

YOUR MARKET



SOLAHART'S PROVEN CHANNEL TO MARKET

Solahart adopts proven distribution strategies that involve marketing through Authorised Dealers who form our primary channel to market.

Solahart Dealers are assigned areas that take into account the number and type of households and market conditions at any given time.

The philosophy behind these arrangements is simple; the Dealer and Solahart are both committed to each other's success. Because each Dealer is assigned an exclusive territory, they can confidently undertake the necessary promotional activities in their areas, and be certain that all sales generated from those activities within the territory will be to the benefit of the dealer.

THE DEALER AND SOLAHART ARE BOTH COMMITTED TO EACH OTHER'S SUCCESS

Solahart rests assured in the knowledge that all the sales achieved by the Dealer in that territory will result in business for Solahart.



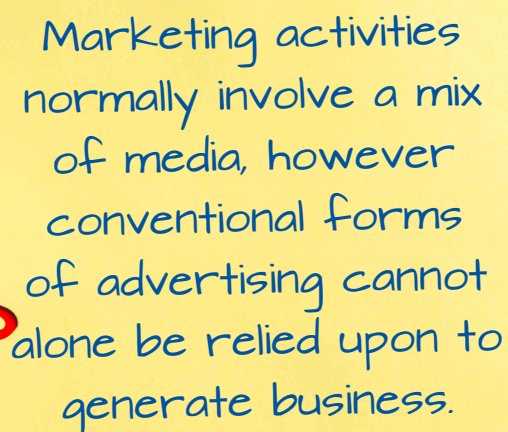
Solahart and the Face-to-Face Opportunity.

Most business is done within the client's home in response to telephone or online enquiries or leads from exhibitions such as home shows, trade shows, shopping centres or agricultural field days. Dealers rarely enjoy walk-in sales to their showrooms, and this is the reason why many don't have showrooms.

It is the "face-to-face" opportunity provided by these exhibitions that is the most important component of the marketing mix. Substantial financial and human resources are committed to these activities, and successful Dealers will attend numerous exhibitions per year, including shopping centres and smaller localised shows.

Well-targeted local campaigns such as newspaper advertisements and letterbox flyers can still be a cost-effective means of localised marketing communication when used in support of Solahart's national advertising.

Solahart has identified direct-sell marketing as a core competency and we recognise that the more effort that is directed towards maximising face-to-face contact between Dealers and potential customers, the more sales will result.

A yellow sticky note with a red paperclip on the left side. The text on the note is written in a blue, handwritten-style font.

Marketing activities normally involve a mix of media, however conventional forms of advertising cannot alone be relied upon to generate business.

Market your Brand - It's Not Just Solar, It's Solahart!

Most successful Solahart Dealers operate with a mix of 'Brand Strengthening' and 'Retail Activities'.

Achieving a balance between the two is essential and needs to be understood. Brand strengthening is critical to maintaining credibility and correct product positioning, but it will not always result in immediate sales. Excessive retail or promotional activities do generate quick sales, but they are often not sustainable.

The Solahart Brand is one of your greatest assets. It's not just your logo, slogan and design scheme, but your customers' total experience of your business.

The Solahart Brand is your customer promise, your business values, your personality, and the way you talk to your customers; it's in the way you package your service and answer your phone.

Communicating the brand clearly and honestly to your customers will spread confidence and goodwill. It is a badge of trust that will set you apart from competitors and can give you a lasting competitive edge. Let's talk about the importance of Branding.

Why is Branding Important?

It tells your customers exactly what to expect from you. Deliver on your promises, and they will come back again and again. How often have you gone to a familiar restaurant chain because you know what's on the menu, what it will taste like and how much it will set you back? It is the same for your customers.

Proper brand identity will also attract new customers by stressing the differences between you and your competitors, which is critical when you are in a highly competitive or fast-moving market where it is difficult to differentiate yourself on product features alone.

The power of a strong brand is such that it can lift a single company or product above others to become something truly memorable. Think of vacuum cleaners, and you think of Hoover; think of MP3 players, and iPod will doubtless spring to mind.

