



# Making ENERGY STAR® Water Heaters a National Early Replacement Priority

February 23, 2016



## Overview

- Water Heater market overview
- 2015 ENERGY STAR national promotion recap
- 2016 ENERGY STAR national program plans & next steps



## Market Statistics

- Who sells WHs:
  - Half sold through distributors (mainly to plumbers)
  - Half sold through retailers, of those:
    - **34% sold to homeowner for plumber to install**
    - **52% sold to homeowner DIY install**
    - 10% property owners;
    - 4% to re-modelers
- Why do folks buy WHs:
  - 18% for new construction
  - 82% sales are for WH replacement – with just about all of those an emergency situation

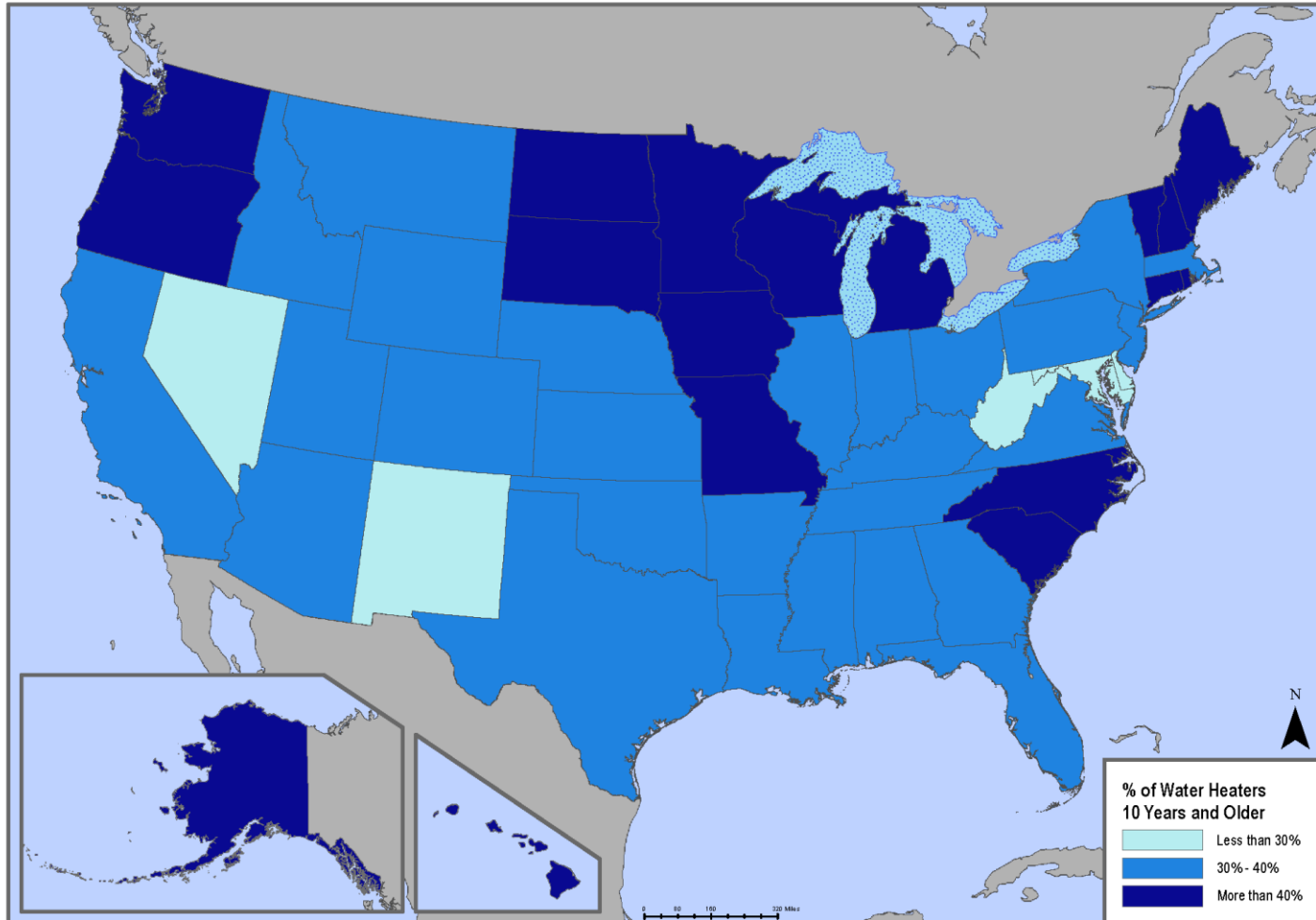
(Source: ES Water Heater market Profile, US DOE , September 2010)



