



MARKETING PREDICTIONS FOR 2024:

OUR ANNUAL LOOK FORWARD AT THE
COMING YEAR

Peter Troast, Founder & CEO

December 6, 2023

What We'll Discuss

- 1 ECONOMIC AND MARKET CONDITIONS
- 2 THE LONG WAIT FOR IRA & ITS IMPLICATIONS
- 3 EVOLVING WAYS THAT HOMEOWNERS FIND CONTRACTORS
- 4 CHANGES IN MARKETING & THE IMPACT OF AI
- 5 EVOLVING CONTRACTOR BUSINESS MODELS



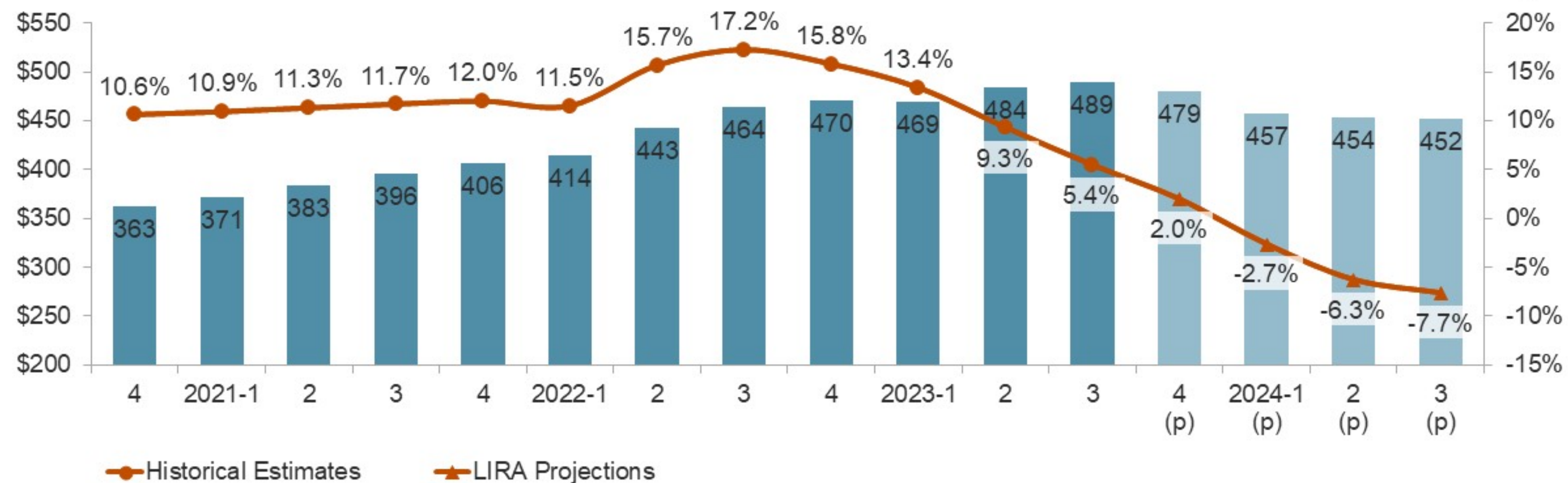
Economy & Market Conditions

Harvard Joint Center on Housing Studies: LIRA Report Oct 2023

Leading Indicator of Remodeling Activity – Third Quarter 2023

Homeowner Improvements & Repairs
Four-Quarter Moving Totals
Billions

Four-Quarter Moving
Rate of Change



Notes: Improvements include remodels, replacements, additions, and structural alterations that increase the value of homes. Routine maintenance and repairs preserve the current quality of homes. Historical estimates since 2021 are produced using the LIRA model until American Housing Survey benchmark data become available.

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Joint Center for Housing Studies of Harvard University JCHS



Economy & Market Conditions

NAHB Remodeling Market Index, Q3 2023

NAHB/Westlake Royal Remodeling Market Index (RMI)
National Index, Components & Subcomponents
(Seasonally Adjusted)

	2020		2021				2022				2023		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
NAHB/Westlake Royal RMI	81	82	83	86	87	87	83	77	77	69	70	68	65
Current Conditions Index	86	87	87	91	90	91	87	83	83	77	75	77	72
The current market for large remodeling projects (\$50,000 or more) in the area where you operate.	81	81	83	89	87	88	86	78	81	74	71	72	67
The current market for moderately-sized remodeling projects (at least \$20,000 but less than \$50,000) in the area where you operate.	87	89	88	92	92	91	87	84	83	78	78	77	73
The current market for small remodeling projects (under \$20,000) in the area where you operate.	90	92	90	92	91	93	88	86	84	79	77	81	76
Future Indicators Index	77	78	80	82	83	83	78	70	71	62	64	60	57
The current rate at which your leads and inquiries are coming in.	78	78	79	80	82	81	74	67	65	57	59	59	56
Your current backlog of remodeling projects.	76	77	81	83	84	85	83	74	76	67	69	61	59



The overall RMI and its subcomponents are measured on a scale of 0 to 100, where an index number of 50 indicates equal numbers of remodelers report activity is good and poor for the previous quarter.



