



Energy Star Water Heating Programs

Consumer is Key....
Increasing Awareness

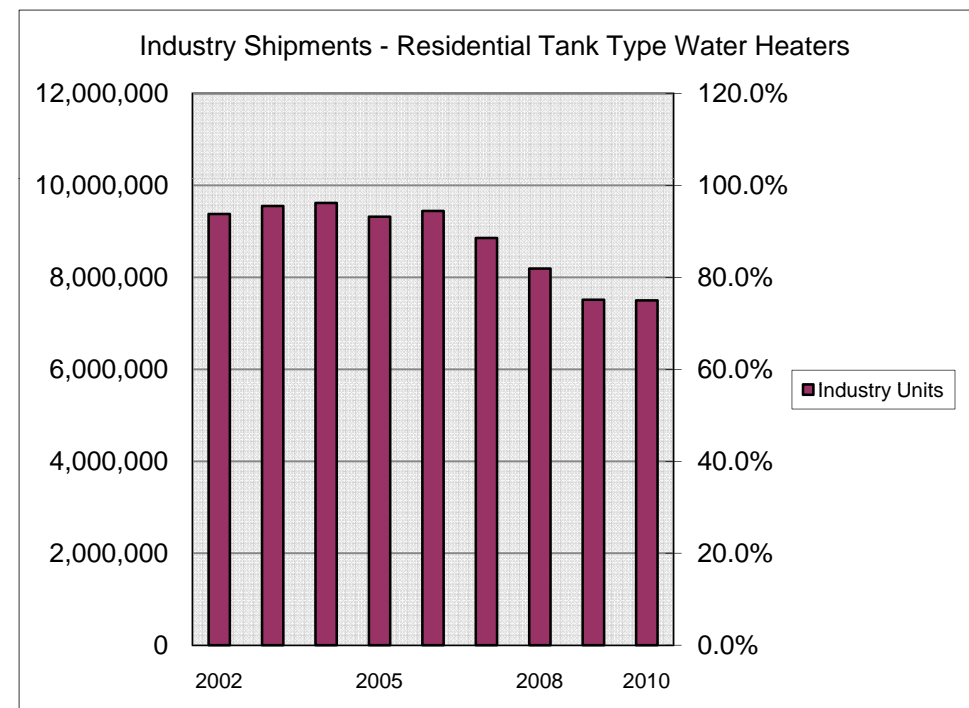
Rick Miller
Rheem Water Heating
Retail Marketing Manager





Water Heater Industry – Current State

- Water heater industry shipments are down 21% (~2m units) since 2006.
- New Housing: *Non existent*
- Pro-active replacements: (replace water heater before it leaks) - Significantly diminished
- While ~30% of retailer sales are “better grade,” less than 10% are Energy Star rated.
- State Rebate Programs: Varied success
 - Some drove significant volume (*Illinois*), while others had little or no impact on consumer purchase





Barriers to Success

- Economic:
 - Current state of the economy favors lowest cost solutions
- Timing:
 - Water heaters are an *emergency need*
 - Consumers can't wait , won't go long without hot water
 - Often take whatever the Plumber has available...
- Dimensional Issues:
 - Some Energy Star rated tank type products will not fit in existing locations
- Installation Costs:
 - Tankless, Hybrid, and new (0.67 EF) tank type models have higher
- Overall lack of consumer appeal...
 - *It's just a water heater*
- Overcoming consumer perceptions...
 - *Do you trust your plumber....?*



How Can We Improve...?

- Manufacturers:
 - Continue to invest in NPD
 - New materials to lower first cost
 - Drive awareness & interest in new construction
 - Give consumers options for upgrade to E-Star water heating
- Wholesalers & Contractors:
 - Commitment to carry E-Star products
- Retailers:
 - Continue to promote through all media avenues
 - (print, web, radio, TV, In-store)
- Utilities:
 - A KEY TO FUTURE SUCCESS ...Ideally positioned to carry the message to consumers

Continued consumer education & incentives through
Federal, State, & Utility programs