



HP Biz Models: Understanding the Opportunities & Marketing Power of the Whole House Approach

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Duluth, MN
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Twitter: @EnergyCircle

G+: Energy Circle

Facebook: Energy Circle

Volunteer/Pro Bono

Efficiency First

Home Performance Project

Home Performance Coalition

1000 Home Challenge

CHERP



The Energy Circle Sandbox

340+ Home Performance Businesses

auditors/raters, HP contractors, builders/remodelers, HVAC, non-profits, architects

49* States

3.2 Million Web Visitors

Thousands of Leads

Lots and lots of experiments

\$787+ million in Home Performance Work

64,000 Tracked Search Terms in HP

What We'll Discuss

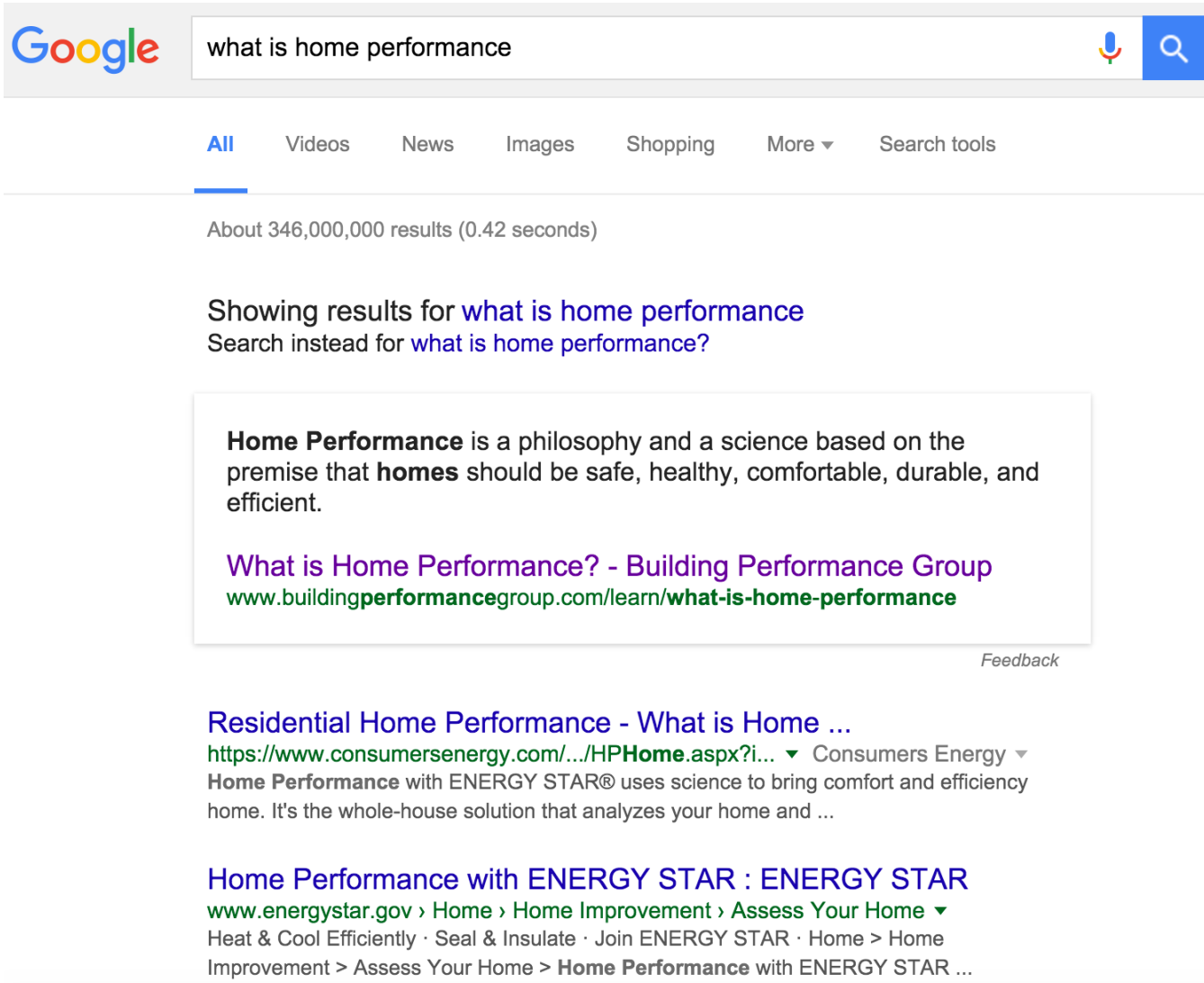
- 1 WHAT DO WE MEAN BY HOME PERFORMANCE?**
- 2 THE BUSINESS CASE FOR THE HP MODEL**
- 3 LEARNING FROM GOOGLE: WHY HP MAKES LEAD GENERATION EASIER (AND CHEAPER!)**



1

WHAT THE HECK IS HOME PERFORMANCE?

A Definition



The image shows a Google search interface. The search bar contains the text "what is home performance". Below the search bar, there are navigation tabs for "All", "Videos", "News", "Images", "Shopping", "More", and "Search tools". The "All" tab is selected. Below the tabs, it says "About 346,000,000 results (0.42 seconds)". The search results section shows "Showing results for what is home performance" and "Search instead for what is home performance?". The first result is a definition of Home Performance: "Home Performance is a philosophy and a science based on the premise that homes should be safe, healthy, comfortable, durable, and efficient." Below this is a link to "What is Home Performance? - Building Performance Group" with the URL "www.buildingperformancegroup.com/learn/what-is-home-performance". There is a "Feedback" link below the result. The second result is "Residential Home Performance - What is Home ..." with the URL "https://www.consumersenergy.com/.../HPHome.aspx?i...". The third result is "Home Performance with ENERGY STAR : ENERGY STAR" with the URL "www.energystar.gov > Home > Home Improvement > Assess Your Home".

Google

what is home performance

All Videos News Images Shopping More Search tools

About 346,000,000 results (0.42 seconds)

Showing results for **what is home performance**
Search instead for **what is home performance?**

Home Performance is a philosophy and a science based on the premise that **homes** should be safe, healthy, comfortable, durable, and efficient.

[What is Home Performance? - Building Performance Group](http://www.buildingperformancegroup.com/learn/what-is-home-performance)
www.buildingperformancegroup.com/learn/what-is-home-performance

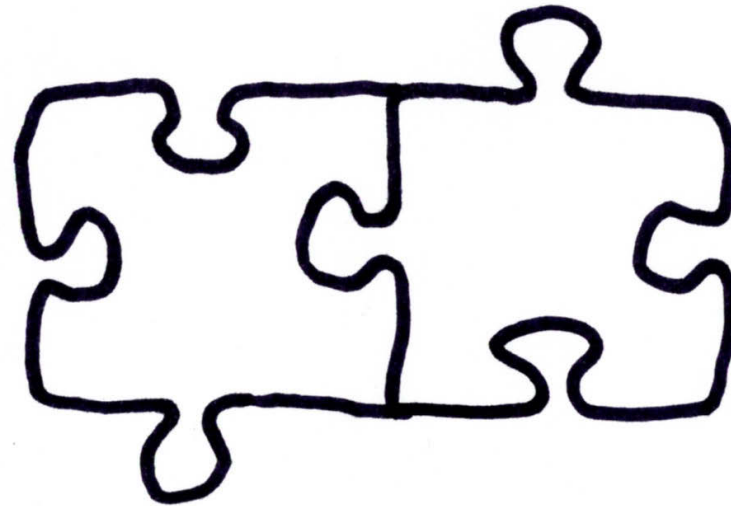
[Feedback](#)

Residential Home Performance - What is Home ...
<https://www.consumersenergy.com/.../HPHome.aspx?i...> Consumers Energy
Home Performance with ENERGY STAR® uses science to bring comfort and efficiency home. It's the whole-house solution that analyzes your home and ...

