Consumer is Key: Increasing Awareness

October 6, 2010
Its not Price, its Awareness

Out of 202 water heater customers surveyed, 156 bought a standard water heater...Here’s why...

Building Awareness represents the **single biggest opportunity** to grow sales
### Likelihood to Consider Purchasing Hybrid ~ When Need Replacement

#### At First Evaluation
*(Introduction to Concept Without Pricing)*

<table>
<thead>
<tr>
<th></th>
<th>Raw Intention to Purchase Today</th>
<th>Discount Factor</th>
<th>Weighted Intention to Purchase Today</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely likely</td>
<td>33.1%</td>
<td>0.8</td>
<td>26.5%</td>
</tr>
<tr>
<td>Very likely</td>
<td>35.8%</td>
<td>0.4</td>
<td>14.3%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40.8%</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Model Preference

- **Standard at $399** 74%
- **Hybrid at $1,599** 26%

#### At Final Evaluation
*(Introduction to Federal Tax Credit)*

<table>
<thead>
<tr>
<th></th>
<th>Raw Intention to Purchase Today</th>
<th>Discount Factor</th>
<th>Weighted Intention to Purchase Today</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely likely</td>
<td>11.5%</td>
<td>0.8</td>
<td>9.2%</td>
</tr>
<tr>
<td>Very likely</td>
<td>33.8%</td>
<td>0.4</td>
<td>13.5%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>22.7%</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- To account for overstatement in purchase intentions, a weighting scheme was adopted. Unpriced, 41% of respondents are very likely to purchase a hybrid water heater when their current one needs to be replaced.

- When priced, nearly ¾ elect to purchase a standard water heater. Given the federal tax credit, almost ¼ of those preferring the standard water heater at $399 move back to a hybrid.

43% of consumers would likely purchase Hybrid when completely knowledgable of Price, Benefit, and Incentives
The tankless water heater technology received the highest awareness on an unaided basis. Heat Pump water heaters are at the bottom of the list.

What water heater technologies are you aware of?

- **Tankless**: 40% (N) Total, 36% Midwest, 40% Northeast
- **Gas**: 30% Total, 26% Midwest, 30% Northeast
- **Electric**: 30% Total, 24% Midwest, 30% Northeast
- **Energy Star**: 21% Total, 15% Midwest, 21% Northeast
- **Solar**: 14% Total, 15% Midwest, 24% Northeast
- **Standard**: 14% Total, 16% Midwest, 17% Northeast
- **Demand/Instant**: 8% Total, 13% Midwest, 11% Northeast
- **Geothermal**: 2% Total, 4% Midwest, 0% Northeast
- **Hybrid/Heat Pump**: 5% Total, 4% Midwest, 5% Northeast

**CAPITAL Letters denotes significant difference at a 95% confidence level**

n=202           n=55                  n=53                      n=55                  n=39
Want savings that are bigger than the price tag?

City of Tallahassee Electric customers can get up to $1,680 back on the GeoSpring™ Water Heater through September 30.

With a special $1,200 rebate for City of Tallahassee Electric customers and a federal tax credit of up to $430, you could end up paying more than the estimated retail price of $1,999 for a new GeoSpring™ Water Heater. This hybrid technology costs energy usage up to 9.5% without sacrificing a drop in levels of hot water. Reduce the technology, Hal the bill.

For more information, call geappliances.com/geosping

City of Tallahassee sales office: 1405 S. Meridian Road, Tallahassee, FL 32301

Ad Media - Tallahassee

TV

Print

Direct Mail

City of Tallahassee

GeoSpring™ hybrid water heater

Energy Star Partners Meeting/October 6, 2010
Case Study - Tallahassee

5X increase in sales during advertising period
More Advertising Planned

Example: Lexington Herald Advertisement

Save up to $1,130 on the GeoSpring™ Water Heater

Kentucky residents can save up to $1,130 on the GeoSpring™ Water Heater while funds last.

With a special $400 Kentucky state rebate, a tax credit of $250, and a federal tax credit of $460*, you could end up saving more than half of the estimated retail price of $1,599 for a new GeoSpring™ Water Heater. Its hybrid technology cuts energy usage by up to 62%, and it only requires a simple drop of hot water, and can reduce your energy bill by $200 a year. Twice the technology. Half the bill.

* Some restrictions may apply.

For more information, visit www.geappliances.com GeoSpring

Find it at your local lumber, plumbing, or these retailers:

imagination at work

Example:
Lexington Herald Advertisement
The water heater is the 2nd largest energy consuming appliance in the home.

