 - ***This is you!***
 - Your sales staff has the relationship with the end user
 - Your dealership may have a strong brand in and of itself

Place is important



IT WAS DAYS LIKE THIS
WHEN MORTY WAS THANKFUL
HE TRANSFERRED TO THE
NORTH POLE TERRITORY.

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Product

It is a geothermal system, right?

Sort of...

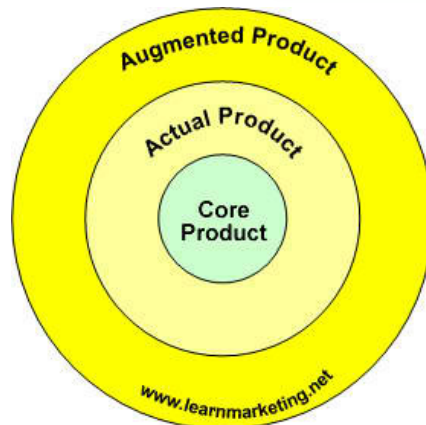
Much more than a box.

WHAT ARE YOU REALLY SELLING?


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3 Levels of Product

- **Actual product:** the *tangible* product itself
 - geothermal heating and cooling system
- **Augmented product:** the *added value* of the product
 - warranty, installation and service, financing, etc
- **Core product:** *benefits* offered by the product (Not tangible, but what makes it important to you)
 - **Comfort**
 - **Lower operational costs**
 - **Environmental consciousness**



Not Just a Heating and Cooling System



The image shows a Carrier furnace with several arrows pointing to it from both sides, each labeled with a benefit. The benefits listed are:

- Energy Savings
- Environmental consciousness
- No dependence on foreign fuel
- Peace of Mind
- reliability
- Affordable luxury
- Safety
- Quiet operation
- Low Maintenance
- Status

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Remember: It's NOT about you!

- It's about them (the consumer)
 - How does it help them solve a problem?
 - How does it simplify their lives?
 - How does it make them feel better?

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Feature/Benefits

- Break out of comfort zone of concrete features:
 - Coated air coils
 - Cupro-nickel coaxial water heat exchanger
 - Standard desuperheater
 - Oversized A-coil

Ask yourself why it is important.

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Promotion

- Promotion is all of the tools available for marketing communication
 - Typical elements of the promotions mix are:
 - Sales Promotion
 - Public Relations
 - Direct Mail
 - Trade Shows and Exhibitions
 - Advertising
 - Sponsorships

The 4 Ps: The Bottom Line?

**Marketing is far more
than just advertising**

By only advertising you are limiting your impact on the market!

Marketing Geothermal

Where to Start?

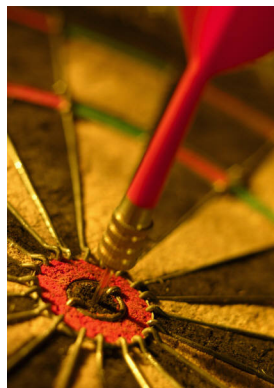
Tell me about

YOUR TARGET CONSUMER

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Know Your Market

- Your market is not one specific demographic!
 - Common misperception based on system price point
- Think back to the core benefits of geothermal.
 - Who do they appeal to?
- Leaving profits on the table if not proposing geothermal on virtually every job.



Attitudinal Targeting

- You should be targeting a lifestyle
 - Who wants to save on monthly bills?
 - Who wants their purchase to last longer?
 - Who would want to use a cleaner system that is better for the environment?
 - Who wants a better warranty?



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- “The point to remember about selling things is that, as well as creating atmosphere and excitement around your products, you’ve got to know what you’re selling.”

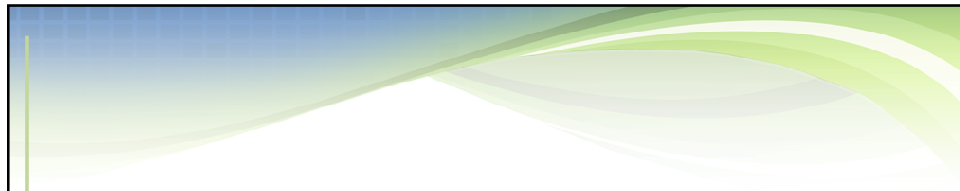
-Stuart Wilde

Marketing

THE IMPORTANCE OF BRAND

What is a Brand?

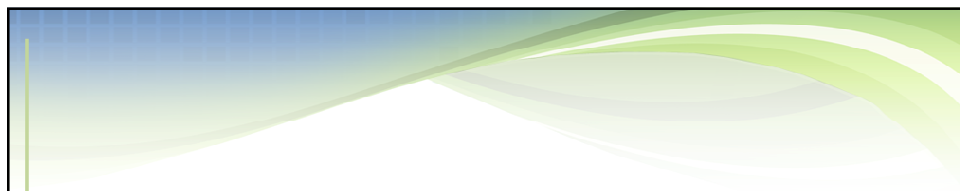
- The American Marketing Association (AMA) defines a brand as a "name, term, sign, symbol or design, or a combination of them intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of other sellers."