Home Performance with ENERGY STAR : ENERGY STAR
www.energystar.gov > Home > Home Improvement > Assess Your Home
Heat & Cool Efficiently · Seal & Insulate · Join ENERGY STAR · Home > Home Improvement > Assess Your Home > **Home Performance** with ENERGY STAR ...

HOME PERFORMANCE

Envelope



Mechanicals

+

Testing?

Peter's Definition

**If you work on buildings,
and believe a house is a system, you're
a home performance company**

Existing Home Models

Envelope (Shell or WX)

Insulation Contractor

Spray Foam
Contractor

Cellulose Installer

New Construction
Insulator

Mixed New & Retrofit
Insulator

Air Sealing Specialist

Weatherization

Crawl Space

Mold Remediation/
Basement Waterproofing

Mechanical

Traditional Heat and Cool

Geothermal

Heat Pump Specialists

Plumber/Furnace

Ventilation

Other & Related

Solar

Mold Remediation

Healthy Home

Handyman

Connected Home (Home

Consultant/Technician

Energy Auditor

Pure Auditor

Auditor/
Recommender

Auditor/Construction
Manager

Network

Auditor/Inspector

Rater

Production Home
Rater

Solo Rater

Passive House Rater

Certified Passive House
Consultant

LEED Rater

Indoor Air Quality Tech



2

**NEXT,
THE BUSINESS CASE**

Homeowners' have problems



Size of the Opportunity

\$80,000

How much of this do you want to capture?

Mike Rogers

OmStout
CONSULTING

Home Performance Means Bigger Jobs and Higher Margins

HVAC

HVAC + HPC

Average Ticket Size

\$5,500-7,500

\$8,000 - \$15,000

Gross Margins

38% - 45%

45% - 50+%

Close Rates

35%??

As good or better!

THERE ARE MORE THINGS TO MAKE THE PHONE RING

- **Furnaces**
- **Air-Conditioners**
- **Insulation**
- **Windows**
- **& More**

w/ **COMPREHENSIVE SOLUTIONS TO APPLY EACH VISIT**

- **Furnaces**
- **Air-Conditioners**
- **Insulation**
- **Windows**
- **& More**

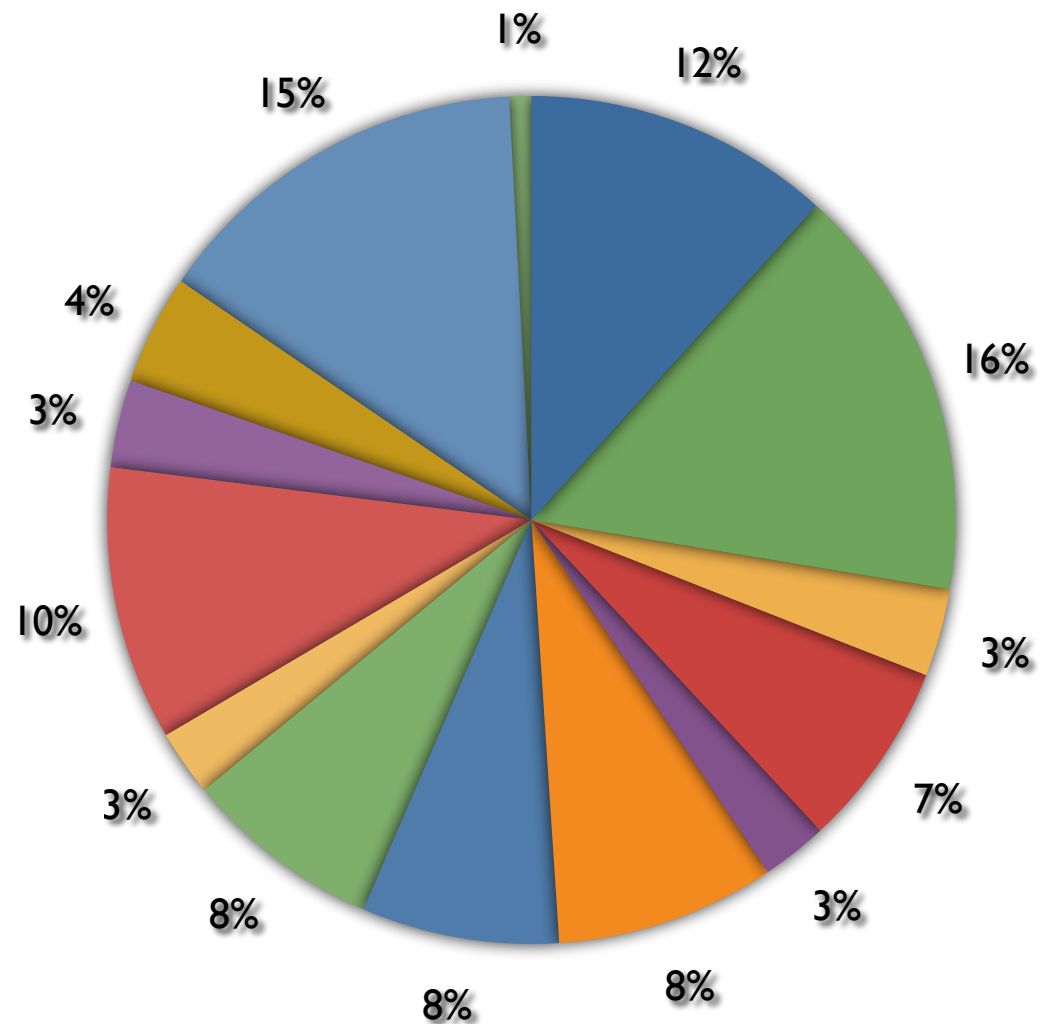
"Half the money I spend on advertising is wasted; the trouble is I don't know which half."