Economy & Market Conditions

EIA Winter Fuels Outlook 23-24

U.S. Energy Information Administration
 ANALYSIS & PROJECTIONS
SHORT-TERM ENERGY OUTLOOK
 Release Date: Nov. 7, 2023 | Forecast Completed: Nov. 2, 2023 | Next Release Date: Dec. 12, 2023 | Full Report | Text Only | All Tables | All Figures

Natural gas						
	Base Case	% change	10% Colder	% change	10% Milder	% change
Northeast	761	-18%	827	-10%	719	-22%
Midwest	581	-21%	618	-15%	561	-23%
South	494	-15%	527	-9%	476	-18%
West	590	-30%	644	-24%	552	-34%
United States	601	-21%	647	-15%	574	-25%

Electricity						
	Base Case	% change	10% Colder	% change	10% Milder	% change
Northeast	1,465	+4%	1,545	+9%	1,403	-1%
Midwest	1,213	-2%	1,280	+3%	1,162	-6%
South	1,001	+2%	1,047	+7%	965	-2%
West	1,007	-9%	1,058	-5%	967	-13%
United States	1,063	-1%	1,114	+3%	1,024	-5%

Propane						
	Base Case	% change	10% Colder	% change	10% Milder	% change
Northeast	1,696	+1%	2,057	+23%	1,398	-17%
Midwest	1,294	-11%	2,030	+40%	1,269	-13%
South	1,184	+6%	1,524	+36%	1,021	-9%
United States	1,343	-3%	1,847	+34%	1,205	-13%

Heating Oil						
	Base Case	% change	10% Colder	% change	10% Milder	% change
United States	1,851	+8%	1,969	+14%	1,648	-4%

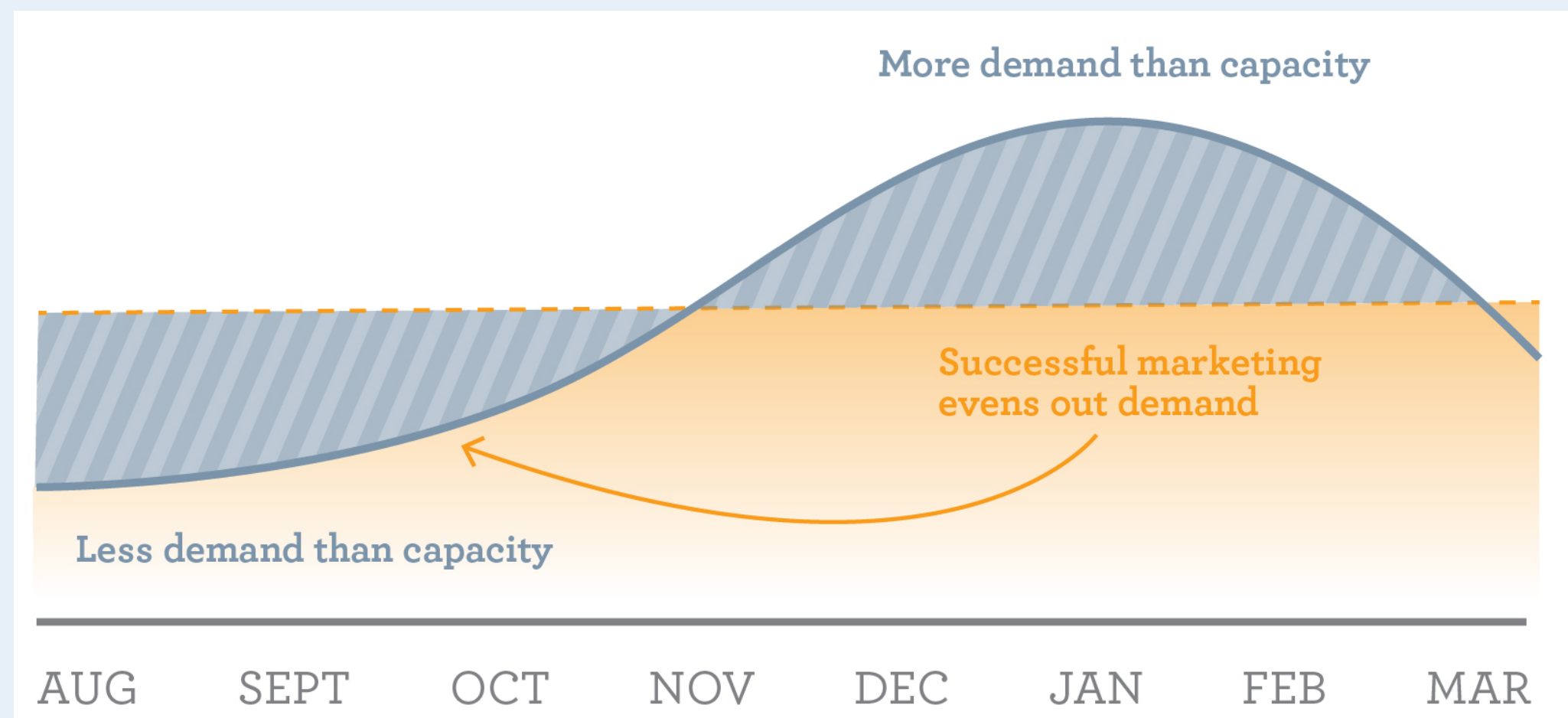


Economy & Market Conditions **Presidential Election**



Economy & Market Conditions

High Level Strategies



- **Incentives/Scarcity/Urgency**
- **Staged Jobs with Smaller Bites**
- **Other Ways to Get in the Door**
 - Service & Maintenance
 - Energy Audits
 - IRA/Electrification Planning Offers
- **Energy Price Focus—Shift Messaging to Cost Savings**
- **Marketing Readiness for Emergencies**
 - Power Outages
 - Winter weather
 - Ice Dams