Brand Values

Before you can explain your brand identity, you will have to understand what the core values of your business are, what your business mission is and how you differ from the competition.

The above goes back to adopting *The Solahart Way*.

Effective Branding will give your offer a personality that suits your customers, and businesses selling the same products can have very different brands.

Take Advantage of the Solahart Brand

It is here where the Solahart name and logo come to the fore. Solahart's good brand design gives your business a consistent image that will enable people to recognise you immediately.

As a Dealer, you must connect to and emphasise Solahart's brand values across everything you do. This is why we provide you with Advertising and Branding Guidelines which need to be adhered to, and approvals sought before going to market. This is to protect 'our' Brand.

DO YOU REALLY KNOW YOUR MARKET?

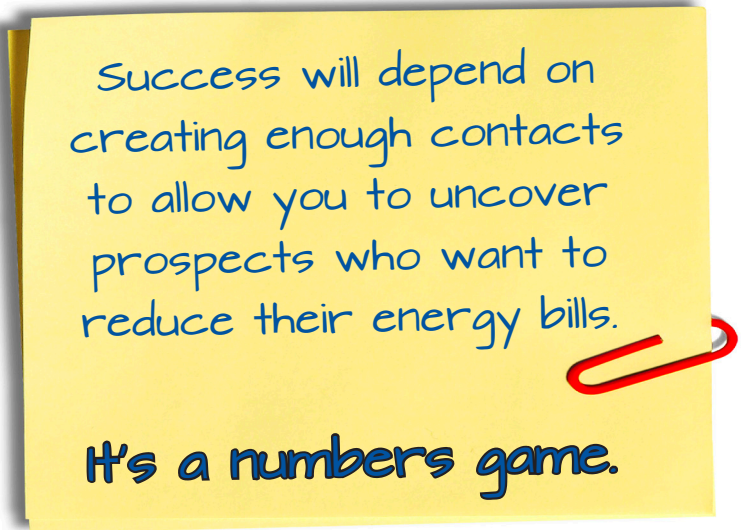
UNDERSTANDING YOUR MARKET

The Solahart Way demonstrates that selling solar hot water solutions is no different from selling anything else. It is a matter of identifying market opportunities and adopting proven marketing concepts. It is about maximising face-to-face contact between you and your potential customers.

The Solahart Way is a guide for operating a successful direct-sell Solahart business, and these guidelines are designed to accommodate local issues. They should form the basis of a business plan. Our competitive advantage comes from our marketing approach focused on identifying and meeting end-user requirements.

As you are a direct-sell marketer, you will operate beyond your store or place of business and search for potential customers. When you make contact with them, you will need to understand their situation. This knowledge will help you identify a valid reason for the potential customer to buy.

Success will depend on creating enough contacts to allow you to uncover prospects who want to reduce their energy bills. It's a numbers game.



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It's a numbers game.

Consumer Demand

With gas and electricity costs at historic highs, the underlying demand for solar continues to strengthen.

A solar water heater is a stand-alone appliance and while it is a great way to save on water heating energy costs, it must still deliver an essential service – which is to provide reliable hot water.

Finding and Evaluating Customers - The Need for Sound Information

There are many examples of people who have said: "I think there's a market for this".

They have persevered and succeeded, but they have done their research before taking unnecessary risks. There are also many examples of companies that have made flawed decisions based on "gut feel", with insufficient reference to the facts. Statements like "there must be a market for..." and "I am sure we can increase sales by..." are common.

There is little room for guesswork in business today. Obtaining information that is to the point, objective and thorough is essential to business.

PEOPLE BUY SOLUTIONS TO THEIR PROBLEMS. THEY ARE SATISFYING THEIR WANTS AND NEEDS.

