



Thornhvac
HVAC Recruiters

Thornhvac Commercial Heating Sector Survey 2014

Overview

Thornhvac's 2014 survey into the state of the current commercial heating market asked the opinions of those working in sales roles within the sector to analyse the trends and challenges facing companies operating in today's price sensitive market.

Executive summary

UK sales managers in the commercial heating sector believe that tight budgets have helped to create a market in which price is now likely to be an influencing factor in the majority of deals.

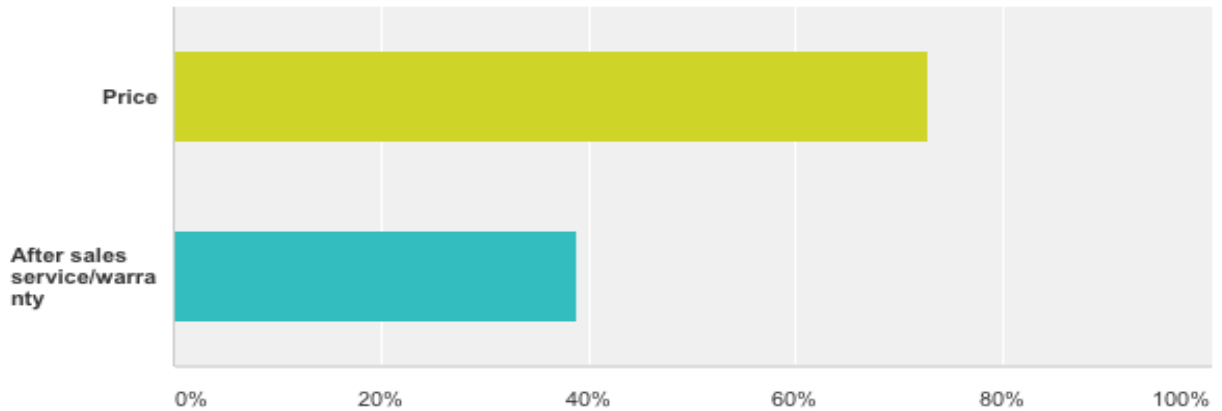
Over willingness by some companies to cut margins or lose money on a contract in order to win business is helping to fuel a price war and making it hard for some companies to compete.

Commercial heating firms are struggling with increased competition, squeezed margins and cheap foreign imports along with the fact that businesses are still conserving cash and underinvesting. However, good after sales service, extended warranties and brand reputation are still trump cards that can be played when negotiating contracts. Bigger clients value reputation and reliability and are still willing to spend more for quality and after sales service or for installations that come with extended warranties.

One of the emerging trends of the last couple of years has been renewable energy and our study shows that 63% believe this will be the biggest area of growth over the next 12 months.

Results

1. Which of the following factors - price and after sales service- is typically the most important when it comes to securing a deal?



72% of respondents said price was the most important factor for their customers.

38% said offering good after sales service or a warranty was either equally important or more important.

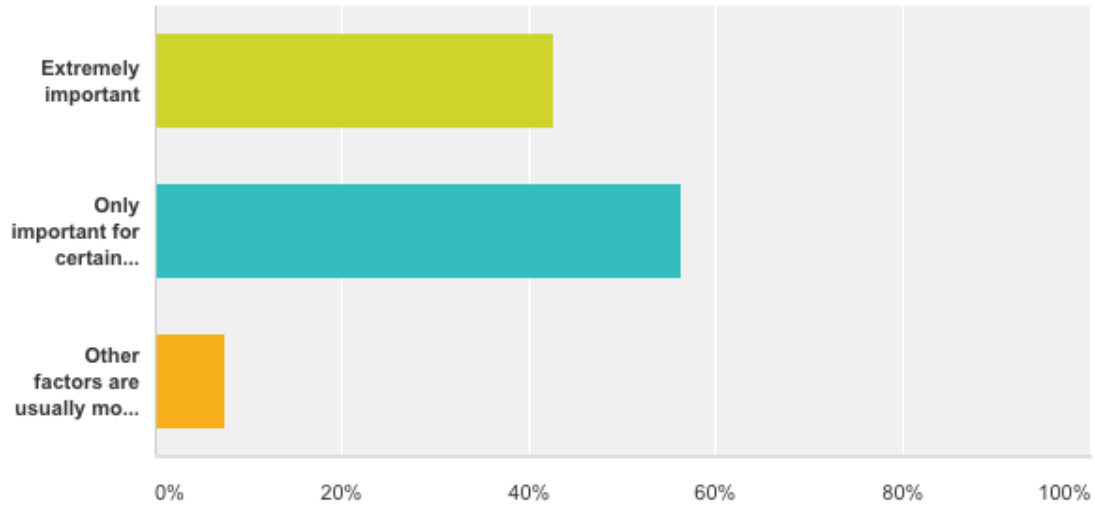
It was felt that larger clients were more likely to want reliability and quality with after sales service and warranties being the most important factor.

Most respondents felt it was having the right combination of the two that was most important, giving a solution that offers the best value for the project in question.

Other factors that were mentioned included supplying materials on time and in full, lead time and brand.

