

HYDRONICS

Navien Celebrates One Million Condensing Units Sold in North America

Company builds its success on a commitment to wholesale distribution and professional installation.

BY STEVE SMITH



The night's festivities included a performance by Xplore, a California hip hop/taekwondo group.

About 130 Navien executives and top managers, including many from the company's corporate headquarters in Seoul, South Korea, gathered with independent rep agencies and local dignitaries on Jan. 25 at a Westin hotel in Costa Meza, California to celebrate a company landmark: One million condensing units sold throughout North America.

"I think of myself as a very lucky person, because we have great employees like you to make not only our company better, but also to make our world better through environmental considerations," said Joon Kee Hong, CEO and president of KD Navien at the top of the corporate presentations that followed a cocktail reception and dinner. "Such an outstanding performance is the fruit of your continuous efforts and contributions. There are not many things that I can say about this remarkable record, but I would like to express my sincere gratitude to all of you."

One million sold is a sales landmark for any company, but Navien's accomplishment is all the more noteworthy considering how relatively young the company and its tankless equipment are to the

North American market.

To be sure, Navien is a powerhouse in Asia. The company says it sells more condensing products – water heaters and boilers – than any other manufacturer in the world.

Founded in 1978 as KD Machinery, Navien became the first company in Asia to produce condensing gas boilers just a decade later. The company is the overwhelming market leader for boilers in South Korea, the fourth-largest boiler market in the world – almost three times larger than the U.S. boiler market.

Later, Navien became the first Korean company to export gas boilers to the United States in 2002 and established Navien America in 2006. The company operates the largest single boiler manufacturing plant in the world, and currently, exports boilers and water heaters to 35 countries.

Joon also added that Navien's North American operations have accomplished "top notch performances with our condensing technology" every year since its start.

"Despite the level of competition, as well as being a product that was unfamiliar to the market ...

Navien America successfully broke down these barriers with the great support from all of the customers and partners in America," Koon added. "Tonight, each one of you is a MVP."

Commitment to Trade

The main reason for the company's success is based on a strong commitment to wholesale distribution and professional installation.

"Our model is one of simplicity," Scott Lee, CEO, Navien Inc., told us during a private question-and-answer-session with the trade press. "We provide the best product to the trade and only through a limited number distribution partners. This model allows us to remain close to our true customer – the professional contractor. We feel that if we build the best products available and support them with a committed and highly skilled team, we cannot help but succeed."

To that end, the company last year took a firm stand against the availability of HVAC equipment through online and retail channels.

As a result, straight consumer purchases of Navien products will not be entitled to the benefit of technical support services or

the warranties associated with purchasing Navien products through authorized channels.

“Navien’s relationships with our wholesaler partners are extremely important,” Lee added. “Unlike some of our competitors, we are committed to wholesale distribution only and do not sell to retailers, big box stores or through the internet.”

Navien places a consumer-warning label on every one of its shipping cartons indicating that the company’s warranty is void if purchased over the internet.

“Additionally, the first page on our website,” Lee adds, “make it very clear that acquired our products through the internet or any other non-approved manner, will void the warranty.”

Last year, the company also relocated its New Jersey Training Academy and Tech Call Center, doubling its size with the move to the new facility.

The new location can seat 40 visitors and train them in a separate hands-on room. Navien offers both one-day and two-day training classes

“In order to join in the overwhelming trend toward condensing/high efficiency technology,” Lee added during this interview, “our professional partners will need to be trained. As a leader in condensing technology we will train more than 25,000 individuals this year on the advantage of condensing product and specifically on the installation advantages of Navien products – knowledge we are very happy to share.”

To further help the professional installer, Navien helps consumers understand the lifecycle costs of its equipment rather than just the initial first cost.

“Sticker shock is always going to be top of mind for many consumers,” Lee said. “That is why Navien offer resources to help consumers understand costs associated with selecting a Navien product.”

For example, Lee said the company offers “robust” assistance that informs consumers of local rebates available to them when choosing a Navien water heater or boiler. And with the new efficiency standards implemented by the National Appliance Energy Conservation Act, tanks cost have increased making them that much more comparable in price to tankless heaters.

Million & Growing



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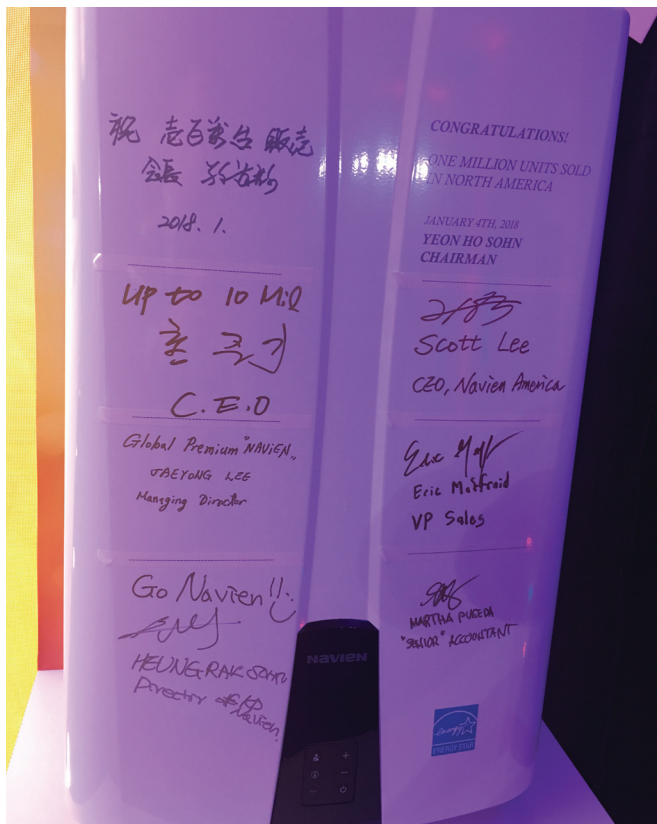
“Consumers have become savvy shoppers and do a lot of research before they make appliance purchases,” Lee said. “If we can provide tools to help consumers understand the costs and values associated with their next water heater purchases, it will point them to switch to tankless because the cost-savings and value is clear.”

As one more step in the education process, Navien maintains a busy trade show schedule, attending more than 20 trade shows and other industry-related events last year.

In fact, the company’s celebration in California came one day after the close of this year’s AHR Expo in Chicago.

At that exhibition, the company unveiled its new residential and light commercial boiler Navien Firetube Boiler (NFB) with a stainless steel heat exchanger.

“One thing that stands out in my mind ... is fighting challenges through innovation,” said another of the night’s speakers, Heung-Rak Sohn, the director of strategic



Navien executives signed a ceremonial tankless water heater to commemorate the sales landmark.

marketing. “Our world is changing rapidly, and trends come and go in various ways, but KD Navien is changing too.”

Sohn said the company – whose name refers to “navigator in environment and energy” – will continue to launch new models featuring the latest technology that is both energy-efficient and environmentally sustainable.

“I believe all this technology, process and customer support will lead us to another record in the near future,” Sohn added. ●