## ENERGY STAR certified water heater statistics

Type of WH	ENERGY STAR Specification	ES Market Share (based on 2014 data)	Estimated Lifetime Savings (4 person household)
Gas Storage	≤ 55 gallons: EF ≥ 0.67 > 55 gallons: EF ≥ 0.77	5%	\$300
Gas Tankless	EF ≥ 0.90	NA	\$300
Electric Storage	≤ 55 gallons: EF ≥ 2.00 > 55 gallons: EF ≥ 2.20	1%	\$3500

## National Water Heater Stock is still Old





## Financial support for ENERGY STAR Water Heaters is widespread

Certified WH	No. of Programs	Highest Incentive	Average Incentive
HPWH	109	\$1000	\$410
Gas Storage	39	\$600	\$210
Gas Tankless	26	\$1500	\$330



## 2015 National Water Heater Promotion



- Executed a national, consumer-centric campaign to increase sales of ENERGY STAR certified water heaters
- Campaign ran September thru October 2015
- Focused on early replacement of old, inefficient gas and electric water heaters with ENERGY STAR certified water heaters



## Why target consumers for WH early replacement?

- Opportunity to increase awareness on the benefits of planned replacement for water heaters and drive sales and program activity
  - **Avoid costly cleanup:** opportunity to mitigate old unit failures and other non-energy saving benefits
  - **Old national WH stock:** 37% of water heaters nationwide are at least 10 years old (41.7 million units total eligible for replacement)
  - **Widespread rebates & discounts:** Over 146 utilities, energy service providers, and municipalities offer rebates for ENERGY STAR gas, electric, and solar water heaters, not to mention manufacturer and retail discounts
  - **Change purchase experience:** Worst time to shop for efficient waters is when they fail! Consumer needs to make a decision quickly, desired product may not be in stock, and there's little time for education/learn about rebates



## Partner Involvement

- Partners helped make first national early replacement campaign a success
  - Manufacturers: launched ad campaigns and worked with retailers on limited-time sales promotions
  - Energy Efficiency Programs: supported with increased in-store signage and training
- Partners reported spikes in rebate redemptions and sales during the promotional period



GE APPLIANCES

SAVE FROM \$170-\$500 EVERY YEAR with GeoSpring™ hybrid electric water heater

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ENERGY STAR



STANDARD ELECTRIC WATER HEATER	HEAT PUMP WATER HEATER
<input checked="" type="checkbox"/> Heats Water	<input checked="" type="checkbox"/> Heats Water
<input checked="" type="checkbox"/> Built To Last	<input checked="" type="checkbox"/> Built To Last
<input checked="" type="checkbox"/> High Quality	<input checked="" type="checkbox"/> High Quality
<input type="checkbox"/> Uses Up To 50% Less Energy	<input checked="" type="checkbox"/> Uses Up To 50% Less Energy

**JUST BECAUSE THEY LOOK THE SAME DOESN'T MEAN THEY WORK THE SAME.**  
That's because heat pump water heaters work much more efficiently than their standard electric counterparts. And that means you can save up to 50% on your monthly electric water heating costs for years to come.

## Paid Media Recap

- Generated awareness of rebates offered in target markets to encourage planned early water heater replacement by reaching homeowners with water heaters that are at least 10 years old.
- Run dates: 9/14/15 – 10/15/15
- Promotions included:
  - OwnerIQ
  - Facebook
  - YouTube
- Total Impressions: 7,566,936



The image shows two screenshots of digital content. The top screenshot is a webpage from 'This Old House' featuring an Energy Star banner that says 'UPGRADE AND SAVE BIG' and 'Save up to \$330 per year with ENERGY STAR-plus more with rebates.' Below the banner are navigation links for 'Cooling and Heating Guide', 'Read This Before You Replace Your Windows', and 'How to Buy a Generator'. The bottom screenshot is a Facebook post from 'ENERGY STAR' with the text: 'Your water heater could be the second largest energy user in your home! Is it time for an upgrade? Find out everything you need to know before your next purchase. [www.energystar.gov/waterheaters](http://www.energystar.gov/waterheaters)'. The post includes a video thumbnail of a man speaking and engagement metrics: 95k Views, 83 Likes, 2 Comments, and 48 Shares.