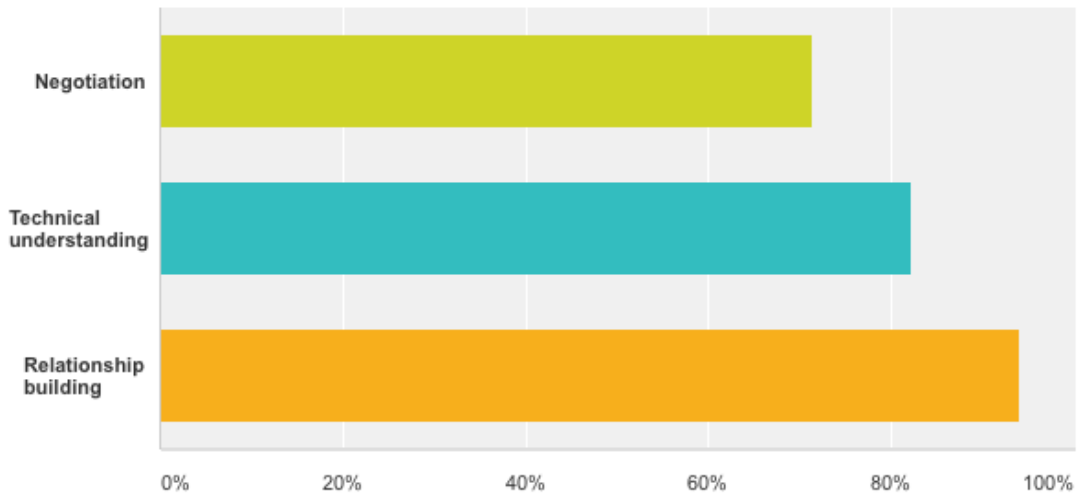
A lack of good after sales service was felt to present the greatest risk to a commercial heating brand.

2. How important is brand reputation when you are selling commercial heating products?



Brand reputation was felt to be extremely important by 42%, with 56% saying it was particularly important for certain customers. Only 7% felt other factors were usually more important.

3. What skills does a commercial heating sales person most need to succeed in the current market?



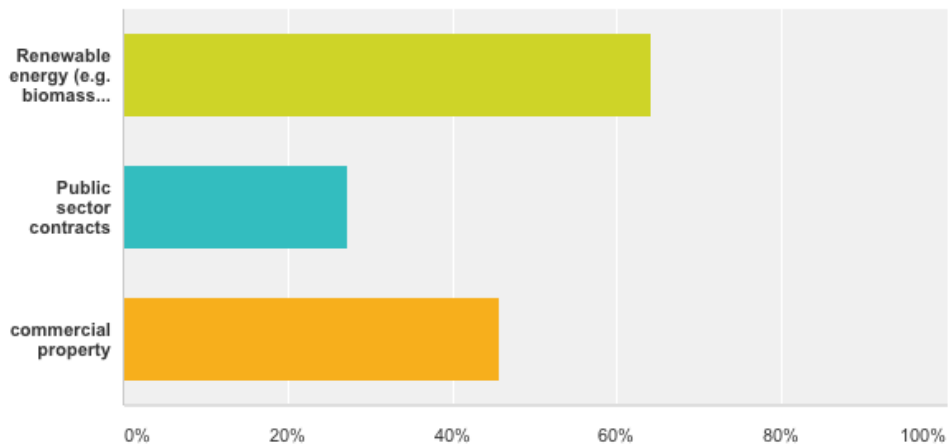
94% said a sales professional who can build strong relationships with existing and potential customers has the best chance of securing the business.

Technical understanding was felt to be the second most important quality, closely followed by good negotiation skills.

Other qualities mentioned included:

- A solid understanding of competitors' business offerings
- An ability to relate to customers and craft a suitable solution
- Honesty and integrity
- Sector experience
- Product knowledge

4. What do you believe will be the biggest areas of growth for commercial heating sales in 2014?



64% predict that renewable energy, e.g biomass boilers, will be the biggest area of growth in 2014. Commercial property is predicted to be the second most important area in the coming year with 28% anticipating growth in public sector contracts.

Driving down into the detail, student accommodation and social housing are seen to be important growth areas for commercial heating sales in 2014.

Public sector growth is likely to come in the shape of Government projects such as investment in mental health infrastructure and prison upgrades.

Within the renewables sector, CHP was highlighted as one of the key areas for growth.

Energy efficient heating and community heating systems were also mentioned.

5. What are the biggest challenges you face in your Commercial Heating Sales Role?

Commercial heating firms are struggling with increased competition, squeezed margins and cheap foreign imports along with the fact that businesses are still conserving cash and underinvesting.

Over willingness by some companies to cut margins or lose money on a contract in order to win business is fuelling a price war that is making it hard for some companies to compete.

A major consequence of this price sensitivity is that less profit is being generated for innovation, growth and brand promotion.”

With fewer contracts available and more companies fighting for the same business this situation is intensified.

Other factors that were mentioned included an influx of cheap foreign imports being sold by companies that don't worry about the consequences of letting the end user down.

Confidence is still fragile and companies are still conserving cash and underinvesting.

There is a general feeling that the industry is slow to take up new and innovative ideas and technologies.

Uncertainty relating to green energy legislation and ERP were also mentioned along with the challenges that the new Part L changes will bring in 2015.

Thornhvac is a leading HVAC recruitment company serving the UK's heating, ventilation and air conditioning markets.

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