

## Case study: Green Electrical Supply

*Founded in 2007, Green Electrical Supply sells energy-efficient electrical products to commercial and residential markets. The Auburn Hills-based company entered Michigan's Economic Gardening program in 2014 and went through a second engagement in 2017, which gave it access to the National Strategic Research Team (NSRT) at the National Center for Economic Gardening. In the first engagement NSRT members conducted a variety of research centered around competitive intelligence, market dynamics and prospective new customers. The second round, as discussed below, took a deeper dive into online marketing and strategic growth.*

“The lighting industry is in a mode of extreme rapid transition,” says Richard Osterhout, managing member of Green Electrical Supply. “The evolution of LED products is forcing every lighting distributor to evolve just as rapidly, or get left behind. One of our objectives is to continue our emergence as an industry leader without allowing ourselves to grow so rapidly that we stumble.”



Richard Osterhout, managing member of Green Electrical Supply

To help with that goal, NSRT members with expertise in social media created an online “listening post” for Osterhout. Based on a set of keywords, the listening post provides timely access to relevant published articles, blogs and press releases that have to do with energy-efficient lighting — while keeping noise to a minimum.

Osterhout has found the listening post to be a very efficient tool. “I look at this resource every morning to get a fast update on my industry,” he says. “For example, I can see what kind of promotions are going on, what new products are being launched and what’s happening with the manufacturers we represent. The content is also archived by date, so I can go back to read as needed.”

Being an online company, search engine optimization (SEO) is a priority for Green Electrical Supply. The NSRT also performed a variety of keyword analyses, including a look at how competitors’ websites fared in search-engine rankings.

This led to some important insights, says Osterhout, who compared the data to Google analytics about top landing pages on his website. He discovered some keywords weren’t as significant as previously thought, such as “LED retrofit.” What’s more, the data pointed to keywords untried by Green Electrical Supply that were generating strong search-engine rankings for competitors. “It was eye-opening,” says Osterhout. “For example,

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'LED light bulbs,' was averaging 40,500 monthly searches. One of our competitors had a ranking of 5, another was at number 1 and the other at 10 — yet we didn't even show up." Leveraging the Economic Gardening data, Osterhout's team reworked web pages to incorporate top keywords by search volume that were most relevant to individual products.

To help Green Electrical Supply further fine-tune its marketing efforts, NSRT member Clay Smithers created detailed socioeconomic and psychological demographic profiles of customers. To do this, Smithers first analyzed the company's online sales transactions. Next, he used Tapestry segmentation data and was able to identify 20 different demographic groups that represented more than 60 percent of sales for Green Electrical Supply. Combining this information with other datasets, Smithers then pinpointed the heaviest concentration of where these groups could be found across the United States.

"This was a big takeaway," says Osterhout. "In the past, we've taken a shotgun approach to advertising because we assumed our customer base was pretty much everyone with a light socket."

The detailed demographic data has enabled Osterhout to reduce ad dollars significantly while increasing conversion rates. In fact, his conversion rate increased from 0.04 percent to 1.1 percent in just three months. Even better, cost per conversion decreased from \$339 to \$138 while conversion value increased from about \$19,000 to \$24,000. "We've transitioned from a loss-leader activity to generating positive cash flow," says Osterhout.

Prior to Economic Gardening, Osterhout's company had been averaging annual sales increases of 15 percent. Yet armed with new knowledge and tools from the NSRT, Osterhout is upping the bar and aims to grow 20 percent annually through 2020. "Economic Gardening has been a huge cornerstone in building this strategic plan," he says. "It's helped us identify our weaknesses and shown us how to turn them into strengths."

"The Economic Gardening program didn't take much time on my part," he says. "The second round was especially helpful because with the first round under our belt, we knew how to narrow the focus of what we asked of the researchers."

"Economic Gardening is a phenomenal resource," Osterhout adds. "The research will have a significant impact on our company not only today, but also in the future. It truly gives you an advantage over your competition."



*The National Center for Economic Gardening is a partnership between the Edward Lowe Foundation and Chris Gibbons. NCEG helps state and regional organizations establish Economic Gardening networks, delivers Economic Gardening services and maintains national standards in training and certification. To learn more, visit [www.edwardlowe.org](http://www.edwardlowe.org).*