

More Profit, Less Hassle - Why You Need to Add Electric Fireplaces to Your Mix

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*Stylish Fireplaces and Interiors by
Huntington Lodge*

Electric fireplaces outsell gas by a ratio of 3 to 1. Are you getting your share of the sales? Electric fireplaces aren't just for box stores and online retailers. Learn from someone who sells electric fireplaces exclusively, how to do it successfully, from displays to marketing to sales. We will cover the Why and the How of selling electric fireplaces profitably.

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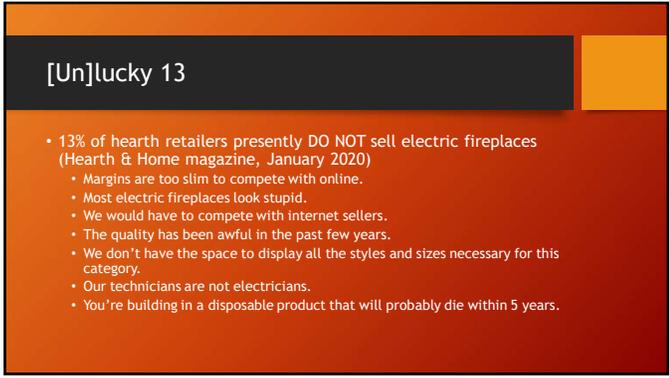




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Prescient 20%

- 80% of Hearth Retailers DON'T believe that electric fireplaces will be a dominant product (H&H Jan/20) - therefore, 20% DO believe
 - The cost of electricity is so much less than gas or wood, and the realistic flame and heat production are improving all the time.
 - Contractors are starting to buy multiple units and volume is picking up.
 - I see a serious trend toward an all-electric home, thereby making the demand for electric fireplaces much greater.
 - Electric is becoming more important to our customers. Inserting electric fireboxes in old wood fireplaces or replacing gas logs increased in the last two years.

4

Why Electric? Why Now?

- North American market for electrics is at least 2 million units annually, totalling more than \$900 million (H&H magazine, January 2020)
- Electric is the fastest growing category for many hearth manufacturers (HHT, Napoleon)
- "New-home builders caught in Net Zero areas with pressures to eliminate the use of natural gas are looking for high-quality electric fires as a solution, and that interest will continue to grow." (Holly Markham, European Home)
- "These are products that open up sales opportunities with millions of homes where wood- and gas- burning appliances are not an option. Dealers that do not carry electric fires are missing out on those sales." (Glen Spinelli, Regency Fireplaces)

5

Why Electric? Why Now?



- 54% of new homes built in 2019 didn't include a fireplace (H&H magazine, November 2019)
- Builders are under pressure on affordability, building code and environmental regulations
- Electrics can address all of these issues and give consumers what they want

6

“I hesitate to sell built-in electrics because, in general, when they fail, the whole unit must be replaced. I find they are not as serviceable as wood, pellet, or gas fireplaces. And service typically requires an electrician, not a hearth professional, so we can't support the client as well.”

“You're building in a disposable product that will probably die without replacement parts within five years.”

Myth-busting: Reliability & Service

7

“Electric sales are and will be dominated by Big Box stores and online sales. Manufacturers sell directly, or have relationships to sell directly, to customers online, which is not good for brick-and-mortar specialty dealers. We will continue to get a little piece of the market, but any shift toward electric is a net negative for the specialty dealer.”

“Customers can buy any electric fireplace online.”

Myth-busting: Online Sales

8

“They usually don't do their homework when it comes to brands, quality, and warranty. They are concentrated on how much it costs.”

“They have their place for older people.”

Myth-busting: Target Market

9

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They still look terrible compared to a gas fireplace, and they provide very little heat.

“Electric is very expensive compared to natural gas.” ”

“Electrics do not offer near the range of benefits and features as natural gas.”

Myth-busting: Gas vs. Electric

10

How to be successful selling Electrics

Differentiate

- If your competitors are in the 13%, become the local expert
- Box Stores are low quality, seasonal, zero support - if you can't beat this, electrics are the least of your worries
- Online retailers don't have real stores and expert staff backing them up (unless they are Stylish Fireplaces)
 - Have you heard of 'omni-channel' retail? You, too, can sell online.