IRA Timing

Assume that Most States Will Get IRA Rebates to Market Mid Year

State	Status	Projected Dates
Alabama	Developing	Late 2023
Alaska	Developing	Early 2024
Arizona	Developing	Early 2024
Arkansas	Developing	Mid-2024
California	Developing	Early 2024
Colorado	Developing	Mid-2024
Connecticut	Developing	Early 2024
Delaware	Developing	Late 2023
Florida	Declining	
Georgia	Developing	Late 2023
Hawaii	Developing	Early 2024
Idaho	Developing	Mid-2024
Illinois	Developing	Early 2024
Indiana	Developing	Mid-2024
Iowa	Developing	Late 2023
Kansas	Developing	Mid-2024
Kentucky	Developing	Early 2024
Louisiana	Developing	Late 2023
Maine	Developing	Early 2024
Maryland	Developing	Mid-2024
Massachusetts	Developing	Early 2024
Michigan	Developing	Late 2023
Minnesota	Developing	Mid-2024
Mississippi	Developing	Early 2024

Actions to Take While We Wait

Target Incentive Buyer Personas

Focus on 25C Tax Credit

Develop Moderate Income Audiences

Have a Strong Content Strategy

Be Ready for “Quality Contractor” Requirements

Preparing to Use Modeling Software

Deal with HOMES Retroactivity



Changes in How Homeowners Find Contractors

Growth of Alternative Directories of Quality Contractors

Also: State Directories of Qualified Contractors for IRA

The screenshot shows the homepage of the Clean Energy Connection website. At the top left is the logo for Clean Energy Connection, which consists of three interlocking loops in green, orange, and blue. To the right of the logo is a language selection dropdown menu set to "Select Language", and further right are links for "OUR PROCESS", "ABOUT US", and "BLOG". Below the logo are two navigation menus: "CLEAN ENERGY SERVICES" and "CLEAN ENERGY PROJECTS", both with dropdown arrows, and a prominent orange button labeled "FIND A CONTRACTOR".

The main banner features a colorful illustration of California with various icons: a cactus, a canteen, a sun, a bear, a bridge, a city skyline, and a bear. The text in the banner reads "CONNECTING CALIFORNIA HOMEOWNERS TO CLEAN ENERGY CONTRACTORS" in blue, with an orange "FIND A CONTRACTOR" button below it.

Below the banner is a white box containing the text: "The contractors on the Clean Energy Connection do the work that supports California's transition to Clean Energy".

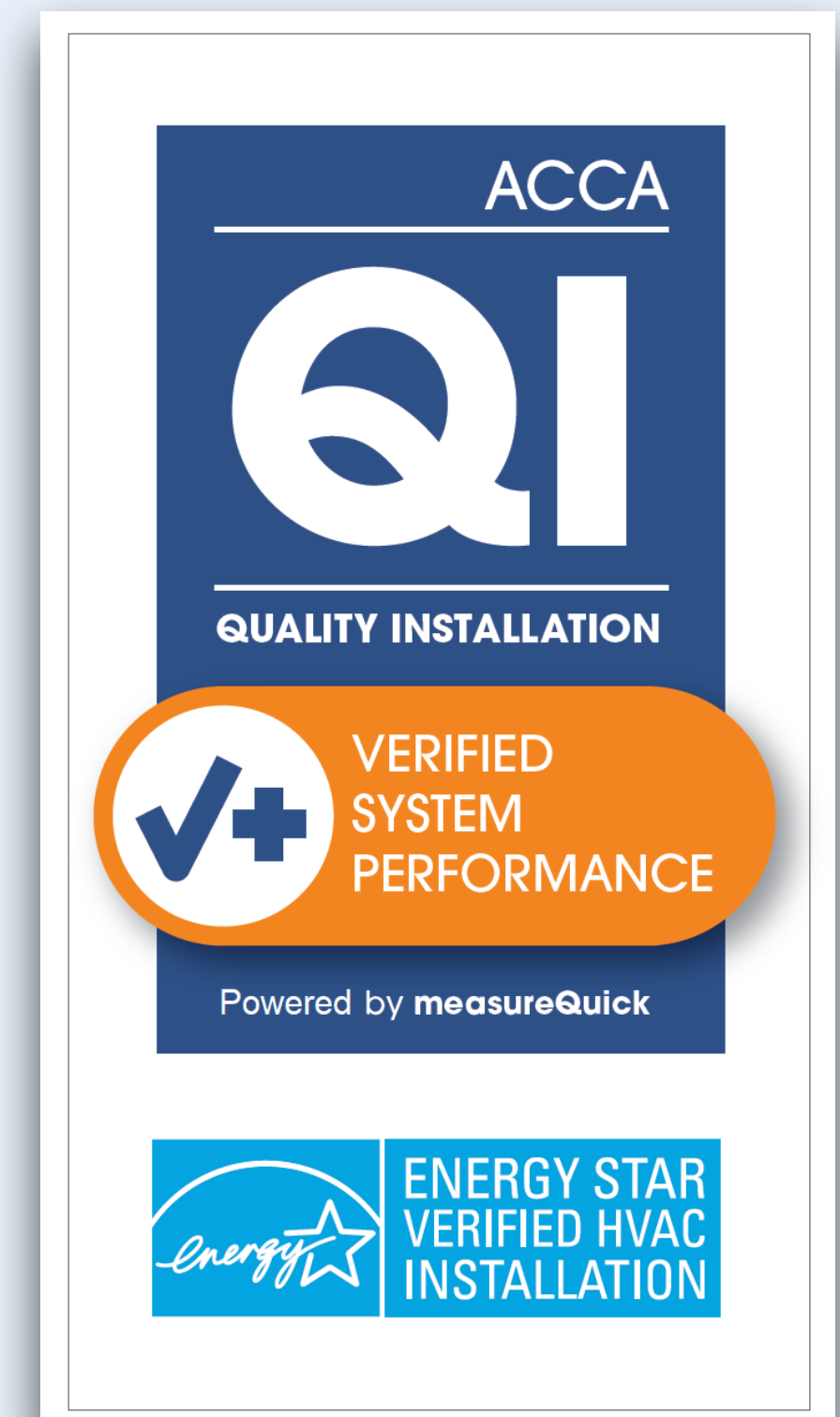
The next section is titled "Clean Energy Projects We Encourage" and features six icons with corresponding labels: a blue square icon for "N", a spiral icon for "INSULATION", a house with a Wi-Fi symbol for "SMART HOME CONTROLS", a solar panel icon for "SOLAR PV", a pool pump icon for "VARIABLE SPEED POOL PUMPS", and a fan icon for "WHOLE HOUSE FANS". At the bottom of this section is a blue button labeled "MORE CLEAN ENERGY RESOURCES".