The Solahart Way

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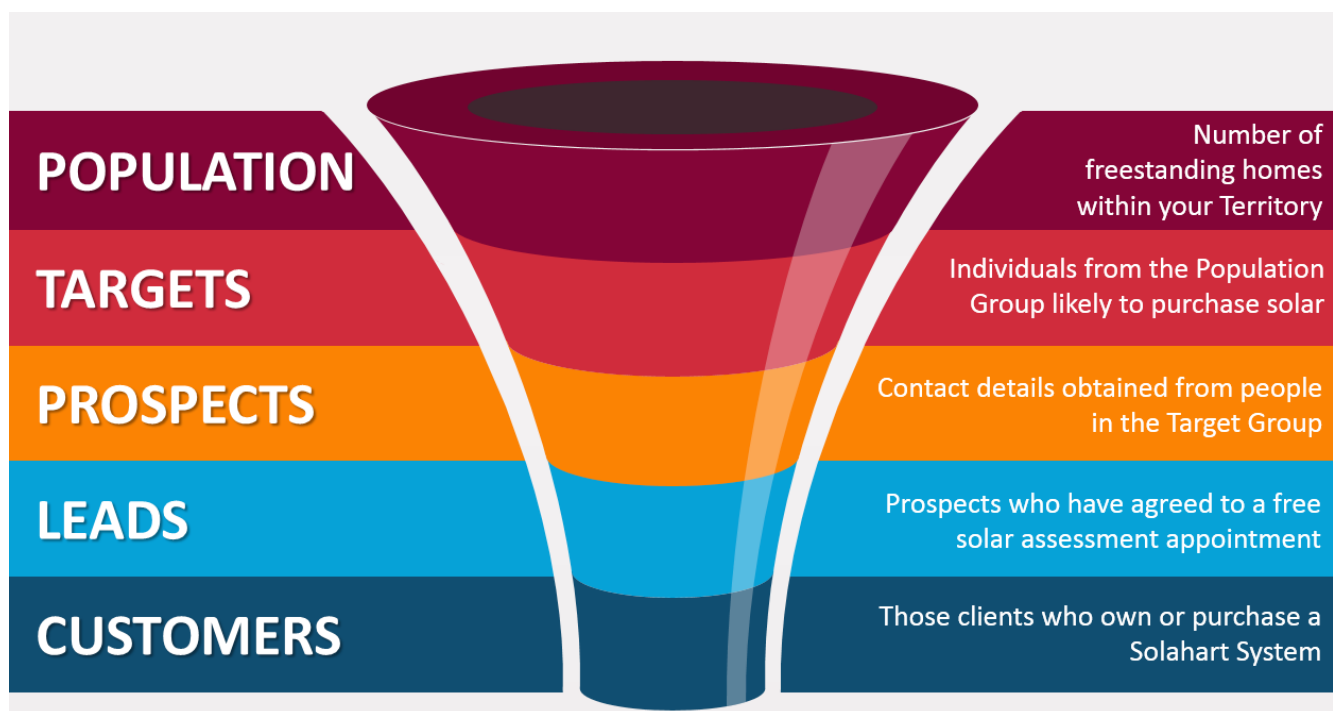
STYLE GUIDE

Think about these questions:	NOTES:
Are people buying more than a solar hot water when they buy a Solahart? If so, how can you maximise this selling opportunity?	
What emotional needs or wants does a Solahart system satisfy?	
<p>What will motivate your prospects to buy solar hot water? I.e.</p> <ul style="list-style-type: none">- Rising energy bills (Gas and electricity)- The idea of free energy- Add value to their home- To live a more sustainable lifestyle- Previous experience with Solahart- A referral- An opportunity for displaying a status symbol or 'badge of honour'	

Identifying customers is a process of refinement and applying these sorts of questions to arrive at a subset of the general population.

As stated previously, winning Solahart customers is a numbers game. Customers are the result of a refining process that starts with all the people living in your territory.

Refining your Customer Base



Do you know how many people live in your dealership area? Do you know how many rooftops there are?

Your intuition is important, but where your source of revenue is concerned, you should take the view that there is no substitute for hard data and no room for guessing.

This section of the Solahart Way helps identify methods used to gather information and data.