What are some brands you are loyal to...

AND WHY?

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The dealership as a

BRAND

Branding Your Business

- We understand that some dealers prefer to market their business instead of a brand
 - The same rules apply in that situation
 - Should still be done in the most efficient/effective way
 - A consistent message still needs to be included

External Benefits of Branding

- Creation of memorable character that resonates with customers
- Formation of an *emotional relationship* with customers

People buy with their emotions, not rationale

Internal Benefits of Branding

- It provides internal focus
 - If you noticeably and purposefully brand your business, you clearly know what you are about
 - That self-awareness provides you with answers to the majority of your business questions
 - All decisions, not just marketing should align with the brand

Marketing your Business

CREATING AN IDENTITY

Who Are You?

- You must understand who you are and what you stand for (or who you *want* to be and what you *want* to stand for)
- Most business do this through creating a mission statement (*vision* statement)
 - Defines who you are and what you believe in



The Logo

- An appealing logo will provide the first impression and quick recall
- Should:
 - be legible
 - not look like competitive designs
 - Avoid all trademark and copyright infringements

What Do I Do With This Identity?

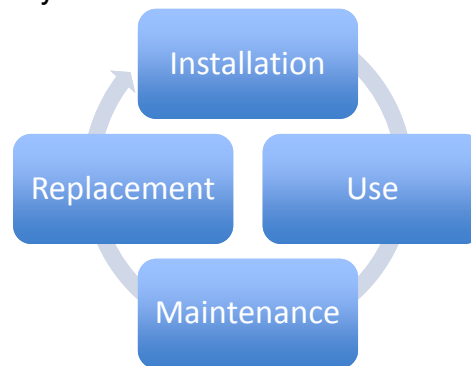
- Carry this through everything you do
- This is what people will associate with you
 - “Share of mind”
- Consistency = professional
- It is not as easy as it looks, but it helps make further marketing easier

Specific considerations for

MARKETING GEOTHERMAL

Lifecycle Impact on Marketing

- Long lifecycle of geothermal systems = long buying cycle
 - Consumers may not return to the market for 15 – 25 years



Lifecycle Implications



- Cannot build business on repeat purchases
 - Also not a lot of big brand advertising in the industry
- **Highly reliant on word of mouth**
- Service and support critical element

Importance of Existing Customer Base

- Your source of word of mouth marketing
 - They will be your best advocates or worst
- Cheaper to keep a customer than to gain a new customer
 - Retention campaigns less expensive than acquisition campaigns
 - Less advertising
 - You don't have to 'find' them.



Marketing Opportunities for Existing Customers

- Service calls present opportunity to up or cross-sell as well as accessorize
- Good service breeds loyalty
 - Good customer service is no longer the norm

Importance of Internet Marketing

- Geothermal is not a big showroom product
- Price point makes it a major purchase decision
- Not well understood technology
- 92% of Americans have internet access

Implications of Internet Use & Geo

- Stands to reason that internet is first place consumers will go to learn about geothermal technology
 - Don't have to worry about sales pressure



Internet Marketing

- Professional online presence will:
 - bring new leads
 - increase credibility
- Web hosting:
 - is cost effective
 - opens doors to audiences not reached through “traditional” means

How to Promote Web Site

- Link to other good industry websites
 - No need to recreate the wheel
- Include website address on any promotional item bearing dealer contact information
- Put your web address on everything you put out to the consumer

Social Media Marketing

- This is becoming a much larger part of our everyday lives and could be a very good and inexpensive way to generate leads!
- The outlet used needs to remain fresh and constant interaction, or the media loses its luster.



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What about

MARKETING BUDGETS

Marketing Budgets

- Marketing helps make you money by creating awareness
 - Putting your business into consideration
 - Keeping your business in consideration
 - Identifying your value
- A typical marketing budget is 3-10% of sales
- Start small
 - And see what works for your business

Marketing Budgets

- Don't forget, many items are included under marketing budgets. Many you are already paying for without having a specific budget:
 - Promotional materials
 - Clothing
 - Signs
 - Vehicle decals
 - Etc

Marketing Budgets

- Budgets can't be static
 - They're a guideline & help determine your plans
 - Be flexible for opportunities outside of your plan
- Word of caution
 - Marketing/advertising budgets are typically the first parts of a budget to be cut when reductions are needed
 - This is counterintuitive, since that is when you need awareness most

Developing a

MARKETING PLAN

Marketing Plans: First Things First

- What are the goals for your company?
 - Stay the same or grow?
 - If you want to stay the same, it doesn't take much effort
 - How many leads does it take?
 - If you want to grow, in what way, or in what area?
 - What do you want to accomplish?
 - In what timeline?
 - » Accomplish X in Y time



Marketing Plans

- Survey those who call and ask where they heard about you
 - Word of mouth?
 - Direct mail?
 - Newspaper ad?
- Indicator of what is currently working