Changes in How Homeowners Find Contractors

Rising Importance of Contractor Distinctions

Trust Matters Even More Now





Changes in How Homeowners Find Contractors

Rising Role of AI in Search?

Yelp, BBB, Angi and Other Directories May Become Important Again

ChatGPT 4 ▾





 **You**
I want to install a heat pump in my house in Freeport ME. Who are some contractors that could help me?

 **ChatGPT**
In Freeport, ME, you have several options for contractors who can help with the installation of a heat pump in your house:

1. **Royal River Heat Pumps, LLC:** Located at 353 Us Route 1, Freeport, ME 04032-7007, they can be contacted at (207) 400-4065 [\[1\]](#). Additionally, they have received positive reviews and ratings, and their full details including directions can be found on their profile [\[1\]](#).
2. **Casco Bay Heat Pump:** They offer both residential and commercial heat pump installation services in Freeport, ME. You can reach them at (207) 808-9629 to schedule a service [\[1\]](#).
3. **Mack's Heat Pumps:** They provide a comprehensive range of services including installation, repair, replacement, cleaning, and servicing of various types of HVAC units. You can contact them at 877-753-7316 for more information or to request a quote [\[1\]](#).

Additionally, there are other reputable contractors in the area such as Advanced Mechanical Services, Tri-County Energy, ASK Mechanical, LaPlante Electric, Charlie Burnham Energy & Heating Services, True North Energy Services, Pine State Services, Wolfe Plumbing & Heating, Knowles Mechanical, and Martin Heating & Cooling, as noted in Yelp reviews [\[1\]](#).

Before making a decision, it's advisable to contact these companies, discuss your specific needs, and possibly obtain quotes to compare services and pricing.