GET TO KNOW YOUR MARKET

Knowledge is everything when it comes to identifying which groups of customers you should be targeting. Market research can help you understand more about the needs, tastes and spending habits of different groups of potential customers. This should tell you about the customer segments most likely to buy into your offer and the kind of marketing and sales activities they will respond to.

As mentioned earlier, a SWOT analysis will help you assess your strengths and weaknesses as a business and spot the opportunities and threats that are looming in your market. It will help you evaluate if you're in a position to carry out strong marketing and sales campaigns with your target groups of customers. Significantly, it will also enable you to see how you measure up against the competition.

Understanding what your rivals are up to is also critical. How are they working with your target group/s? Would you do better or worse? Where are the gaps - in their offer and their marketing? Are groups of customers being ignored by rivals? Could you target these profitably?

This combination of market research, SWOT analysis and benchmarking should give you a detailed picture of your marketplace and your potential. This, in turn, will tell you where you should be directing your marketing activities and how.

Only when you are armed with this knowledge, you can confidently tailor your message to different segments of your market and have stimulating conversations with your potential customers.

The strategies you choose will depend on your particular environment and should take into account other factors such as:

- Rising gas and electricity bills
- Government incentives
- Seasonality of the emergency replacement hot water market
- The product life cycle stage of solar water heaters
- Local climate
- Economic conditions
- Government policies and legislation
- The affluence, buying habits and culture of the population
- New home activity

The way you choose to capitalise on these factors is up to you. The Solahart Way is about actively finding customers.

*You cannot afford to be a shopkeeper
and wait for the phone to ring.*

*Selling Solahart solar water heaters
provides an excellent foundation
for a profitable business, today and
into the future.*

*The fundamentals for solar are
stronger than ever as consumers
are actively seeking ways to
reduce their energy bills
and live more sustainable lifestyles.*