John Wanamaker

Typical 2015 Marketing Mix

- Organic Search
- Paid Search
- Direct Mail
- Paid Social
- Print Ads
- Referring Traffic
- Online Directories
- Email
- Home Shows
- Community
- Organic Social
- Past Customers
- Referral Program
- Lead Gen



Working Backwards From Your Goals

Revenue Goal: \$1,750,000

Average Ticket: \$7,500

of Jobs: 233

Close Rate: 30%

YOU NEED **778** LEADS

Working Backwards From Your Goals

Revenue Goal:	\$1,750,000
Average Ticket:	\$7,500
# of Jobs:	233
Close Rate:	30%

YOU NEED **778** LEADS

Marketing Budget @ 7%:	\$122,500
Cost Per Acquisition:	\$526
Cost Per Lead:	\$157

The Impact of Ticket Size

	Scenario 1	Scenario 2	Scenario 3
Revenue Goal:	\$1,750,000		
Average Ticket:	\$7,500		
# of Jobs:	233		
Close Rate:	30%		
Leads:	778		

The Impact of Ticket Size

	Scenario 1	Scenario 2	Scenario 3
Revenue Goal:	\$1,750,000	\$1,750,000	
Average Ticket:	\$7,500	\$9,000	
# of Jobs:	233	194	
Close Rate:	30%	30%	
Leads:	778	648	

The Impact of Ticket Size

	Scenario 1	Scenario 2	Scenario 3
Revenue Goal:	\$1,750,000	\$1,750,000	\$1,750,000
Average Ticket:	\$7,500	\$9,000	\$9,000
# of Jobs:	233	194	194
Close Rate:	30%	30%	40%
Leads:	778	648	486

The Impact of Ticket Size

	Scenario 1	Scenario 2	Scenario 3
Revenue Goal:	\$1,750,000	\$1,750,000	\$1,750,000
Average Ticket:	\$7,500	\$9,000	\$9,000
# of Jobs:	233	194	194
Close Rate:	30%	30%	40%
Leads:	778	648	486

-38%

The Impact of Product Mix

	Ave Ticket	Quantity	Revenue
Air Seal/Insulate	\$7,500	130	\$975,000
Home Performance	\$12,500	50	\$625,000
Service Contract	\$225	500	\$112,500
			\$1,712,500

The Impact of Product Mix

	Ave Ticket	Quantity	Revenue
Air Seal/Insulate	\$7,500	50	\$375,000
Home Performance	\$12,500	130	\$1,625,000
Service Contract	\$225	500	\$112,500
			\$2,112,500

+23%

Customer Lifetime Value (CLV or LTV)

Comprehensive Air Sealing & Attic Insulation: \$7500

Rim Joists one year later: \$2000

Basement Wall Insulation two years later: \$4000

Next level air sealing three years later: \$1250

Total Value in 5 Years: \$14,750

Average margin of 48%: \$7,080

Minus Cost to Acquire: \$300

Lifetime Value: **\$6,780**



3

LEARNING FROM MOTHER GOOGLE

(easier marketing)

Learning from Google Search

Google

my home is too|



my home is too **dry**

my home is too **cold**

my home is too **dusty**

my home is too **humid**

Press Enter to search.