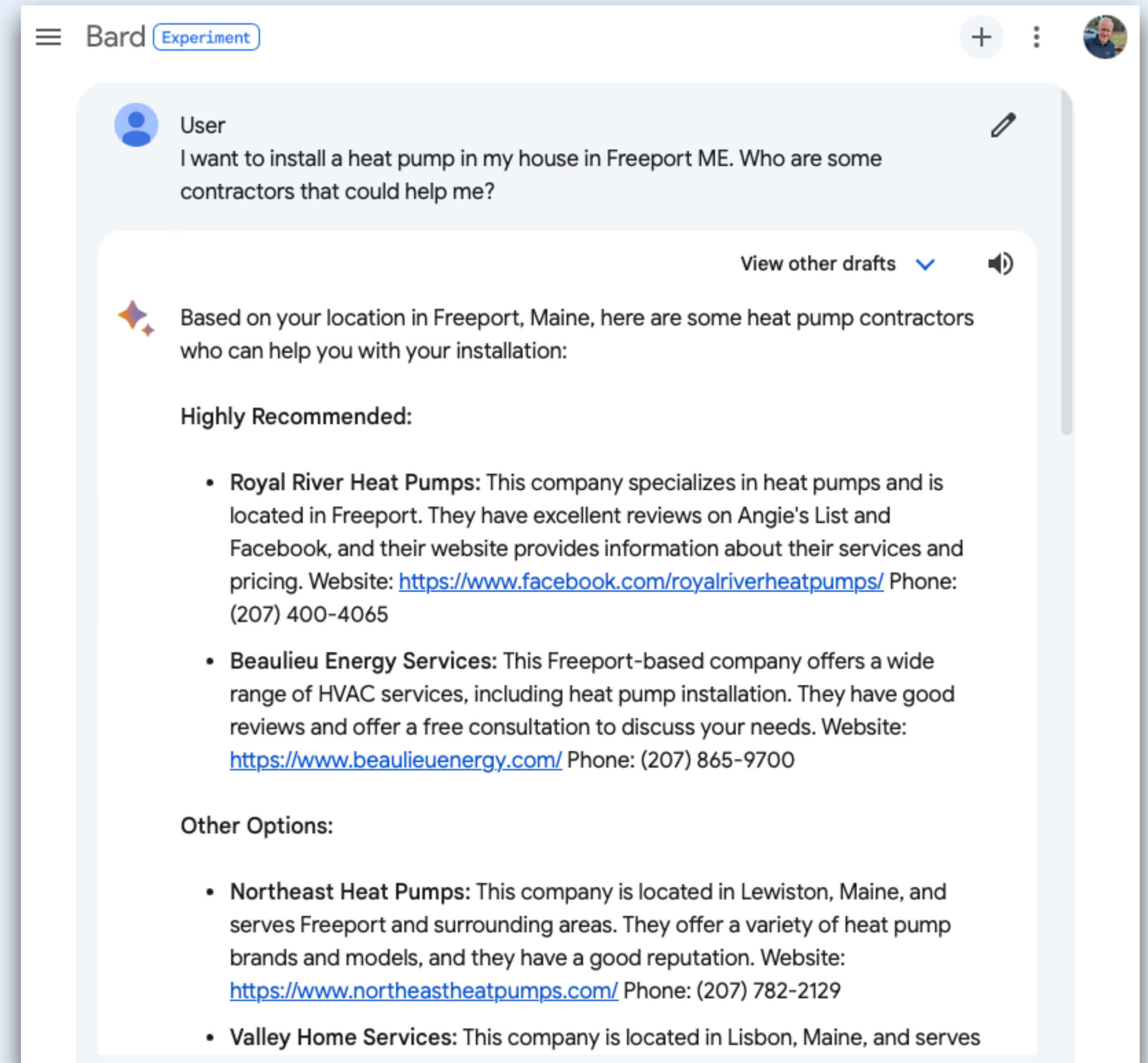
   



Changes in How Homeowners Find Contractors

Rising Role of AI in Search?

Reputation Factors & Reviews Elevated



The screenshot shows the Google Bard chat interface. At the top, it says "Bard Experiment" with a hamburger menu icon on the left and a plus sign and profile picture on the right. The user's input is: "I want to install a heat pump in my house in Freeport ME. Who are some contractors that could help me?". The AI response is: "Based on your location in Freeport, Maine, here are some heat pump contractors who can help you with your installation: Highly Recommended: • Royal River Heat Pumps: This company specializes in heat pumps and is located in Freeport. They have excellent reviews on Angie's List and Facebook, and their website provides information about their services and pricing. Website: <https://www.facebook.com/royalriverheatpumps/> Phone: (207) 400-4065 • Beaulieu Energy Services: This Freeport-based company offers a wide range of HVAC services, including heat pump installation. They have good reviews and offer a free consultation to discuss your needs. Website: <https://www.beaulieuenergy.com/> Phone: (207) 865-9700 Other Options: • Northeast Heat Pumps: This company is located in Lewiston, Maine, and serves Freeport and surrounding areas. They offer a variety of heat pump brands and models, and they have a good reputation. Website: <https://www.northeastheatpumps.com/> Phone: (207) 782-2129 • Valley Home Services: This company is located in Lisbon, Maine, and serves



Solar

A Strong Future Outlook & Current Market Challenges

- NEM Changes Loom
- High Interest Rate Environment
- Storage on the Rise
- More PPA's and Leasing
- EV Adoption—Correlation
- Dodgy Lead Gen Competitors
- Aggressive Marketing is Working



Marketing Changes—Trust, Credibility & Differentiation

Your Brand & Story Are More Important Than Ever

- Real People
- Family Owned
- Locally Owned
- Community Involved
- Building Science Oriented
- Third Party Trusted
- Backed by Hundreds of Reviews

**BE
UNDENIABLY
HUMAN**



Marketing Changes—Competition

Electrification is Driving New Entrants

Quality Contractors

Entrepreneurial Contractors
(Dave's World)

Lead Sellers
(HomeAdvisor, EnergySage)

SPAM "Contractor" Websites
(Westchester Spray Foam)



Utilities & Efficiency Programs
(Efficiency Vermont, Excel)

Special Financing Models
(Sealed)

Directories
(Clean Energy Connection, Yelp)

Concierge
(Station A)