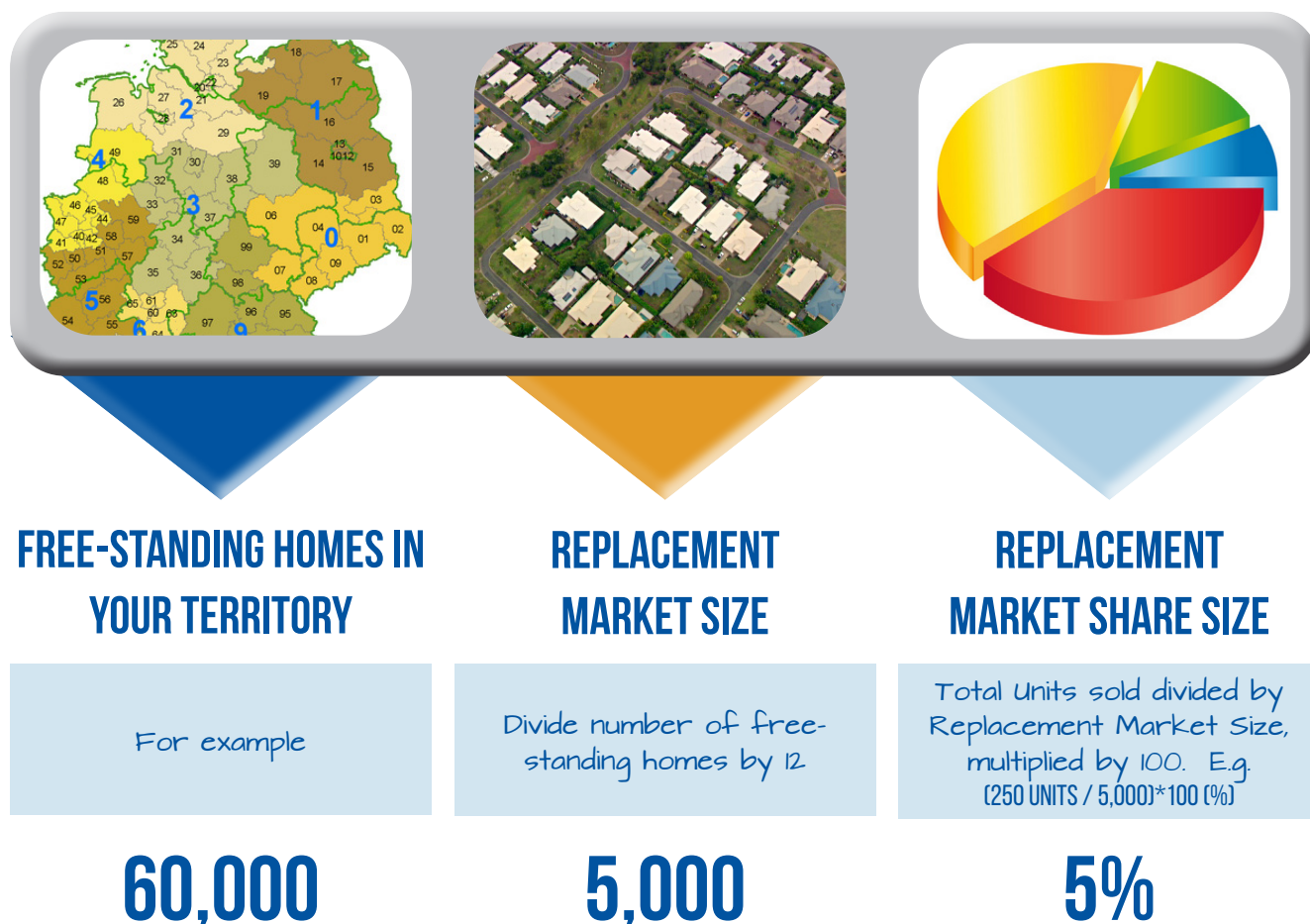
WHAT YOU NEED TO KNOW

Each Solahart Dealer may have other sources available. However, to grow your business, the core information you need is found below. Needless to say, this list is not exhaustive.

What is the size of the Water Heater Market in your area?

The starting point is the number of free-standing homes in your territory. Given that your area is delimited by postcode boundaries, this information can be found within the government Census data.

As a rule of thumb, to gauge the size of your replacement water heater market and market share, you should divide the number of free-standing homes by 12 (which is the average life of a domestic water heater). Then divide the number of Solahart systems you sell into this number, e.g.:



Other points to note would be:

- What are the types and prices of water heaters sold in your territory and the market share each type holds?
- Who are the market leaders and are there any existing niche markets?

Answering the following questions and taking notes will help you develop a profile of your potential customers and what they have in common with each other.

What are the energy sources available and what is the price of this energy?	NOTES:
<ul style="list-style-type: none"> • Is reticulated gas available in all areas of your territory? 	
<ul style="list-style-type: none"> • What does reticulated gas cost per MJ? 	
<ul style="list-style-type: none"> • What does bottled gas cost per MJ? 	
<ul style="list-style-type: none"> • What tariff rates are available for heating water? 	
<ul style="list-style-type: none"> • What does electricity cost per kWh off-peak and continuous Tariffs? 	

What is the relative size of each segment of the market (and seasonality)?

NOTES:

- What share are the following segments?
 - Considered replacement/upgrade
 - New homes
 - Breakdown

- What are the key selling seasons for each market segment?
 - Considered replacement/upgrade
 - New homes
 - Breakdown

- If a particular season is strongly biased, what happens during the other periods?

ANY OTHER NOTES?

Where do people get advice when making a water heater selection decision?

NOTES:

- Friends or neighbours in a considered replacement situation?
- Plumbers or electricians in a breakdown situation?
- If a particular season is strongly biased, what happens during the other periods?
- Builders, architects or engineering consultants in a new home situation?
- What role do energy retailers play?
- Do government policies influence consumer choice?

ANY OTHER NOTES?

What are the existing channels to market in mainstream water heating and solar hot water markets?