Learning from Google Search

my house needs|



my house needs **a makeover**

my house needs **insulation**

my house needs **a new roof**

my house needs **help**

my house needs **major repairs**

my house needs **a deep clean**

my house needs **a facelift**

my house needs **a new foundation**

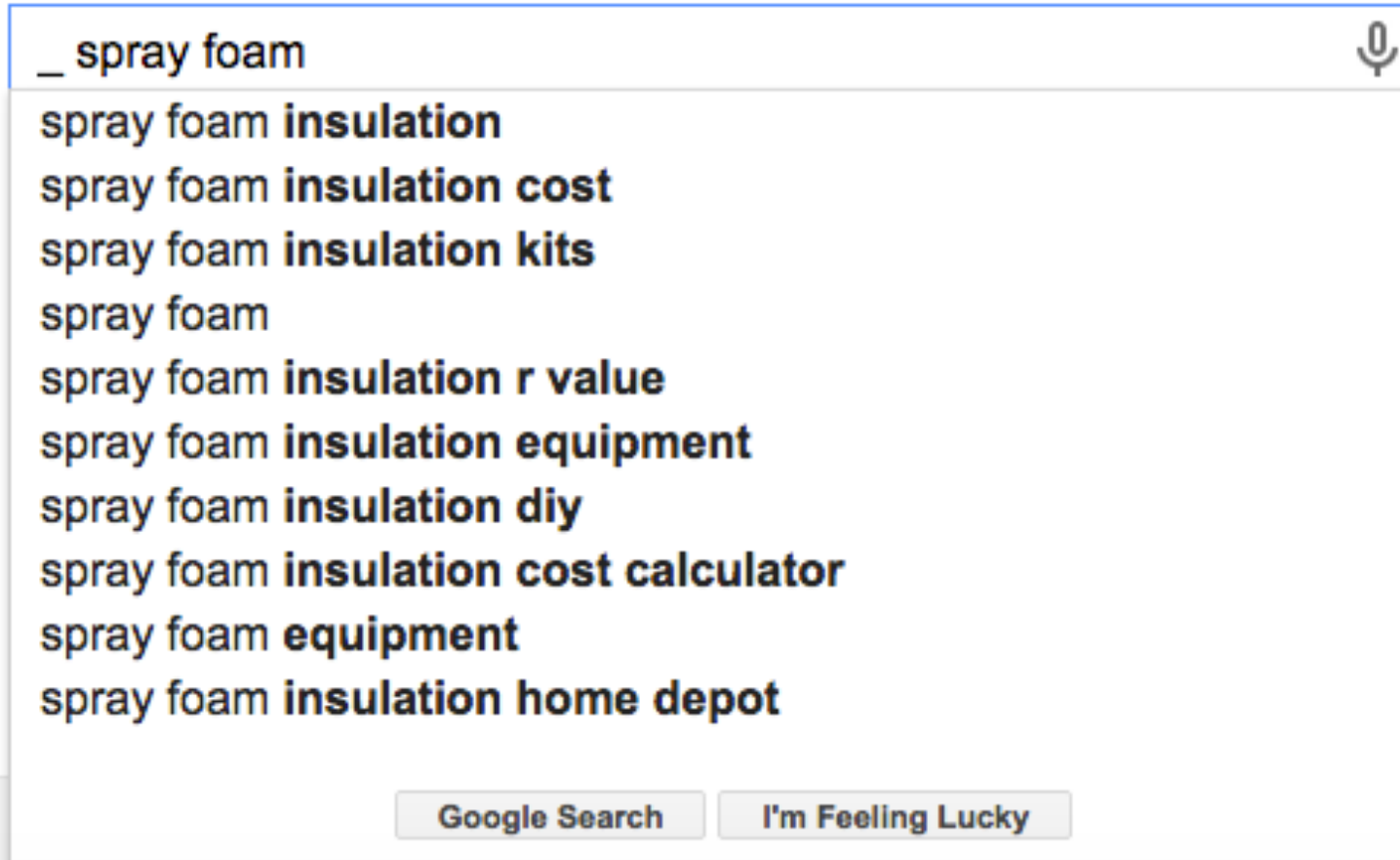
my house needs **a**

my house needs **a lot of repairs**

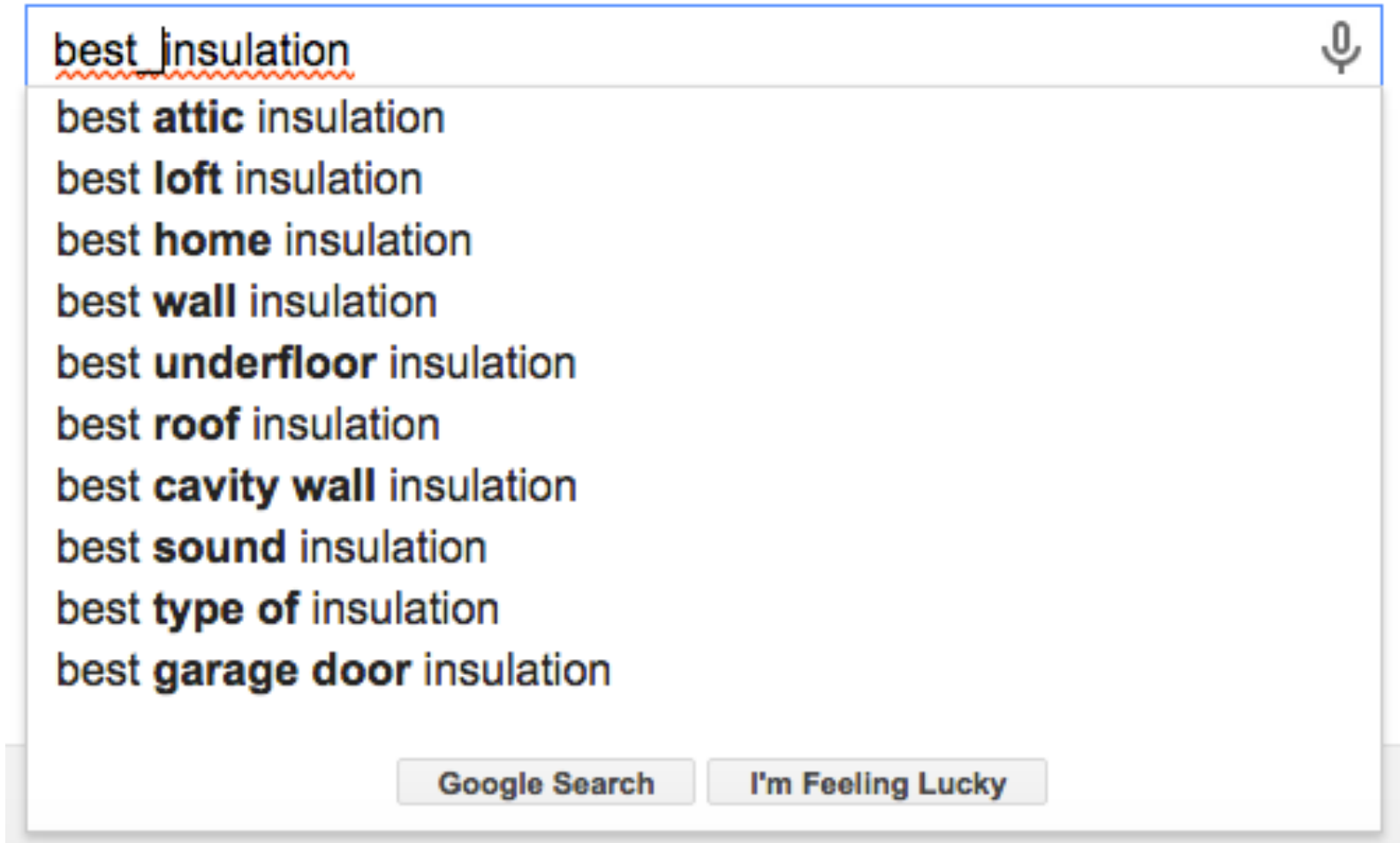
Google Search

I'm Feeling Lucky

Learning from Google Search



Learning from Google Search



Google
Paid

Google
Local
3 Pack

Organic

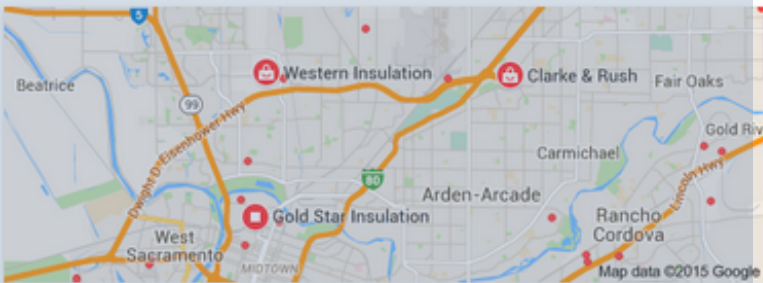
Web Maps Shopping News Images More Search tools

About 151,000 results (0.47 seconds)

Insulation/Air Sealing - semhq.net
Ad [alcal.semhq.net/](#) ▾
Improve Your Home Energy Efficiency 10% Off All Products & Services
Contact Us Now Our Services
Get Instant Quote About Us

Sacramento CA Insulation - Professional Quality Contractors
Ad [www.goldstarinsulation.com/](#) ▾ (916) 229-6712
Free Estimates. Call Us Today!
About Our Company - Contact Us

Insulation Contractors - cespro.net
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Make Sure Your Home Is Properly Air Sealed First. Give Us A Call Today!
High Energy Bill Solution · CES Home Energy Audits · Home Air Sealing Services



Gold Star Insulation
No reviews · Insulation Contractor
N 10th St
Website Directions

Clarke & Rush
4.4 ★★★★★ 10 reviews · HVAC Contractor
Open 24 hours
Website

Western Insulation
4 reviews · Insulation Contractor
N Market Blvd
Directions

More insulation contractors

Home & Commercial Insulation Sacramento, California ...
[www.goldstarinsulation.com/](#) ▾
Insulation Contractors in Sacramento, CA. Do you need an insulation company in the Sacramento, California area? Call Gold Star Insulation. Our team serves ...

Best Attic insulation in Sacramento, CA - Yelp
[www.yelp.com/search?find...Insulation...Sacramento%2C+CA](#) ▾ Yelp ▾
Reviews on Attic Insulation in Sacramento, CA Carlos Insulation, Ruiz Insulation,

Ads

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Payments as Low as \$89 Per Month.

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[www.jminsulation.co/](#) ▾
(530) 713-6785
Removal & Installation
Free quotes, affordable prices!

Insulation Company
[www.adamsinsulation.net/](#) ▾
Reliable Insulation Contractors.
Call Us In The Greater Bay Area.
See your ad here »

Google
Paid

Pay Per Click Marketing

Search Term



Search

About 3,330,000 results (0.17 seconds)

Paying \$3.64

- Everything
 - Images
 - Maps
 - Videos
 - News
 - Shopping
 - More
-
- Portland, ME
- Change location

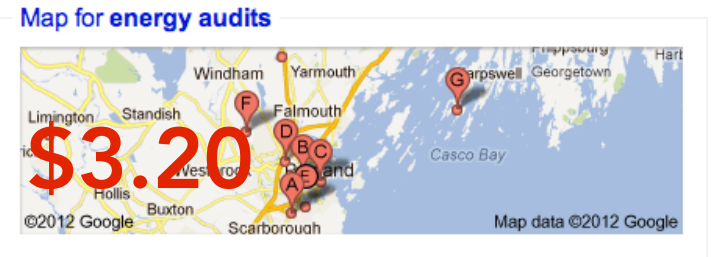
Ads related to energy audits Why these ads?

ME Home Energy Audit Pros | EnergyAuditsOfPortland.com
www.energyauditsofportland.com/Save
We are the #1 Home Energy Auditor in Portland. We Can Save You Money.

Maine Home Energy Audit 1 (866) 778-1000
www.energymaine.com/
Audit Your Home and Qualify for Low Interest Loans to Upgrade Your Home

Energy Services - UGL Services is Your Single-Source
www.uglservices-na.com/
Energy Management Solution Provider

Paying \$3.20



Energy Savers: Home Energy Assessments
www.energysavers.gov/your_home/energy_audits/.../mytopic=11160
Feb 9, 2011 – A home energy assessment, also known as a home energy audit, is the first step to assess how much energy your home consumes and to ...

