



Turning Green Into Green

The electrical marketplace is changing. While economic conditions may be challenging some segments of the market as well as having significant impact within geographic areas many perceive that customer demands are changing.

These changes relate to an increased emphasis on price due to the commoditization of products and services; decreased commitment to brands; an interest in seeking solutions in the areas of productivity, product commodity conversions (i.e. copper to aluminum), arc flash, power quality and energy efficiency.

Over the past twelve months, interest in energy efficiency has accelerated.

This trend portends significant opportunities for the electrical industry as significant energy savings can be realized by adoption of products that electrical manufacturers and distributors sell. To date, efforts by the industry to capitalize upon this opportunity have been fragmented.

Based upon conversations with manufacturers & distributors, it became evident to CMG and ARA that many manufacturers & distributors were missing end-user/contractor input that could enable them to craft their company's strategy. Our research, focused solely on the needs of the electrical industry, showed that the needs within the contractor market should be differentiated based upon company size and sophistication level whereas the end-user market is more homogeneous. At the same time, specifiers recognize that energy efficiency is not a fad and that regulatory environments such as EAct 2005 and LEED, along with state and local initiatives, will continue to fuel the energy efficiency marketplace.

The energy efficiency market represents a broad based growth opportunity for all distributors and a significant group of manufacturers. Given recent macroeconomic issues, it is expected that the opportunity will continue for some time.

To better penetrate the market it is important to understand customer needs. Based upon the

research that we conducted (we received over 1000 responses and conducted over 80 interviews), we identified that much of the contractor, end-user and specifier issues relate to information sharing.

According to respondents, few distributors have been effective in supporting their efforts. A vast majority of distributors can service customer needs, albeit solely through product fulfillment. It appears that few are investing in the resources desired to support customer needs.

Opportunities abound for distributors and manufacturers to differentiate themselves through energy initiatives. Throughout this report suggestions are made, where appropriate for distributors and manufacturers. The solutions that you may develop for your company will dependent upon the customer segments you pursue and your geographic marketplace. The products exist in the marketplace, the demand will not diminish and customer issues will be addressed by someone.

For more information about our Green Survey, and to obtain a copy of the 82 page research report, contact the authors. The research report covers product category potential, what information/tools customers seek/need from distributors and manufacturers, their awareness of green / energy efficiency, the value that they see in this segment of the market (re: Energy Star, LEED, distributor specialists, etc), what drives customer interest, new product opportunities and some manufacturer insight (who is effective in this category).

Allen Ray is principal of **Allen Ray Associates**, www.allenray.com. Allen Ray Associates helps companies improve profitability through effective pricing strategies and streamlining business processes through effective eBusiness utilization. Allen can be reached at 817.704.0068 or allen@allenray.com.

David Gordon is a principal of **Channel Marketing Group**. Channel Marketing Group develops growth strategies for manufacturers and distributors. He can be reached at 919.488.8635 or dgordon@channelmkt.com.

Visit their blog at www.electricaltrends.com



Greening the Electrical Channel Order Form



Name		Title			
Email Address					
Company			Website		
Address					
City		State		Zip	
Tel #					
Fax #					
P.O. # (if required)					

Yes, please send me a copy of Channel Marketing Group / Allen Ray Associates' The Greening of the Electrical Channel research report. I understand that the cost of the report is \$249 and that I will be receiving an electronic copy (.pdf) for my company's exclusive usage.

To order, email form to David Gordon, Channel Marketing Group, at dgordon@channelmkt.com.

You will be invoiced within 24 hours and the report will be sent within 48 hours.

If you have questions, please contact us at:

David Gordon	Channel Marketing Group	dgordon@channelmkt.com	919.488.8635
Allen Ray	Allen Ray Associates	allen@allenray.com	817.704.0068