11

How to be successful selling Electrics

Design

- Homeowners aren't buying an appliance, they're buying future happiness and good times enhanced by a beautiful feature in their homes.
- Give them a reason to want this fireplace!
 - Show them a beautiful installation, not a box.
- Sell wall coverings - there are far more options for electrics than for gas and wood - these are items you're not selling now

12

How to be successful selling Electrics

Deliver

- Not everyone knows how to install an electric fireplace. Offer all the service you provide for other hearth products.
- Provide after-warranty service.
- Offer site consultations for builders who may be new to electrics.

13

The Golden Rule of Electrics

Treat the sales and support of electric fireplaces as you would treat the sales and support of any other hearth product you sell.

If you don't take it seriously, why should your customers?

14

Sales Tips for Selling Electrics

- Give electrics some space in your showroom
- Don't treat electric fireplace customers like second-class citizens
- Be knowledgeable about the differences between electrics and whatever else is being installed in your area
- It's not about Climate Change (but it is about heat)
- Reach out to local designers and architects - they are ahead of the curve and they need a source for electrics

15

Which electrics to carry in your showroom

- Start with vendors you already do business with, especially if you want to start small and see what happens
- Get out on the HPB Expo show floor and visit every electric fireplace manufacturer that's here
- If your customers prefer traditional designs, look for suppliers with the most to offer in this category
- If your customers are more contemporary, look for suppliers with those styles
- Avoid suppliers who sell direct at lower prices, or who don't enforce MAP

16

How we do it at Stylish Fireplaces

- Average fireplace sale \$1400 including Black Friday sales
- Average fireplace sale \$1500 without Black Friday
- Average dealer pricing results in Gross Margins of 40% - 45% on electrics (We do better because we buy more)
- Gross Margin - showroom 45% including 40% trade sales who get a discount
- Gross Margin - ecommerce 37.5% including free shipping on all orders
- Ecommerce 17% of our business in 2019

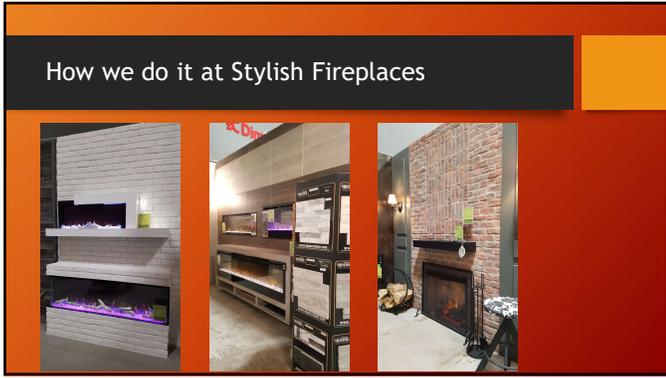


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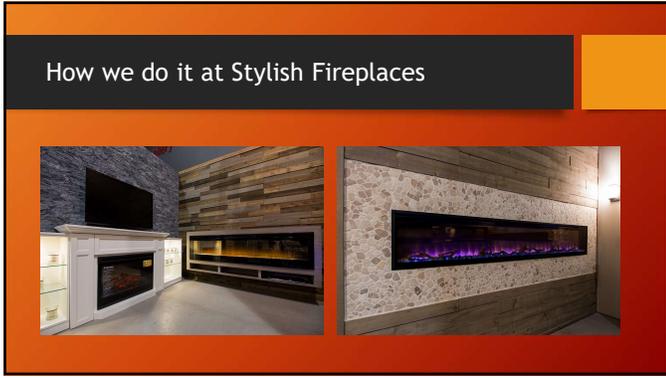
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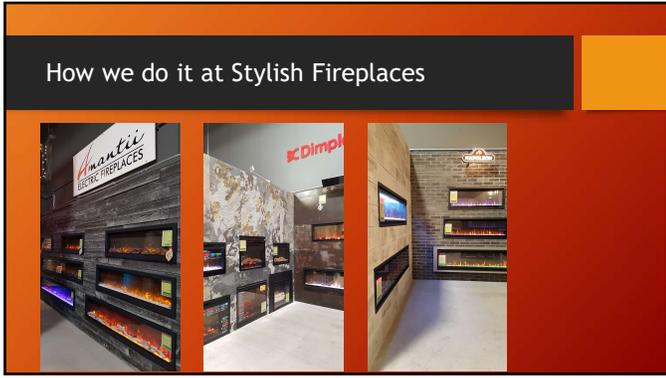
18



19



20



21

Questions?

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22