Energy audit - Wikipedia, the free encyclopedia
en.wikipedia.org/wiki/Energy_audit
An energy audit is an inspection, survey and analysis of energy flows for energy conservation in a building, process or system to reduce the amount of energy ...
↳ Principle - Home energy audit - Industrial energy audits - Types of energy audit

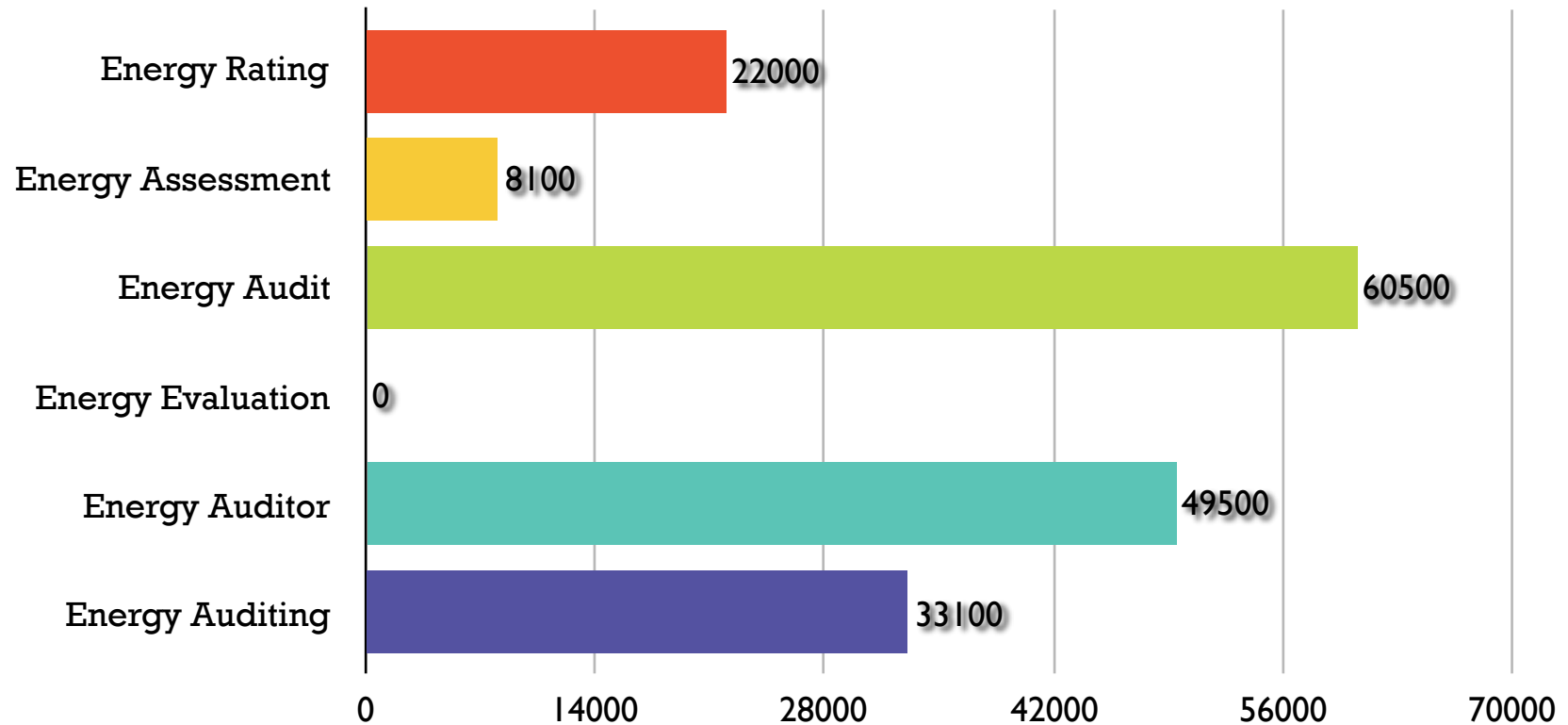
Ads - Why these ads?

Energy Auditor Training
www.everblue.edu/Energy-Audit
Local Energy Audit Training Classes Become BPI Certified in No Time!

Energy Audit Training
www.cleanedison.com/
Sign Up Today for Best in Class Online Energy Auditor Training!