Marketing Changes—Competition

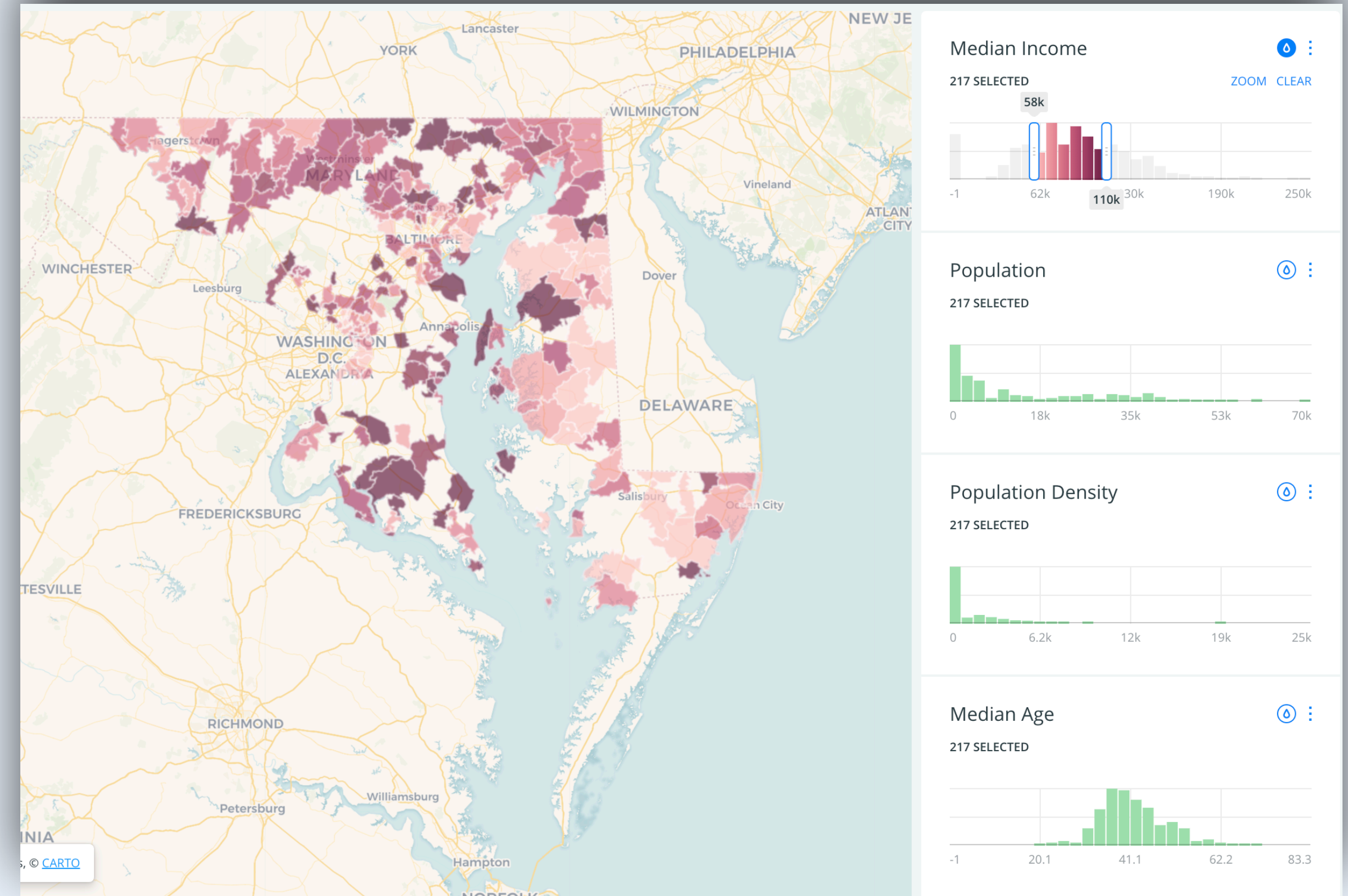
Online Wave of Low Quality Companies Leveraging AI

Will High Volume Crap Content Succeed?