NOTES:

- Are these products sold "over-the-counter" in home improvement stores or through direct-sell operations?
 - Conventional Water Heaters
 - Solar Water Heaters

- Other hot water specialists?
 - Conventional Water Heaters
 - Solar Water Heaters

- Plumbing outlets?
 - Conventional Water Heaters
 - Solar Water Heaters

- Energy retailers?
 - Conventional Water Heaters
 - Solar Water Heaters

What government support programs are available and how do they operate?
NOTES:

- Environmental incentives
- Are there other government rebate or loan programs available?
- What accreditations or approvals are needed to access these programs?

Who are your existing and potential end-user customers:
NOTES:

- Who are they? To help you identify your target customers you should look at the demographic profile of your market:
 - income level,
 - age,
 - occupation,
 - ethnicity,
 - number of people per household,
 - education levels
 - other
- What is the level of home ownership?
- How important is the fuel type of water heater they are replacing in their decision?

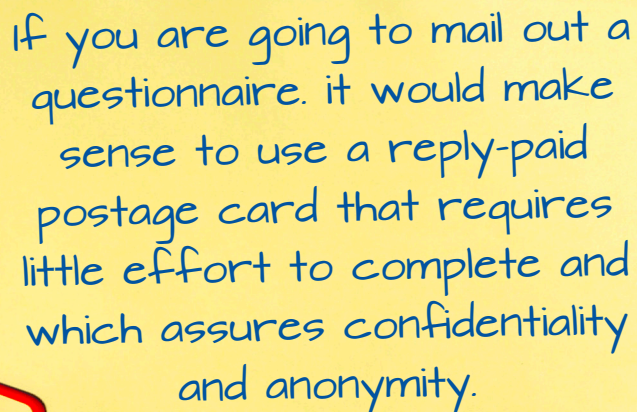
Who are your existing and potential end-user customers? (Continued)	NOTES:
<ul style="list-style-type: none"> Why do they buy and what are their general buying habits? 	
<ul style="list-style-type: none"> Can they be categorised on the basis of where they fit into an overall picture of consumer habits? 	
<ul style="list-style-type: none"> Who are your best end-user customers? 	
<ul style="list-style-type: none"> Who are your worst end-user customers and why? 	
<ul style="list-style-type: none"> What is their image of Solahart? 	
<ul style="list-style-type: none"> Why do they have this perception? 	
<ul style="list-style-type: none"> Which media do your best customers read, watch and listen to? 	
<ul style="list-style-type: none"> Where do your customers live - are there more potential prospects in these areas or are there other areas like this? Can you target and focus your activities? 	

Learn from your current customers

The best way to understand your customers is to ask them for feedback!

- Where did they hear about Solahart?
- What would they like us to offer?
- How can we serve them better?

You may consider crafting a questionnaire to help you research existing and potential end-use customers.



If you are going to mail out a questionnaire, it would make sense to use a reply-paid postage card that requires little effort to complete and which assures confidentiality and anonymity.

Email is much quicker and easier, of course.

If you choose electronic media to research your customers, ensure you comply with the appropriate regulations about direct marketing and cold calling.

The collection of information from the general public is standard practice, and most people are happy to cooperate. It also allows you to keep in contact with existing customers.

Let's say that your analysis reveals a large proportion of people who are second homebuyers, above-average level of education, perhaps professional and with a desire to live more sustainably. Now ask:

- Where do you find these people?
- Where do you find them at a point in their lives when they are making decisions on

- moving houses or changing water heating arrangements?
- What advertising media best suits the target market?
- What government support programs are available and how do they operate?
- What are the existing channels to market in mainstream water heating and solar hot water markets?

Look for opportunities arising from misconceptions

When collecting this information, be careful not just to accept what others say. In particular, be very wary of the views of existing industry participants. They may be giving you their perceptions, and this can have the effect of reinforcing the status quo.

WHAT YOU SHOULD BE LOOKING FOR ARE THE OPPORTUNITIES ARISING FROM THE MISCONCEPTIONS OF OTHERS. DON'T JUST ACCEPT THAT PEOPLE BUY THE CHEAPEST WATER HEATER.

