

What's Next?

By Rob Cackowski

By the time this article is published, we'll be deep into Q4 of 2024. How we got here so fast remains a mystery to me—but here we are. Holidays are fast approaching; schedules are filled; install and service dates are pushed out. The season is in full swing, and it's starting to feel more like "normal chaos" these days. But what's "normal" now? Where are we going and what lies ahead? Let's get into that a bit.

Let's start by looking at where we've been. The roller coaster of business that was initiated by COVID took everyone for a loop. Nobody knew what was happening. Suddenly, everyone was buying and nobody could get product. Manufacturers couldn't keep pace with break-neck demand, and dealers couldn't yell loud enough to get inventory. Customers weren't as concerned with price as they were with the timeline. Every day seemed to bring another price increase announcement. It was a license to print money. Consumers could now shop at home, find what they needed, and simply call for availability. Gone were the days of selling and along came the days of procuring. He who got it won. It was a logistics and connections

game—until it wasn't.

Now came the hard part. Dealers had placed massive orders to fulfill what seemed to be insatiable demand. Manufacturers got caught up on production and began to fill record-breaking orders. Distributor and dealer barns began to catch up with inventory. The channel was now flush with product. But that incredible demand slowed. The overall economy and restrictions began to recover, and the money that was spent on the home was now going back to the entertainment and travel sectors that had been abandoned for a few years. Here was the post-COVID "bullwhip": lots of inventory, a return to



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normal demand with elevated prices, and inflation leading to stagnant inventory. Dealers had plenty to sell through. Manufacturers were no longer receiving those orders. There was a thud.


The air started to clear when 2024 began. As the year went on, inventories started to level. Orders began to roll in. The channel was clearing, and manufacturers could begin production (although cautiously) yet again. We now sit at the bottom of what looks like a potentially fortuitous curve. Interest rates remained level and even dropped. Inflation seems to have leveled, and as soon as HELOC rates rescind, we could see a dramatic uptick in inflated home values. People will begin to remodel their own homes and lean strongly towards the higher-end product offerings.

So what does all of this mean for what's coming? Let's break that down categorically.

MARKETING

The thing that's heard repeatedly throughout the country is "door swings are down." Well, buying habits have changed dramatically over the last few years. Millennials are now in their 40s. Radio, print, and other strong traditional methods of advertising have given way to the new consumer. Yellow pages don't exist anymore. Radio is slowly being replaced by podcasts, streaming services, satellite radio, and so many other services. People now "cut the cord" and stream their TV programming by selecting the services they prefer. Social media has begun a meteoric rise in use. So how does someone get attention in today's world?

The key is to get your message in front of consumers. And what do you always see in front of people nowadays? Their phones. Internet advertising, social media campaigns, and other various ways of online procurement and digital marketing have become the new normal. As someone who has been on the dealer side for so long, I know the clientele isn't exactly youthful, and it's good to know your market. But if you skip past digital channels, you're eliminating an entire age demographic of purchasing power. Why sell to just the 50+ crowd when you can sell to them and the 30+ crowd too? Seems smart. And guess what? Both groups use their phones in similar ways. Digital marketing allows for demographic breakdowns, clear analytics, precise tracking, geofencing, and other features that can let you drive your target to your business. Never before have we had such detailed demographic information available—yet many of us refuse to adopt it. Gone are the days of people going out and shopping, researching and shopping around, and then making that purchase. Today, people research at home, find out what they want, and determine the best place to get it. That's where you need to come in. Be the place that comes up when someone is looking for one of your products. Although door swings are down, closing rates are astronomical because people arrive ready to buy. Change the way you market and see the results.



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GOVERNMENT REGULATIONS

There's so much going on in our industry that you would be a fool not to be paying attention. From gas bans—or various iterations of them—to EPA standards to the new NSPS, there are multiple things to keep an eye on that can dramatically influence your business.

Gas bans are always a fun topic. The city of Berkley is well known throughout our industry and is referred to quite regularly. However, this was just the beginning. Gas bans or versions of them have been popping up all over the country. East Coast, West Coast, and even in the Heartland, your HPBA government affairs team has been tracking all litigation across the United States. They use tools and resources to fight daily against ill-constructed or misinformed legislatures that can hurt your business. With electrification becoming a buzzword, it's fair to say this won't be going away. As fast as we see success in pushing back, a new form of taxation or incentives pops up to circumvent legislative approaches. The creativity never stops, and our industry must be vigilant going forward. The HPBA provides so many resources on their pages for advocacy and so few people take advantage of using it. Fuel choice laws being passed in jurisdictions are a big help, but alternate strategies jeopardize those efforts. Join the industry and the fight to protect your business. As a group, it's our responsibility to be the experts and inform people about the benefits our industry provides.

Wood fuel is not safe either. Many of us have been through the NSPS demands of the past decade. Take away agreed-upon policy, and now you send every level of our industry into turmoil and scrambling to make sense of requirements, inventory, and sales practices. Manufacturers struggle to recertify as distributors and dealers hold millions in inventory. These decisions are made that directly affect how we conduct business and are enacted without rule, com-



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ment, or even common sense. As a member of this industry, you need to know what's coming, how to prepare for it, and how to succeed in it. NSPS is currently being discussed, so it may be in your best interest to pay attention. UL 1390 and 1391 will change the way wood inserts are tested and approved in certain applications. All of these things directly impact our industry, and they keep coming. Be aware.

EDUCATION AND CERTIFICATION

Another major pain point of our industry is finding, hiring, and training new employees. The good news is that we already have resources in place to help, including those provided by NFI, CSIA, NCSG, and others. There are certification programs and updated classes and courses to update people on the latest products. As products evolve, knowing how to correctly and safely install them is critical. The old standing pilot millivolt systems are being moved out for more complex updated electronic ignition versions. Learning to properly care for these and staying current on their applications becomes constant upkeep. Stay ahead of your competition by knowing these inside and out. Hire and train to today's standards, not the 90's standards. Take advantage of new HDS certifications and even new certificate programs that are currently being developed for the industry.

More importantly, what happens as certification trends take shape? Will your business be prepared? The U.S. is a mix of various requirements for installation. Some states have

full mechanical license requirements; some just require that the technician has a pulse. We have started to see NFI certification become a middle ground for states such as Oklahoma and New Jersey. If you think this is a political leaning point, last I checked those two states were very much on opposite sides of the aisle, so stay up to date.

NEW PRODUCTS

Saving the best for last, what will we see coming? The good news is we have industry events like the HPBExpo for you to attend, look, see, touch, feel, and ask questions of all vendors in our industry on what's new and what to look forward to. These vendors are there to answer all questions, see products burn, and discuss strategies with you. Take advantage of this show and get the new products before your competition.

Taking it a step further, let's have some fun. North America isn't the only hearth market in the world. What do we see elsewhere? Europe has been in

a massive gas crunch for years now. Wood is a renewable resource and high efficiency clean burning solid fuel systems have seen a huge rebirth overseas. Could that trend cross the pond? What about ionization ignition systems? Think electronic ignition is finicky? Just talk to people in other countries and see what we could be up against in the future. Visually, we saw the explosion of the linear fireplace, which many people thought was a fad. European styling is catching fire (pun intended) within North America, and design styles are changing with age demographics. These aren't your grandfather's fireplaces anymore.

What's next is going to be different for every dealer depending on what they provide, how they position themselves, and what their long-term goals are. But one thing is certain: All the topics covered here are worth studying to stay ahead of the curve and enacting as standard practice going forward. So bring on 2025—I think we all need this.

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