## National Promotion Lessons Learned

- **Start earlier.** Manufacturers, retailers, and energy-efficiency programs requested more lead time to ensure they were able to maximize their marketing plans in support of the promotion.
- **Continue to make it about the customer.** Partners including trade organizations and contractors thought the emphasis on the consumer was an important element of the campaign.
- **Leverage market momentum.** Now that there is momentum with partners, we need to act upon it and continue to position early replacement strategy through our partners to consumers.




## 2016 ENERGY STAR National Water Heater Promotion

- Outreach effort to encourage consumers to think about replacing their old water heater before it fails. Consumers can achieve big savings by switching to ENERGY STAR and there are big rebates available, which might not be around forever.
  - Encourage planned replacement of old water heaters
  - Increase overall demand and sales of ENERGY STAR certified water heaters
  - Increase awareness of the value of ENERGY STAR water heaters
    - This is important even if a consumer does not opt for early replacement as one of the biggest barriers when a water heater needs to be replaced is a lack of time to do research and get educated about options.
- Call to Action: Replace your old water heater with a certified model



## Key Consumer Messages


- **Why wait?** Avoid costly and annoying clean up when old unit dies which could be soon based on national average age of water heater units.
- **Make an investment and save.** Replacing your old water heater with an ENERGY STAR certified unit can save you thousands of dollars in energy costs, depending on the type and size of unit replaced.
- **Now is the time to buy.** There are available incentives for all types of ENERGY STAR certified water heaters made possible by manufacturers, utilities, energy service providers, and municipalities. How long will they last?



### SOAK IN THE SAVINGS

**CHOOSE AN ENERGY STAR® CERTIFIED ELECTRIC STORAGE WATER HEATER AND SAVE THOUSANDS OF DOLLARS**

Electric storage water heaters that have earned the ENERGY STAR are independently certified to save energy, save you money, and help prevent climate change.










★ Use less than half the energy of a standard electric storage water heater

★ Can save a four-person household \$490 per year in energy bills

ENERGY STAR certified electric storage water heaters use a highly efficient heat pump – essentially a refrigerator run in reverse – to transfer heat from the surrounding air to the water. They are referred to as **heat pump water heaters (HPWHs)**.

**TAKE ADVANTAGE OF UTILITY INCENTIVES**

Many utilities offer incentives for purchasing an ENERGY STAR certified HPWHs. The table below shows several examples from across the country. Go to [www.energystar.gov/rebate-finder](http://www.energystar.gov/rebate-finder) to determine your incentive.

State	Utility	Incentive
CA		\$500
GA		\$250
HI		\$200
MA		\$750
ME		\$300
NH		\$1,000
TX		\$500

**ANNUAL ENERGY COSTS FOR AN ELECTRIC STORAGE WATER HEATER (4-PERSON FAMILY)**

Water Heater Type	Annual Energy Cost
Standard Electric Resistance Water Heater	\$850
ENERGY STAR Heat Pump Water Heater	\$400

**SAVE THOUSANDS OF DOLLARS**

An ENERGY STAR certified HPWH can save a four-person family \$4,000 over its lifetime and will pay for its additional cost in less than two years.

ENERGY STAR HPWH Savings Based on Household Size			
Household Size	Annual Savings	Payback (Years)	Lifetime Savings
2	\$250	3.4	\$1,650
3	\$370	2.3	\$2,850
4	\$490	1.7	\$4,050
5	\$620	1.4	\$5,350
6	\$740	1.1	\$6,550

Assumes: Electricity Rate of \$12 cents/kWh; Incremental cost = \$850; 10-year lifespan; no incentives.

**Don't Flood Your Basement!**

If your water heater is over 10 years old, be proactive and replace it with an ENERGY STAR certified water heater BEFORE it fails.

Visit [www.energystar.gov/products](http://www.energystar.gov/products) for more information.