Your surveys will provide the basis from which you can assess your strengths and weaknesses and the threats and opportunities of your market. Then review your information and focus your analysis (SWOT Analysis).

What you need to do is describe your ideal end-user customer, their purchasing patterns, their decision-making processes and their motivations. One of the best ways to make this happen is looking at who makes or influences the buying decision. From there, you look at what their needs or problems, what they're trying to achieve, how they can be successful, and their budgets.

Your picture is now beginning taking shape. In a later section of The Solahart Way, we look at issues of Product and Service. We ask you to match the Solahart products and the benefits they offer against your target markets.

Describe your ideal end-user customer	NOTES:
<ul style="list-style-type: none"> Who are they? 	
<ul style="list-style-type: none"> What are their purchasing patterns? 	
<ul style="list-style-type: none"> What is their decision-making process like? 	
<ul style="list-style-type: none"> What motivates them? 	
<ul style="list-style-type: none"> Who influences/makes the buying decision? 	
<ul style="list-style-type: none"> What are their needs? 	
<ul style="list-style-type: none"> Do they have other problems? 	
<ul style="list-style-type: none"> What are they trying to achieve? 	
<ul style="list-style-type: none"> How are they going to achieve it? 	
<ul style="list-style-type: none"> What is their budget like? 	

Motivate your potential customers

With a picture in mind of who your targets are, you now need to focus on how you will motivate them. This should then influence the design of your marketing activities.

In Australia, the replacement of existing electric water heaters offers the highest likelihood of success. With gas prices rising rapidly, gas water heaters are increasingly becoming a target - especially the older, less efficient models.

Existing water heater markets can be segmented into two markets; emergency breakdown and considered replacement.

- The emergency breakdown market is the largest and is driven by issues of initial reaction and response time. It is essential that you attain “top-of-mind” awareness and offer a fast same-day response.

Don't forget about environmental groups or customers of other ecological products. By targeting people whose interests and characteristics are similar to those of the people in your target market, will allow you to reach new and qualified potential customers.

If your territory has additional attractive rebates, (e.g. energy-efficient programs), it may be prudent to direct an appropriate share of your activities to the considered replacement market.

Suppose your territory has a high proportion of off-peak tariffs for heating water. In that case, the savings provided by a solar water heater may be less attractive, and your message should be more about the energy saved rather than payback.

First-time homebuyers are often difficult to access, short on capital and influenced by builders whose support you may not be able to gain. In this case, it may be better to direct your marketing activities to more affluent buyers of their second or subsequent home.

As mentioned previously, mapping tools such as Google Maps and NearMap can potentially help target areas with high suitability for solar (north-facing roofs) or streets which already have a penetration of solar.

Other channels to market

Your most important channel is direct to the customer. Other channels to market may include:

- Businesses or agents who help you sell Solahart systems,
- Companies or agents who actively generate leads on your behalf such as plumbing supply outlets, builders, plumbers, energy retailers, bathroom and kitchen renovators and other environmentally-focused businesses.



Outside of your day-to-day retail sales:	NOTES:
<ul style="list-style-type: none"> Who are your other channels and why do they buy from you? 	
<ul style="list-style-type: none"> Who are your potential channels and what are they looking for? 	
<ul style="list-style-type: none"> What are the buying habits of your existing channels? 	
<ul style="list-style-type: none"> Who are your best existing channels and what do they have in common with each other? 	
<ul style="list-style-type: none"> What is the image your potential channels have of Solahart and why? 	
<ul style="list-style-type: none"> Where should your channels be located to ensure your territory is appropriately covered? 	
<ul style="list-style-type: none"> How can you find new channels that conform to right model? 	

YOUR MARKET INCLUDES YOUR COMPETITORS

That you have an exclusive market within Solahart does not mean that you will not have competition from other brands within your territory.

It is our experience that competition does not only come from other brands of solar water heaters or solar power systems. Often suppliers of conventional water heaters are the main source of competition for solar water heaters. It may simply be the local electricity and gas utility companies working to maximise the amount of energy they can sell...their primary source of revenue.