Marketing Changes—Targeting Greater Focus on Income-Based Segmentation

High Income
The Forgotten Middle—Moderate Income



www.incomebyzipcode.com



Marketing Changes—Targeting **Rise of the Climate Motivated Homeowner**

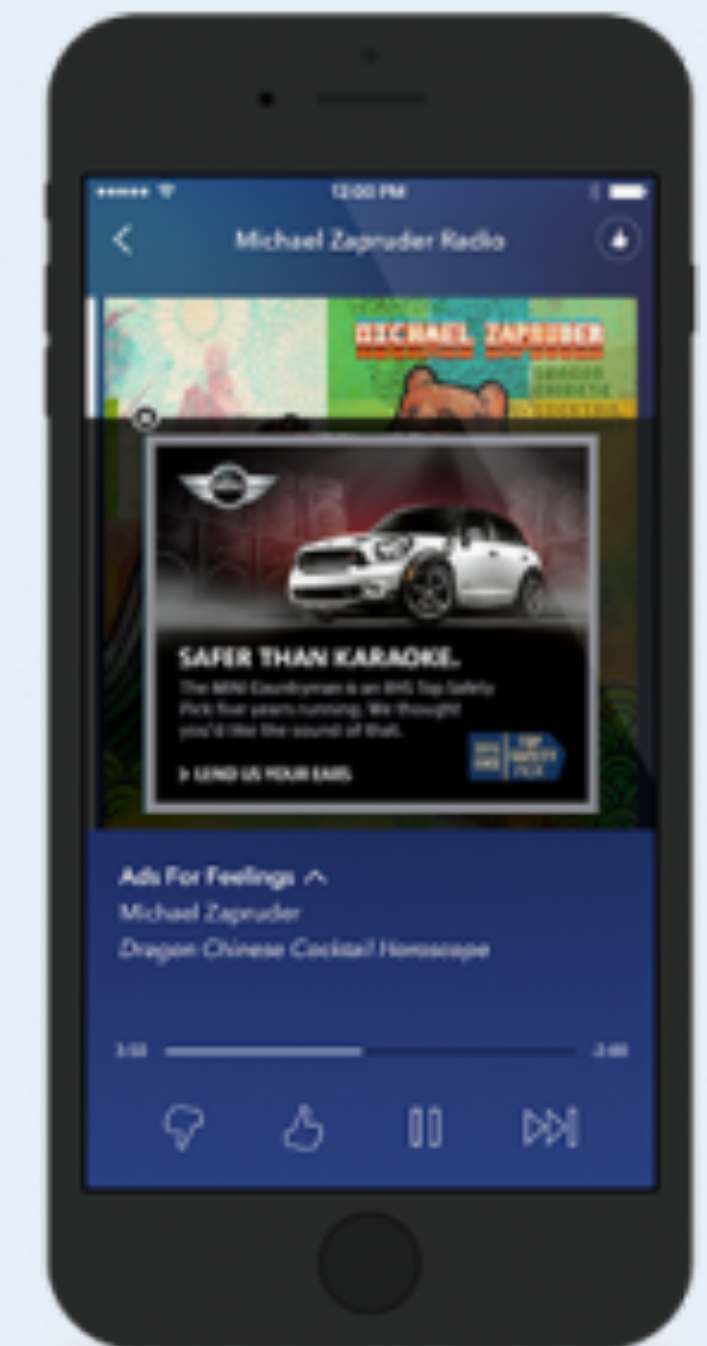
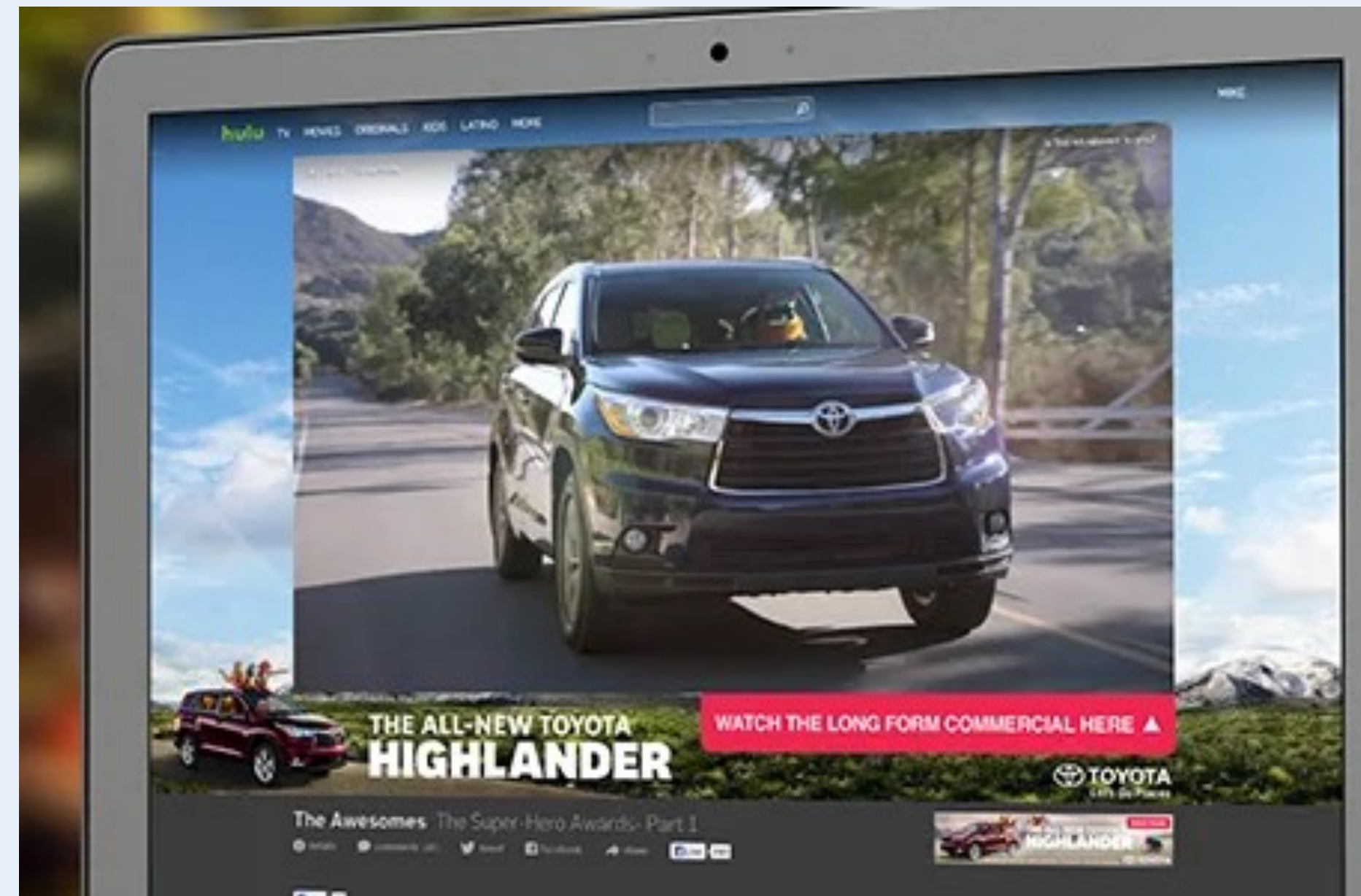
Select, Wealthy, Educated Locations
Larger More Comprehensive Jobs