## Media Plan

- **Paid:** Paid general search, Sharethrough/Outbrain, YouTube Pre-Roll, Paid Social
- **Earned:** home improvement/DIY outlets (e.g. Better Homes & Gardens, etc.), trade publications (e.g. Contractor Magazine), and regional publications (New England Home and DIY Show)
- **Owned:** Promotional content hosted on energystar.gov, social media, articles for Ask the Expert

 **Outbrain**

**CONTRACTOR**  
THE NEWSMAGAZINE OF MECHANICAL CONTRACTING



## Media/Influencer Partnerships

- Sponsored content to key influencers to help position the ENERGY STAR through an integrated multimedia campaign with a content partner, including online, social, in-person and broadcast.
- Potential Partners include *This Old House* and Bob Vila





## Other EPA ENERGY STAR Efforts Beyond Consumer Outreach

- Working with our retail partners to:
  - Develop in store materials such as a tear pad
  - Information on web site
  - Training outreach to contractors
- Developing outreach effort to water heater contractors to include:
  - Webinars/presentations given jointly with trade organizations
  - Webinars through our new homes team to new home builders
- Work with manufacturers to reach out to distributors and retailers and make them aware of ENERGY STAR promotion, tools and resources:
  - Dedicated web page
  - Fact Sheet
  - Widget graphic for promoting products by linking to dedicated web page (EPA/third party information on benefits, etc...)
  - Utility Incentives and rebate finder





## In-Store/Online Partner Materials

- Graphic and tagline for promotion
- Shareable graphics with key messaging
- Template signage for utilities
- Checklist or quiz



The simple choice for energy efficiency


### WATER HEATER FACTS FROM ENERGY STAR

More than **41 MILLION** water heaters in the U.S. are over 10 years old and risking failure.

A water heater is typically the **SECOND BIGGEST** household energy user.

A new ENERGY STAR certified water heater could save up to **\$330 PER YEAR** in energy costs.

[Learn more at energystar.gov »](http://energystar.gov)



The simple choice for energy efficiency

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## Energy Efficiency Program Opportunity

- **Why get involved?**
  - Increase progress towards annual program unit sales goals
  - Identify and collaborate with supply chain for short and long-term marketing and promotions on water heaters
  - Align with a national marketing effort to upsell ENERGY STAR certified water heaters through planned replacement
- **How to get involved?**
  - Align timing of rebates with promotion
  - Work with retailers to promote rebates
    - We will help facilitate
  - Host trainings at retailer and distributors to reach and train contractors and plumbers on your program offerings and how to take advantage of them



## Why Program Sponsors with Water Heater Programs Should Use ENERGY STAR

- Helps ensure that water heater efficiency claims are met (all ENERGY STAR water heaters are third party certified)
- Can refer to ENERGY STAR water heater Certified Product List to easily identify water heaters that qualify for rebates
- Get your efficiency program listed on the ENERGY STAR rebate finder tool (where consumers search available rebates by zip code)
  - Promotion will drive consumers to ENERGY STAR promotional water heater web pages and will use rebate finder as a resource
- Can use phrase “ENERGY STAR certified plus/and...” if applicable

**Find and Compare Products** Languages: English | Français [Access to ENERGY STAR API, Data Set or Excel File](#)

Find product models that have earned the ENERGY STAR and compare features, savings and more to optimize your purchase.

- 1 Select a product category of interest to you.
- 2 Get details on specific qualifying models.
- 3 Make informed purchasing decisions.

**ENERGY STAR Certified Water Heaters** Visit the [Water Heaters](#) page for usage tips and buying guidelines. **CHANGE** product category

Solar water heater products have requirements for Solar Energy Factor (SEF), not Energy Factor (EF). For complete information on all products, click the product link or download the full product list in Excel.

**Filter Your Results** **110 Records Found** Sort by:

**Fuel**

- Electric (110)
- Natural Gas (574)
- Propane (639)
- Do not filter

**Type**

- Geo Storage (655)
- Geo Tankless (258)
- Heat Pump (110)
- High Capacity Storage (48)
- Solar with Electric Backup (214)
- Solar with Geo Backup (7)
- Do not filter

**Brand Name**

- A O Smith (17)
- A. O. Smith (23)
- A. O. Smith (70)
- A. O. Smith (176)

<b>A. O. Smith - HPTU 66 120</b> <input type="button" value="Compare"/>
Heat Pump - Electric Energy Factor: 3.17 Thermal Efficiency (TE):
<b>A. O. Smith - HPTU 80 120</b> <input type="button" value="Compare"/>
Heat Pump - Electric Energy Factor: 3.07 Thermal Efficiency (TE):
<b>A. O. Smith - HPTU 50 120</b> <input type="button" value="Compare"/>
Heat Pump - Electric Energy Factor: 3.24 Thermal Efficiency (TE):
<b>A. O. Smith - HHPT 80 120</b> <input type="button" value="Compare"/>
Heat Pump - Electric Energy Factor: 2.33 Thermal Efficiency (TE):



## Timeline

- November – January: Planning
- March: Materials out to partners
- September/First Day of Fall: Promotion launch



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