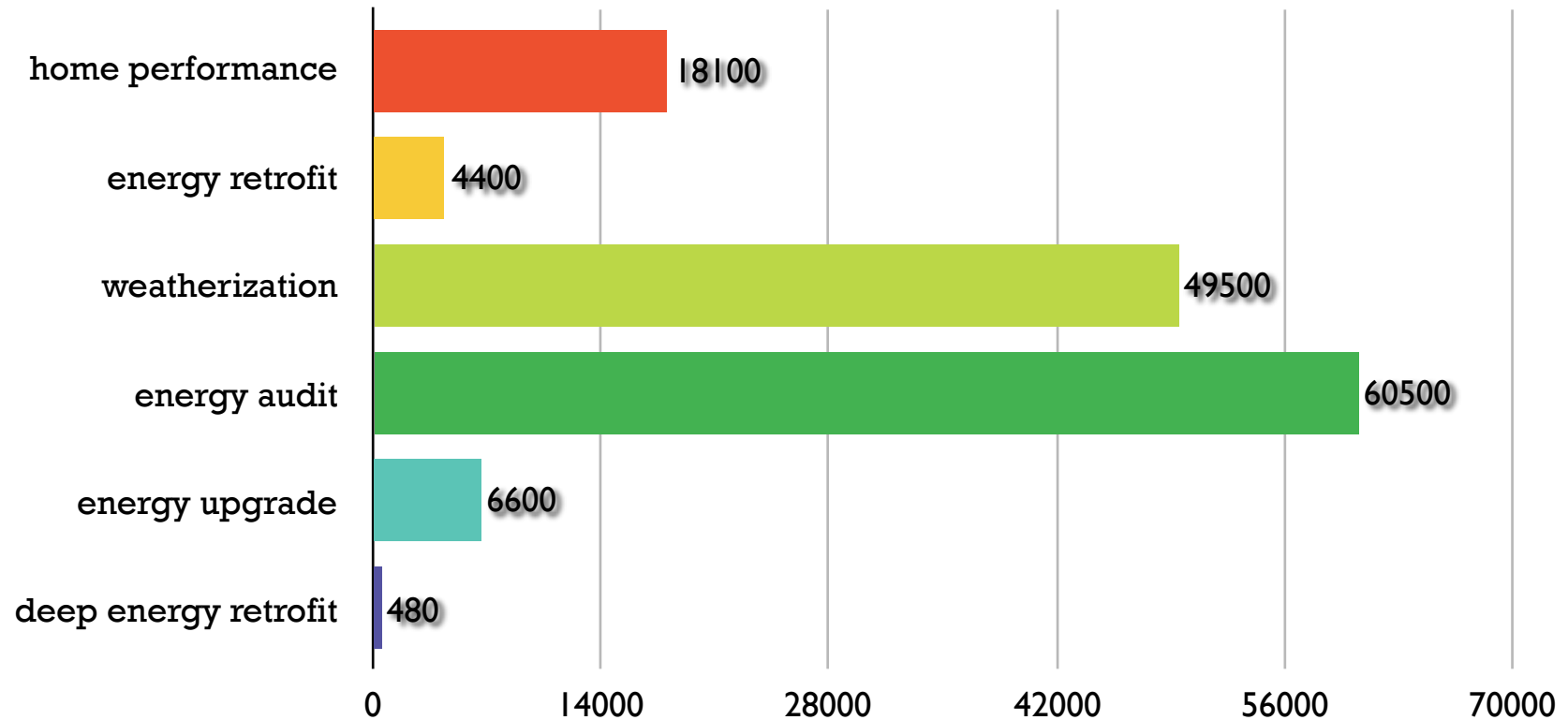
Paying \$2.17

Keyword Volumes: Audit



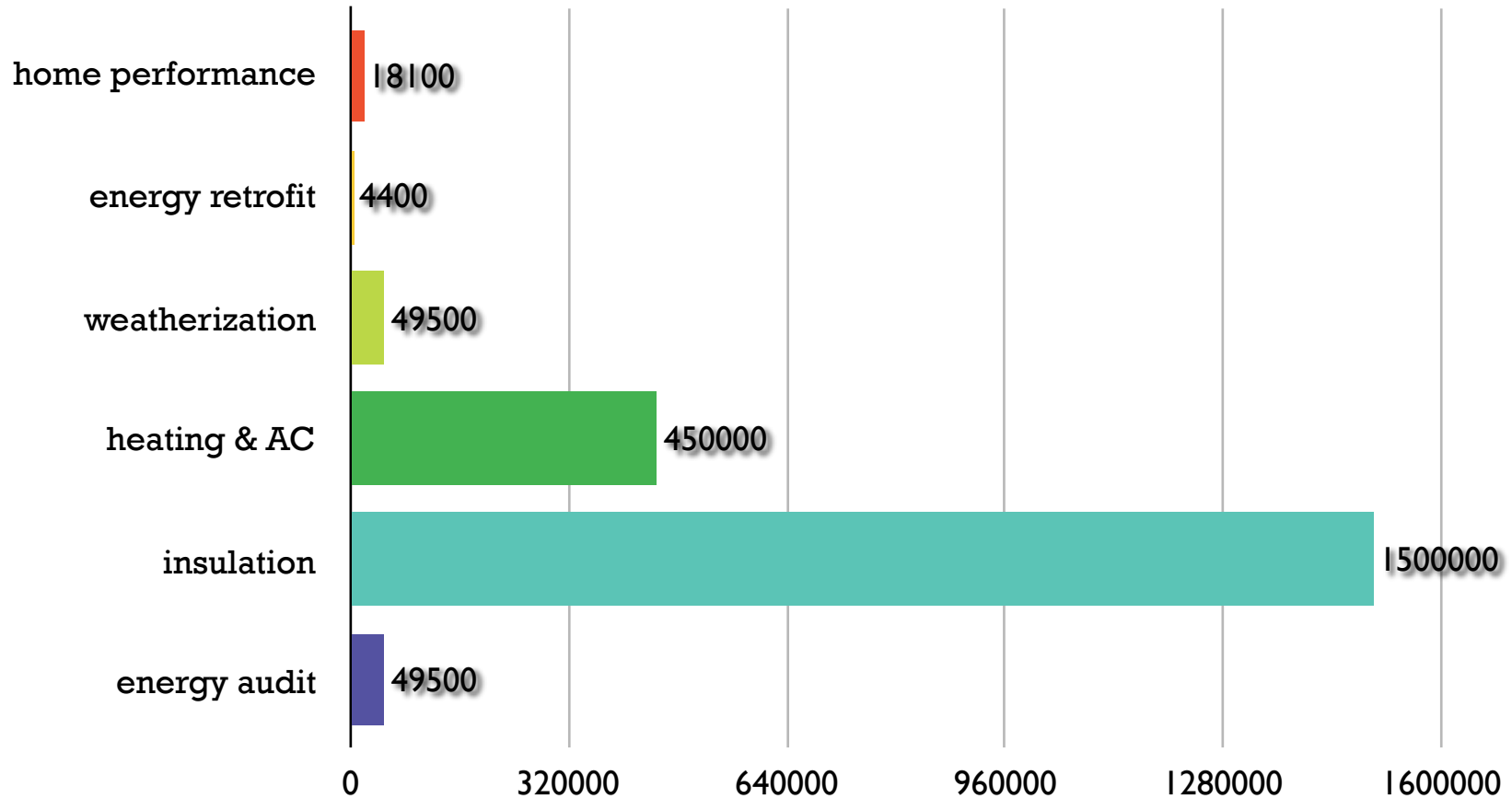
Data from Google Adwords Planner

Keyword Volumes: the “Work”