Marketing Changes—New, Affordable Channels

Growing Access to Streaming TV & Audio

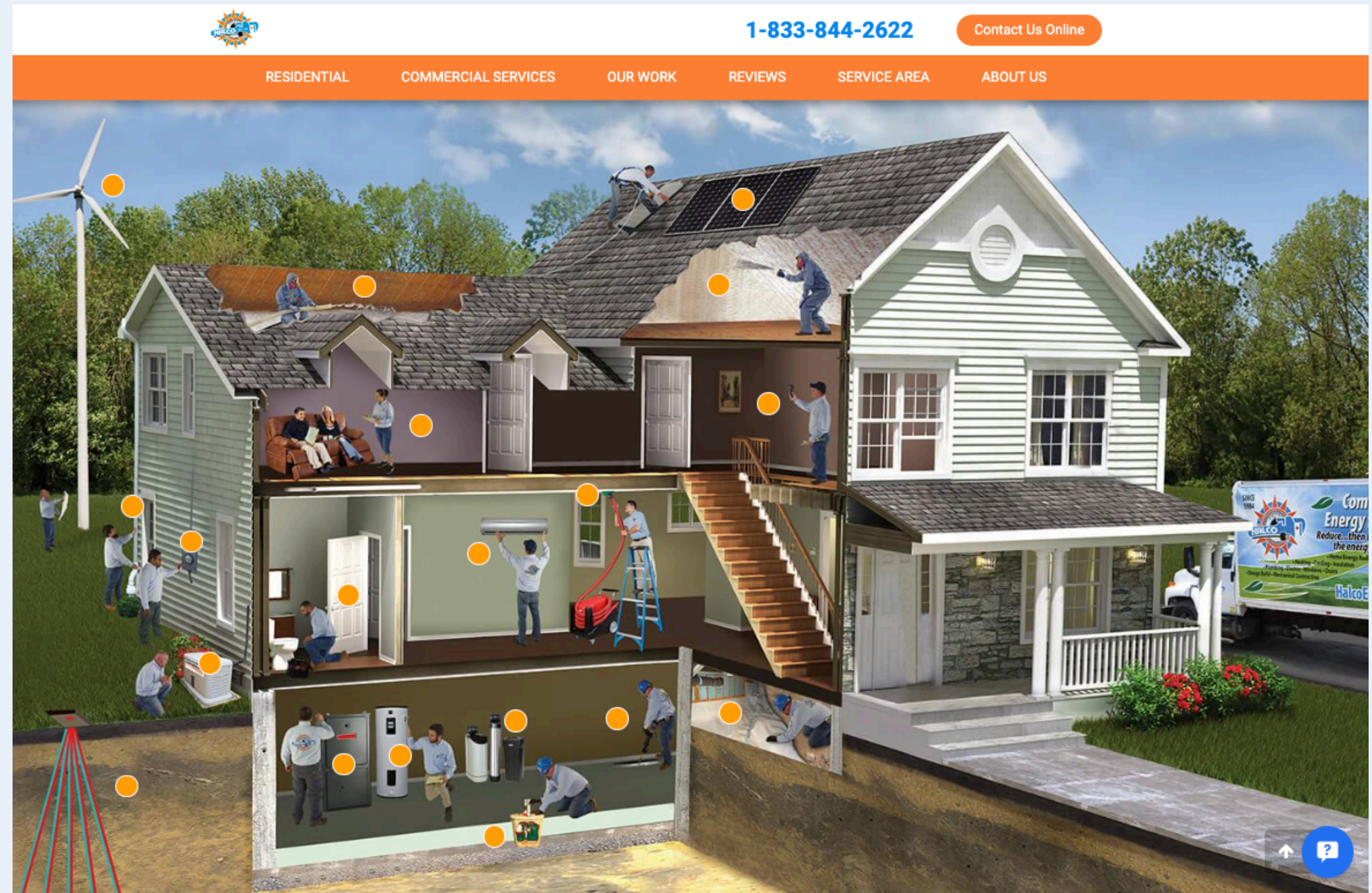
- Spotify
- Pandora
- Hulu
- YouTube TV
- Spectrum Reach
- Podcast Ads



Evolving Business Models

Acceleration of Whole House Capabilities

- Envelope + Heat Pumps
- HVAC + Insulation
- Solar + Heat Pumps + EV
- Electrical & Plumbing



QUESTIONS?

Peter Troast
peter@energycircle.com

