



Project

Promotion of efficient heat pumps for heating
(ProHeatPump)

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Deliverable 24: Report on training course on marketing
(UK)

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Work Package 3: Marketing of RES-Heat

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- 1 A workshop on marketing for GSHP installers was held on 22 September 2008 in Edinburgh in conjunction with the *GSHP Scotland* event.
- 2 The aims were
 - to introduce new installers, or those interested in adding GSHPs to their repertoire, to the requirements of marketing GSHPs in the UK;
 - to allow a selection of established GSHP installers to share their experiences in marketing their services;
 - to report on a PHP survey of installers' marketing strategies and views on marketing, and get responses to its findings;
 - to allow new parties to question experienced installers and other marketing experts;
 - to identify and share views on key marketing issues and ways in which marketing efforts might be supported.
- 3 At the outset, workshop organisers thanked the presenters from established installers for sharing their experience and insights with new entrants to the field, and for demonstrating their commitment to the growth of the industry.
- 4 Approximately 35 delegates attended – more than expected. They represented established installation firms, recent entrants and companies intending to diversify into GSHPs. Most delegates were from Scotland, but several of the companies represented cover other regions or the entire UK. Participants in the workshop had the benefit of attending the accompanying exhibition and the earlier plenary talks at the event.
- 5 The format of the workshop was four presentations with opportunities for questions, followed by an extended discussion. The presentations were:

Angela Wilson, Earthwise (Scotland): *Marketing GSHP systems and installation*

Thomas Winkel, University of Edinburgh and ProHeatPump: *PHP survey of marketing practice*

Ingo Eichberger, swbNetze and ProHeatPump: *European marketing practice*

Brian Kennelly, GSHPA and Earth Energy: *National publicity and information needs*

Slides from all four presentations are available for download from the PHP website.
- 6 Angela Wilson indicated the rapid emergence of distinct segments in the UK GSHP market, and stressed that companies needed both to identify clearly which services they were offering in which segments, and to understand the characteristics, requirements and likely concerns of the customers in those segments. She noted that the UK market was at a stage of high demand for the relatively small number of installers, and that new entrants might find the demand on their services overwhelming. They needed to be prepared for that level of demand, and should avoid expanding the business too fast; they should not court custom they could not realistically service, and failure to respond promptly to enquiries would alienate customers. They needed carefully to manage customers' expectations of price and performance; to give them honest estimates of both; to be prepared to tell enquirers promptly if a GSHP system was not suitable for their needs; and to anticipate and avoid trouble. She emphasised the importance of building credibility: companies should get accreditation, earn recommendations, join the industry association, sign up to the REAL code, and avoid misleading claims. The best way of building a reputation was to ensure an excellent job on each installation. Word-of-mouth was the best marketing mechanism and has a large impact. Energy and environment

consultants were particularly influential and firms need to gain recommendations from them.

- 7 The UK *ProHeatPump* team had conducted a telephone survey of 22 UK GSHP installers to examine their marketing strategies, methods and experience. This sample comprised about half the companies listed on the LCBP website as accredited installers that cover Scotland. (About half of these cover the entire UK, but some indicated they are starting to limit their geographical scope.) Their period of experience in the UK GSHP market ranged from two to twelve years. Thomas Winkel reported that the survey found the level of demand in the UK was such at present that companies were not having to put great effort into marketing; their main problem rather was keeping up with demand. Most concurred that their most valuable marketing instrument was their own website. A presence in the listings on the websites of the Low Carbon Building Programme (LCBP), the Energy Saving Trust, and Green Book Live were also important. Reputation and word-of-mouth recommendations – from customers, architects, builders and consultants – were valuable in the long term. Print advertisements were used by only half the respondents, and were considered only moderately productive. Other methods used less frequently included: stands at exhibitions; talks at conferences; direct approaches to builders; other web listings; targeted mailings. Referrals from other parts of the building or building services industries also provided some custom. In their publicity material most firms primarily stressed the low running costs of GSHPs.
- 8 Ingo Eichberger took as an example the marketing of GSHPs in Osterholz, Germany, where the level of installation has lagged behind that in the rest of the country. (While the average level of installation in Germany is 1.8 units per 1000 inhabitants, in this area it is less than half that.) There is a high level of interest, but no key actor promoting HPs; the utilities have not yet taken on this role as they have elsewhere in the country. Presented with a wide range of heating options, customers are not able to evaluate them easily. Some are well informed, but are deterred by the need to contact and coordinate a range of contractors and authorities for the design, approval and installation of a system; they need a single point of contact. The industry therefore needs to be more customer-orientated, and its components need better coordination. A key officer in the regional government agency responsible for economic development and environment is attempting to bring about these improvements.
- 9 Brian Kennelly rehearsed the variety of arguments for GSHPs and their benefits that need to be communicated in national publicity efforts for the technology – both to consumers and to policy makers and other influential parties. The general context to be stressed is that of the depletion of fossil fuels, increased concern about energy security, and the need for dramatic reductions in carbon dioxide emissions. Heat pumps address the requirements both to improve the energy performance of buildings and to increase the use of renewable energy sources. They have low running costs, are unobtrusive visually, and operate quietly. Their relative operating costs will improve even more as gas prices inevitably rise, and their carbon performance will improve as the carbon intensity of the grid is further reduced. A number of common myths need to be tackled: that GSHP systems are prohibitively expensive and not cost-effective; that they require large amounts of space; that they do not contribute to carbon emission reduction; that they can only be used with underfloor heating; that there is insufficient capacity and expertise in the industry. The industry should initially target the most cost-effective market segments – particularly new build housing, existing housing off the gas grid, and public and commercial buildings. Costs will be reduced as the industry takes advantage of economies of scale.