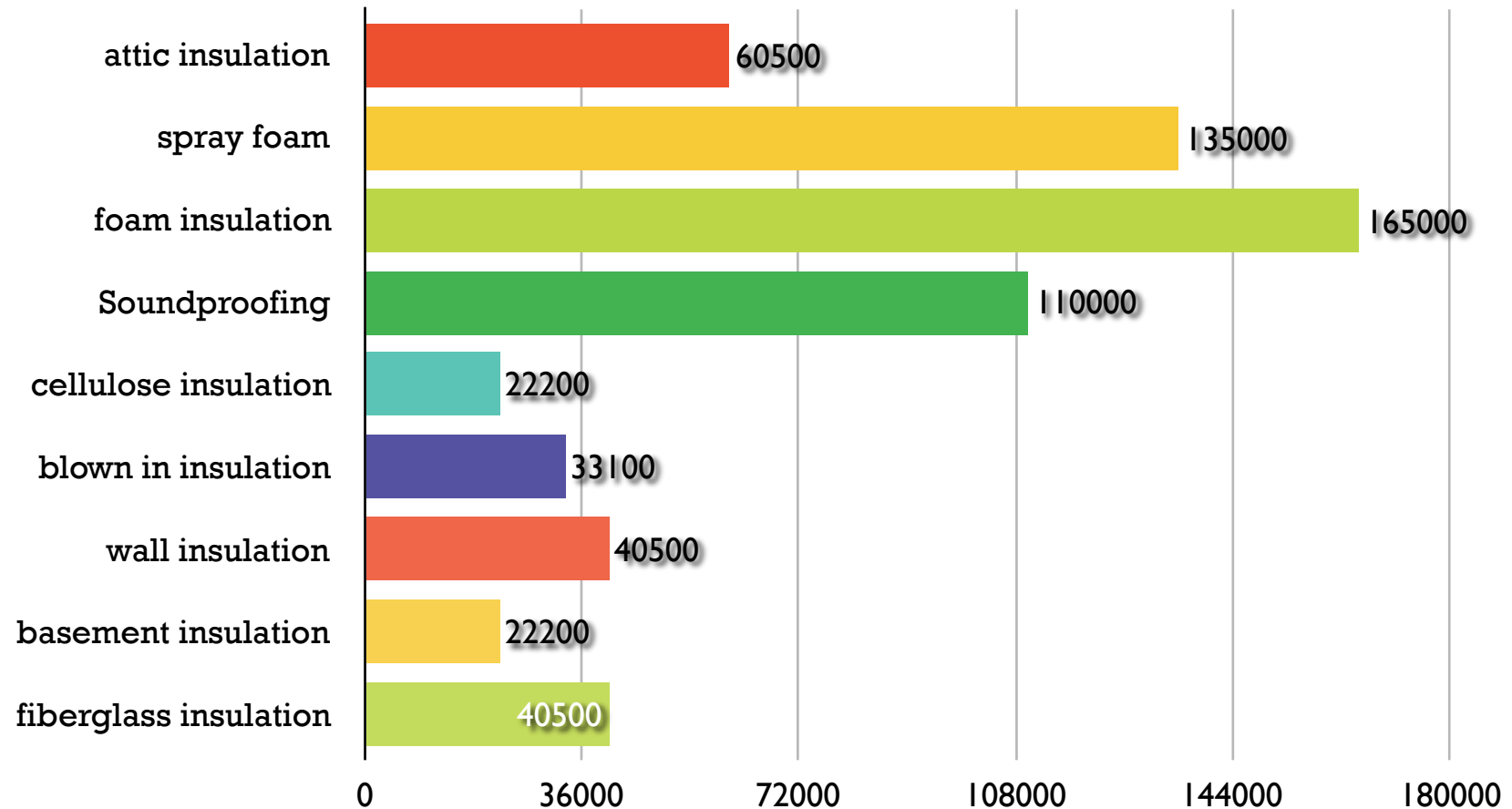
Data from Google Adwords Planner

Keyword Volumes: Major Services



Data from Google Adwords Planner

Keyword Volumes: Insulation Category



Data from Google Adwords Planner

Furnace
Repair
AC
Replace
AC Service
Furnace
Install
Heat
Pump



HVAC



HVAC

Solar

Cold Room

Attic
Insulation Spray Foam

Home Perf

Energy Audit

Programs

Furnace
Repair
AC
Replace
AC Service
Furnace
Install
Heat
Pump

**Whole House
Home
Performance**

Energy
Cost
EUC
Rebates

Efficiency

Climate
Change

IAQ

Health
Mold Fear
IAQ

Some Big(ish) Data

63,749 Real Search Queries

~\$1,500,000/yr Google Click Spend

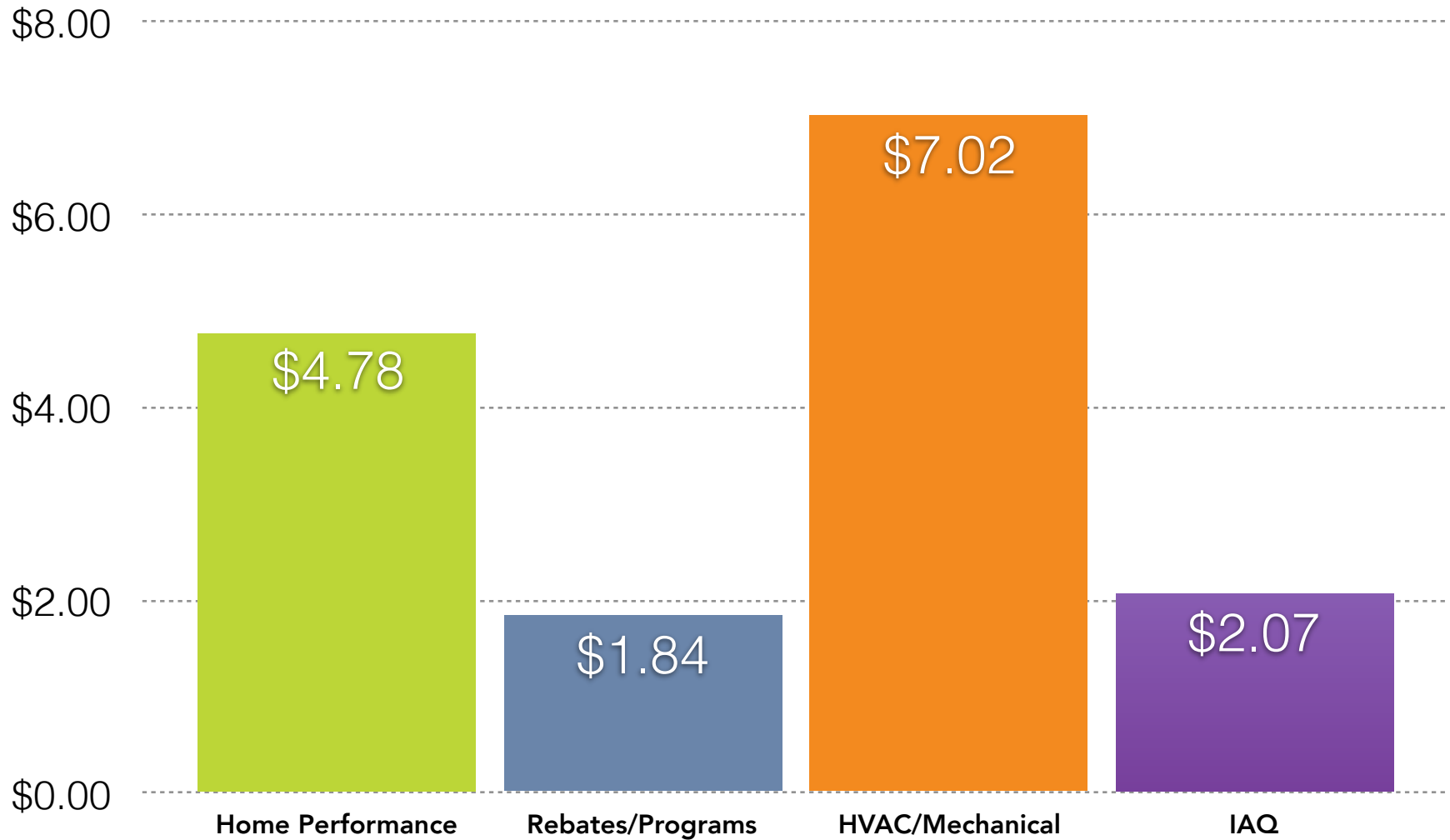
Less Expensive Leads

Keyword Perf. Top 25 by Impressions (Last 30 Days)