Source: http://www.energystar.gov/index.cfm?c=products.pr_pie
Potential savings by product type

Heat Pump Water Heaters provide a tremendous energy and cost savings opportunity vs other appliance replacement options.

Annual energy cost savings to the consumer for choosing Energy Star vs non-Energy Star appliance.

Source: www.energystar.gov and DOE Energy Guide Labeling

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Annual Savings Energy Star vs Non-Energy Star</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Mount Refrigerator</td>
<td>$10</td>
</tr>
<tr>
<td>Dishwasher</td>
<td>$15</td>
</tr>
<tr>
<td>Side by Side Refrigerator</td>
<td>$15</td>
</tr>
<tr>
<td>Clothes Washer</td>
<td>$30</td>
</tr>
<tr>
<td>Gas Water Heater Tankless vs Std Gas</td>
<td>$92</td>
</tr>
<tr>
<td>Electric Water Heater Heat Pump vs Std Elec</td>
<td>$290/$320</td>
</tr>
</tbody>
</table>
## Total Life Cycle Cost Comparison

**Table 1**

ACEEE Comparison of installed costs and energy costs for various water heating technologies. [20]

Note: There have been recent changes in energy costs which are not reflected here. As of publication, costs of 11 cents per kWh for electric, $2.80 per gallon for fuel oil may be more representative. However, the relative cost advantage of HPWH remains.

<table>
<thead>
<tr>
<th>Water Heater Type</th>
<th>Efficiency (EF/COP)</th>
<th>Installed Cost</th>
<th>Yearly Energy Cost</th>
<th>Life (years)</th>
<th>Total Cost (Over 13 Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conventional gas storage</td>
<td>0.60</td>
<td>$850</td>
<td>$350</td>
<td>13</td>
<td>$5,394</td>
</tr>
<tr>
<td>High-efficiency gas storage</td>
<td>0.65</td>
<td>$1,025</td>
<td>$323</td>
<td>13</td>
<td>$5,220</td>
</tr>
<tr>
<td>Condensing gas storage</td>
<td>0.86</td>
<td>$2,000</td>
<td>$244</td>
<td>13</td>
<td>$5,170</td>
</tr>
<tr>
<td>Conventional oil-fired storage</td>
<td>0.55</td>
<td>$1,400</td>
<td>$654</td>
<td>8</td>
<td>$11,299</td>
</tr>
<tr>
<td>Minimum Efficiency electric storage</td>
<td>0.90</td>
<td>$750</td>
<td>$463</td>
<td>13</td>
<td>$6,769</td>
</tr>
<tr>
<td>High-eff. electric storage</td>
<td>0.95</td>
<td>$820</td>
<td>$439</td>
<td>13</td>
<td>$6,528</td>
</tr>
<tr>
<td>Demand gas (no pilot)</td>
<td>0.80</td>
<td>$1,600</td>
<td>$267</td>
<td>13</td>
<td>$5,008</td>
</tr>
<tr>
<td>Electric heat pump water heater</td>
<td>2.20</td>
<td>$1,660</td>
<td>$190</td>
<td>13</td>
<td><strong>$4,125</strong></td>
</tr>
<tr>
<td>Solar with electric back-up</td>
<td>1.20</td>
<td>$4,800</td>
<td>$175</td>
<td>13</td>
<td><strong>$7,072</strong></td>
</tr>
</tbody>
</table>

1. Purchase costs include our best estimates of installation labor and do not include financial incentives.
2. Operating cost based on hot water needs for typical family of four and energy costs of 9.5¢/KWh for electricity, $1.40/therm for gas, $2.40/gallon for oil.
3. Future operating costs are neither discounted nor adjusted for inflation.

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Heat Pump Water Heaters have the lowest Life Cycle Cost of any water heater category…even lower than Solar

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The GeoSpring NPS score is 30 points higher than for Water Heater purchasers.

Using a scale from 0 to 10, where “10” means extremely likely and “0” means not at all likely, how likely would you be to recommend your recently purchased water heater to a friend/family or colleague?

Water Heater Purchasers
- Promoters: 49%
- Neutrals: 40%
- Detractors: 11%
- NPS: 38

GeoSpring Purchasers
- Promoters: 77%
- Neutrals: 14%
- Detractors: 9%
- NPS: 68

Word of Mouth = Increased Sales
Key Takeaways

- Current consumer awareness of hpwh is extremely low

- Biggest opportunity for increasing sales is by growing **awareness**... advertising is the solution

- Cost is an issue, but rebates are an effective counter

- Rebates and advertising is a terrific combination

- Consumers are very pleased with their GeoSpring water heaters