Marketing Plans

- Do your research
 - Ensure you are aware of any co-op or advertising support programs available to you
 - Manufacturer or distributor
 - Ask about reduced rates for multiple listings or early commitment

Marketing Plans

- Helps you stay focused
- Preplanning often results in reduced advertising rates
- Act instead of react
- Stay flexible

Time Frame for Effective Advertising

- Advertising isn't an immediate effect
 - Expect a 3-6 month lag on sales from your marketing efforts (sometimes longer)
 - Don't wait until you are slow to advertise, it is already too late!
 - Only a promotion will generate a quicker response from the consumer, such as a rebate period ending on a certain date.
 - Consistency is the only way to keep the phone ringing! **Not just a one time blitz.**

COMMON ADVERTISING MEDIA

Print

- Print advertising consists of:
 - Newspapers
 - Magazines
 - Newsletters/Direct mail
 - Outdoor

Newspapers

- Advantages
 - Cost effective
 - Fairly broad circulation
 - Limited use of color
 - Discounts for multi-run ads
- Disadvantages
 - Small ads are easily overlooked
 - Not targeted to specific consumer group
 - Dictated ad sizes

Magazines

- Advantages
 - Can target specific consumers
 - Large ad sizes get attention
 - Wide distribution
 - Full color is usually available
- Disadvantages
 - Costly
 - Relatively long length of time between ads
 - Requires securing ad space early

Outdoor (Billboards)

- Advantages
 - Effective at targeting by location
 - Cost effective
- Disadvantages
 - Doesn't target other than location
 - May not be as flexible in making ad changes
 - Messaging is extremely limited
 - Hard to track leads

Direct Mail

- Advantages
 - Quick
 - Doesn't get lost in clutter of other advertising
 - Easy to tailor specific messages to specific target
 - You control the timing
- Disadvantages
 - Depth of lists vary
 - Purchasing mailing lists can be costly

Postcards

Yellow Pages

- Advantages
 - Service into Sales
- Disadvantages
 - Costly
 - Difficult to locate specific products
 - Outdated as a search method
 - Typically black and white (yellow)
 - Small ad sizes

Radio

- Advantages
 - Broad reach
 - Demographics available
 - Fairly cost effective
 - Some offer multi-run discount packages
 - Commercial development assistance available
- Disadvantages
 - Some stations may alienate (political programming, etc)



Radio Considerations

- What time slot will be most effective?
 - During commute?
 - During sporting event broadcasts?
- Cost effective to tailor ads to the time of the year
- Ad development typically available through the station

Television

- Advantages
 - Wide audience
 - Easy to target specific groups
 - Good exposure
 - Video can be used in other media
 - Online
 - Home shows
 - etc
- Disadvantages
 - Fairly expensive



Advertising Considerations

- Message should be succinct
 - What is the one message you want to send?
- Graphic/video elements should align with message
- Include a call to action
 - What do you want the consumer to do?

OPEN HOUSES & FIELD DAYS

-Get back to grass roots marketing

Open Houses & Field Days

- The need for Field Days and Open Houses
- What is a Field Day?
- What is an Open House?
- Why hold Field Days or Open Houses?



The Need for Field Days and Open Houses

- Educate potential customers
- Promote geothermal heating, cooling, and hot water comfort systems
- Promote your business
- Build positive relationship with local trade ally's such as builders and utilities companies

What is a Field Day?

- Actual installation of a geothermal system
- Open to the public, media, and potential future customers for observation
- Provides education about installation process
- Provides information about potential energy savings
- Provides information about reduction of monthly utility cost

What is an Open House?

- An Open House is a invitation to tour a home that already has an installed and functioning geothermal system
- Visual of mechanical room, radiant application, and duct work (No propane tank or AC unit)
- Hear from the homeowner about satisfaction with comfort, quiet operation, energy savings, and cost savings, and low maintenance

Why Hold a Field Day or Open House?

- Generate qualified leads
- Further educate the public about geothermal heating, cooling, and hot water comfort systems
- Meet face to face with potential customers
- Provide an event that local media may be interested in attending
- Collect data base of names of potential customers for future direct mail campaign

Selecting Field Day or Open House Host

- The location must be right
- Educate your customer about the process
- Your customer must be willing to let people walk around their property
- Homeowner must be willing to allow strangers in the home
- Provide the participating customer with a financial incentive

Other Marketing Do's & Don'ts

- Be Careful with "Industry" advertising slogans such as "Up To 75% Savings"
- Don't negatively advertise against fossil fuels
- Be careful with the "Green" word
- Be careful with the wording of the tax credits within advertisements
- Work with a local marketing companies and advertising agencies; negotiate pricing
- Use words like comfort, peace of mind, etc.
- Select the right demographics for your message

Review of Marketing 101:

- First – Identify your target customers
- Second – Define who you are and what you want to do (set goals)
- Third – Set a budget
- Fourth – Create a plan within the budget
- Fifth – Work the plan and be flexible
- Last – Track your success

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Questions? Comments?

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