Each competitor type requires a different approach.

This definitely favours Solahart as Dealers can demonstrate these credentials where some competitors may not be able to provide an end to end solution.

COMPETITORS CAN BE YOUR BIGGEST IMPEDIMENT TO ACHIEVING YOUR GOALS.

Know your competitor's every move

It is important to gather as much information as possible about your competitors. Never ignore the fact that while you may be monitoring their activity, they will also be watching you.

Build the picture piece by piece, keep track of the competition's advertising and promotional activity noting the frequency and timing. Also note any press releases, public comment, public displays, promotional events, comments from customers and employee activities.

This way, you can develop a thoroughly researched profile of your competition.

How much do you know about the competitors in your market place?



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Think about these questions:



How much do you know about the competitors in your market place?

NOTES:

- Can you identify up to five competitors
- is it a particular salesperson who is the real competitor?
- How much do you know about the other products in the market?
- How do they compare to Solahart?
- What do your competitors do better than you and what do you do better than them?
- What do you do better than them?
- How much do you know about the financial position of your competitors?
- What are the products offered by your competitors?
- Are they investing in new products?

How much do you know about the competitors in your market place? (continued)	NOTES:
<ul style="list-style-type: none"> How do your competitors treat their employees and what training do they provide? 	
<ul style="list-style-type: none"> How well known are your competitors? 	
<ul style="list-style-type: none"> What is their image in the marketplace? 	
<ul style="list-style-type: none"> What are your competitors target markets? 	
<ul style="list-style-type: none"> What marketing strategies do your competitors adopt - what do their advertisements promote? 	
<ul style="list-style-type: none"> Do your competitors compete on price, quality, service, convenience and how do they do this? 	
<ul style="list-style-type: none"> Do your competitors have an effective sales team and what are their sales people doing? 	
<ul style="list-style-type: none"> Do they focus on referrals, do they offer price reduction or a constant stream of special offers? 	
<ul style="list-style-type: none"> Do your competitors sell over the phone? 	

With the information you have for each competitor you can now use a sliding scale to see how you rank:

	Strengths	Weaknesses
Finances		
Personnel		
Marketing		
Selling		
Pricing		
Training		
After Sales Service		
Professionalism		

Your marketing strategy should be based on your strengths, the competition's weaknesses and the opportunities presented by the market.

Make some comparisons

It may be that some very simple things can be changed that will enhance the image of you and your business. How will you compare on price, quality, service, advertising and other measures?

Answering all of these may be more complex than you think.

Customers Want	Competitor Offers	We Offer
Quality		
Exclusivity		
Low prices		
Product range		
Service		
Reliability		
Delivery		
Information		
Availability		
Credit facilities		
Payment terms		
Professional Advice		
Knowledge		
Warranty		
Friendly service		

Do you know what is driving changes in your market?

To keep ahead of your competition, it is vital to have a clear understanding of the key drivers of changes within your market. This is how you position your business to take advantage of positive trends and to help insulate it from negative ones.

Some changes to watch for include:

- Available rebates
- Government regulations
- Local council legislation
- Energy prices
- Availability of reticulated gas
- Competitors entering and leaving the market
- Competitor's staff
- Are suburbs approaching an age where breakdowns will become more likely?

In summary, to get a strong handle on your target market, you need to identify the different types of buyers.

One of the best ways to make this happen is looking at who makes or influences the buying decision. From there, you look at what their needs or problems, what they're trying to achieve, how they can be successful, and their budgets.

What you may discover is slight, but significant differences that will impact how the product should be pitched so a prospect can be pushed down the sales funnel. By clearly identifying your target market, it becomes easier to capture someone's attention because their needs and goals are front and centre.

*"Everything that happens is a small part of our journey.
We can choose to be passive, or we can be proactive
and overcome our fears, set our own goals and do
our best to reach them. For better or for worse, we
always have a choice."*

Giorgio Pautrie