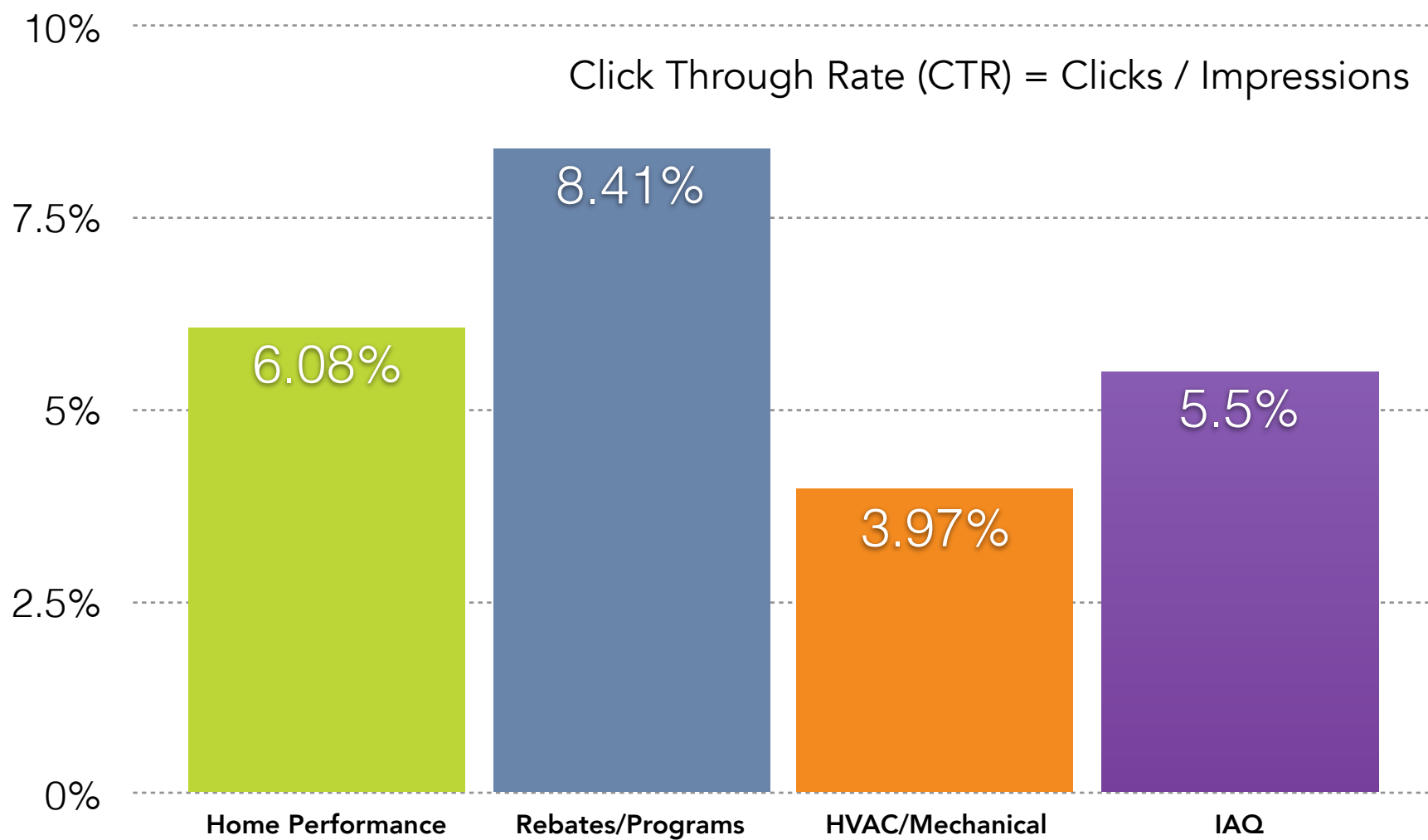
Keyword	Clicks	Avg. CPC
+heating and +air +conditioning	18	\$ 14.43
+AC +repair	3	\$ 26.96
+spray +foam +insulation	18	\$ 5.55
+replace +air +conditioner	1	\$ 21.35
+air +conditioner +install	3	\$ 14.58
+air +conditioner +price	4	\$ 13.98
+insulation +installation	6	\$ 8.98
+bryant +air +conditioners	1	\$ 10.84
[spray foam insulation]	2	\$ 5.72
+furnace +installation	6	\$ 11.65
+duct +sealing	3	\$ 2.73
+AC +contractor	2	\$ 10.44
+energy +audit	2	\$ 5.25



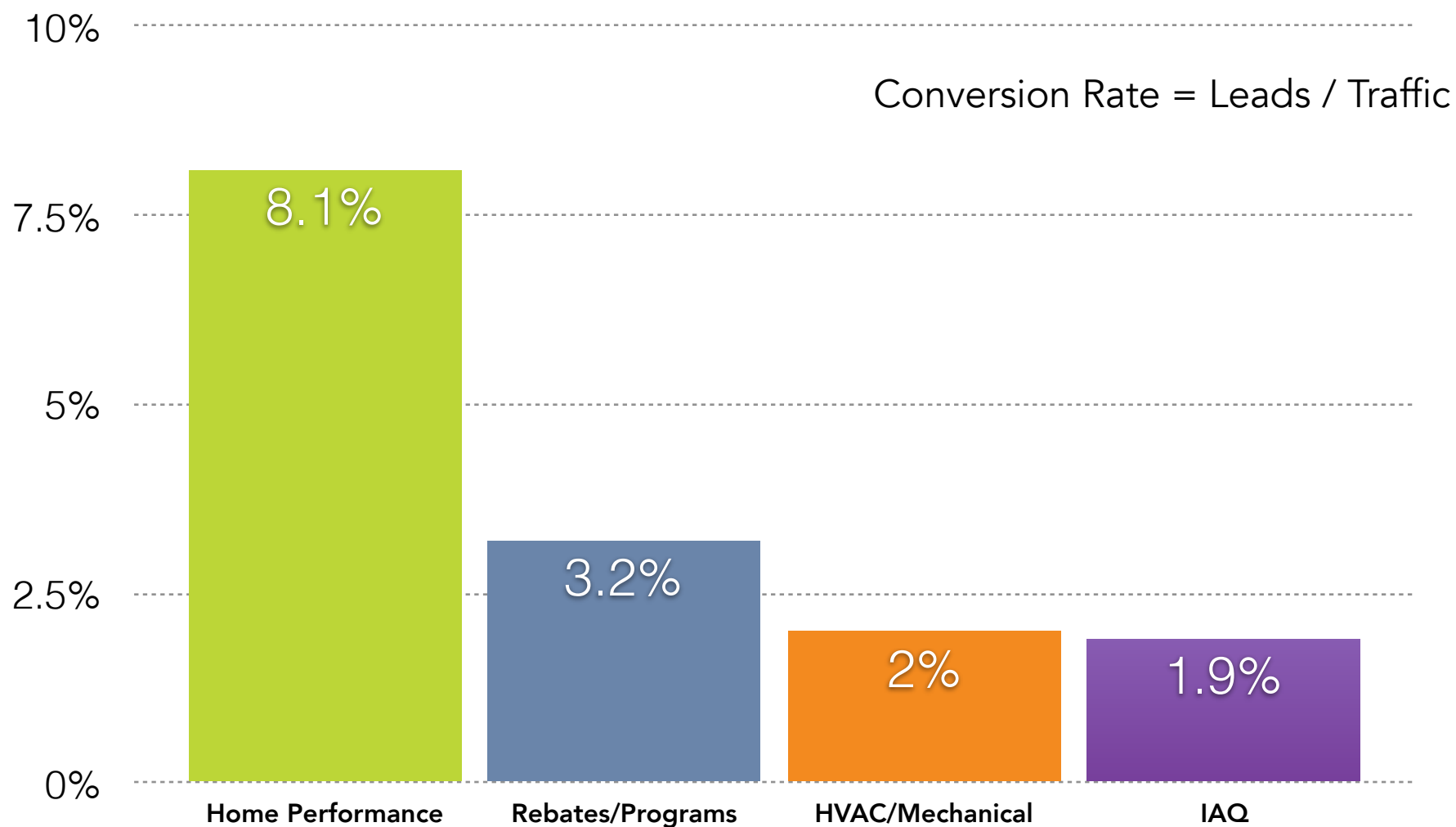
Average Cost Per Click



Click Through Rates



Average Conversion Rates



Home Performance's Key Success Factor

Conversion from Single Interest

to

Whole House Perspective

is

Critical



QUESTIONS?

Peter Troast

peter@energycircle.com

207.847.3644