

OIL HEATING

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Grow your business with search engine marketing and online ordering

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Online search engine marketing is becoming more and more popular within the heating oil industry. It is affordable, can be highly effective and in most markets there is minimal local competition. However, you may be wasting both marketing dollars and time if you are not offering the online customer a way to do business with you immediately.

Google changed the way businesses advertise in 2003 with the release of their AdWords service. The service allows businesses of any size to place advertisements along side search results for their products and services. The business pays a small fee only when a consumer clicks on the advertisement. The fee paid is determined through a type of sealed-bid auction where the highest bidder pays the price of the second highest bid. The AdWords service allows businesses to select the geography they service and which search terms their advertisement should appear on. Heating oil companies can expect to pay \$2.50 per click (lead) for top positioning. The search engines have made it almost too easy to use. In fact, the AdWords service is Google's main source of revenue.

Why isn't it a source of revenue for your business?

Heating oil companies are in a unique position within the home service industry to capitalize on search engine marketing. They deliver a quantifiable commodity at a specific price within defined geographic region, and have the ability to immediately convert a click (lead) into a customer by offering online ordering of heating oil. Why don't more companies take advantage of this? The reason is almost always "We only work with full service customers."

Converting Internet Prospects Into Full Service Customers

In the fall of 2002, we created our first heating oil specific online ordering application for a family-owned, full service dealer in Southeastern Pennsylvania. That winter slightly over 8,000 gallons were ordered through the website. A significant majority of these orders were from existing will-call customers. The following winter the website supported by an online marketing plan using Google's AdWords. The 2003 heating season saw a 325% increase in gallons ordered online. With little adjustment to the strategy, 2004

returned a 120% increase selling 72,500 gallons online. During the winter of 2006, the website sold over 200,000 gallons to nearly 1,000 customers. The majority of which were first time customers.

Unlike any other form of advertising, the Internet allows you the ability to immediately convert a lead into a customer. Advertising online will certainly drive prospective customers to your website. However, if you're not giving the prospect the tools to satisfy their immediate need to do business with you, statistically they will click-out and continue to browse. In the aforementioned case study, the probability that the 545 first-time customers in 2006 would have "called for information" is slim. Why? Both their local competition and larger multi-state dealers all offer instant ordering. In the time it takes to place a call, wait on hold and provide delivery and payment information, the customer could be done and on with their business. The opposite holds true for your office staff when considering time and resources would used processing over 1,000 orders by telephone.

In time we've found that there is

a 70-80% chance a first time Internet customer will return in the future to place their next heating oil order online. These customers are prime candidates for full service contracts and automatic delivery. To truly maximize your online marketing efforts, it is important to have a post-delivery follow up plan in place designed to convert your Internet will-call customers into full service customers. The most common strategies include phone or direct mail follow-ups. An even more effective approach is sending a copy of the online receipt with a standard form letter explaining the services you offer with a sign-up incentive. These important

final steps are often overlooked after the initial sale is completed and the oil is delivered. While the customer will most likely reorder online, the cycle must repeat and the customer is again exposed to competition. Inevitably the customers system will need servicing at some point, and if you have not signed them up for a service agreement, hopefully you have made it known that you are capable of making the repairs and not just delivering oil. Often there is a disconnect with online customers receiving only delivery and being unaware of repair service making the post-delivery follow up even more important. Many of the common objections

to search engine marketing can be easily addressed with today's technologies.

- Search engine marketing can be limited to customers only residing within your service area.
- Instant credit card processing eliminates collection uncertainties and in most cases special discount utility rates also apply online.
- Specify days you deliver to certain locations to better coordinate online orders with automatic delivery patterns.
- With higher fuel cost you can require higher delivery minimums for distant locations or apply a fuel surcharge at payment.
- Mandatory terms and conditions of sale must be agreed to before placing the order, further protecting you from broken fill pipes or tanks.

Online search engine marketing is an affordable and effective way of reaching new customers when they are given the resources to start doing business with you immediately. With the right post-delivery follow-up you can begin converting one-time Internet customers into life-long customers.

Website

Heating Oil Prices			
\$2.899	\$2.599	\$2.549	\$2.499
100-149 gal.	150-299 gal.	300-499 gal.	500+ gal.

Ordering Form

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