

Let's sell Heat Pump Water Heaters online!

We got a situation here.

Electric heat pump water heaters (HPWHs) have less than a 2% market share within the domestic hot water market while providing significant energy savings and other ancillary benefits. The challenges facing wide-scale HPWH adoption are numerous: lack of customer awareness, varying degrees of contractor interest and installation training, incremental price difference, and installation cost and requirements. Usually low market share plus lots of barriers indicate you are out of your mind for wanting to intervene. We had other ideas.

Why not sell these online?

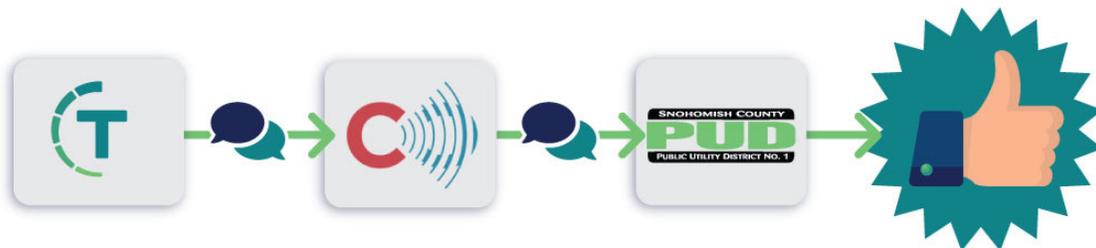
We learned that around 4% of customers who bought a HPWH at retail purchased the bundled installation package, which meant the remaining 96% of customers were motivated to purchase on price and either conducted a DIY installation or shopped around to find the best price with an installer. After we learned that, we thought to ourselves: why not sell these online through a limited-time offer (LTO)? A pilot premise was born.



Counting down to pilot kickoff.

We realized fast this pilot would require a lot of people to come to fruition. We set about building a coalition which went something like this:

- **June:** we caught up with C+C and casually brought up HPWH and received immediate interest. Sure, there was a lot of logistics to work out, but we identified a pilot premise worth exploring as an implementation and marketing partner.
- **July:** C+C discussed with their client, Snohomish PUD, to gauge their interest in a pilot. The PUD expressed interest in trying something new to generate more HPWH sales.
- **August:** we changed from exploratory conversations to logistics and planning discussions with AO Smith, who we started talking about selling HPWHs online with earlier in the year. They were interested and committed in supplying the units through a distributor to mitigate our risk.



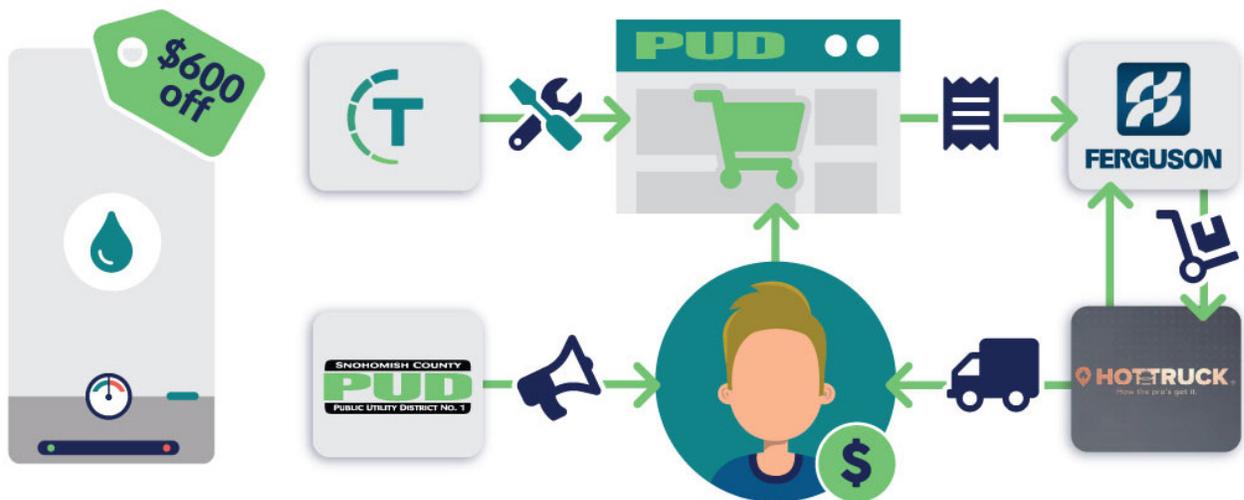
Igniting the Pilot.

The purpose of the pilot was to test the premise that customers would disconnect the traditionally bundled purchase and installation cost of a HPWH if they shop online. The pilot design consisted of offering an instant \$600 discount (\$100 more than the standard rebate) on three different sized HPWH units to eligible Snohomish PUD customers via a month long limited-time offer that would execute the month of November. Three critical

components to executing a successful LTO emerged from our kickoff meeting: marketing, site development, and logistics.

How do you market HPWHs to sell them? There's a lot of resources to educate customers on HPWH, but not many to drive sales. Snohomish PUD and C+C worked together to devise a strategic creative and messaging approach geared toward DIY-customers. They found a lighthearted way to message product benefits and composed a digital campaign via email and social to broaden reach.

Building a DIY LTO Site. We created a custom online LTO storefront with landing page graphic designed by Snohomish PUD that validated customer based on zip code for site entry (manual validation would occur post purchase with C+C prior to scheduling for delivery or pickup to ensure eligibility). Our team provided additional resources in case customers wanted to call a professional to help with the install or access additional educational information to utilize themselves. In addition, we included a scheduling tool within the cart for customers to pick the right timeframe for product delivery based on availability.



So many logistics. The most challenging part of this promotion was logistics and planning, specifically how to sell products you are not supplying and get them delivered to the customer when you're not driving a truck. We partnered with a local Ferguson distributor to source the HPWHs, and local on-demand delivery service Hot Truck to handle delivery with the customer.

What happened?

The limited-time offer kicked off November 1 as planned and ran through the end of November selling 50 total HPWHs. We worked directly with Ferguson and Hot Truck to fulfill and deliver orders, and C+C and Snohomish PUD executed the campaign that they developed together.

So now what?

We had an original sales goal of 25 HPWHs so we were surprised to hit 50. Overall, we found that our premise is right – people had no difficulty in separating the purchase from installation for HPWHs. C+C has designed a post-promotion customer satisfaction survey which will help us uncover updates to the design, marketing, LTO site, logistics, and other attributes impacting the customer experience for us to improve upon in the future.

Want the full story, the juicy stuff we can't put in print?

Contact us at marketing@techniart.com to learn more!