



Thornhvac Air Conditioning Sector Survey 2014

Overview

Thornhvac's 2014 survey into the state of the current air conditioning market sought the views of those working in sales roles within the sector to analyse the trends and challenges they face in their everyday dealings with clients. The research also asked about their perception of the manufacturers operating in the UK market to find out which were felt to have the leading products and be the best companies to work for.

Executive summary

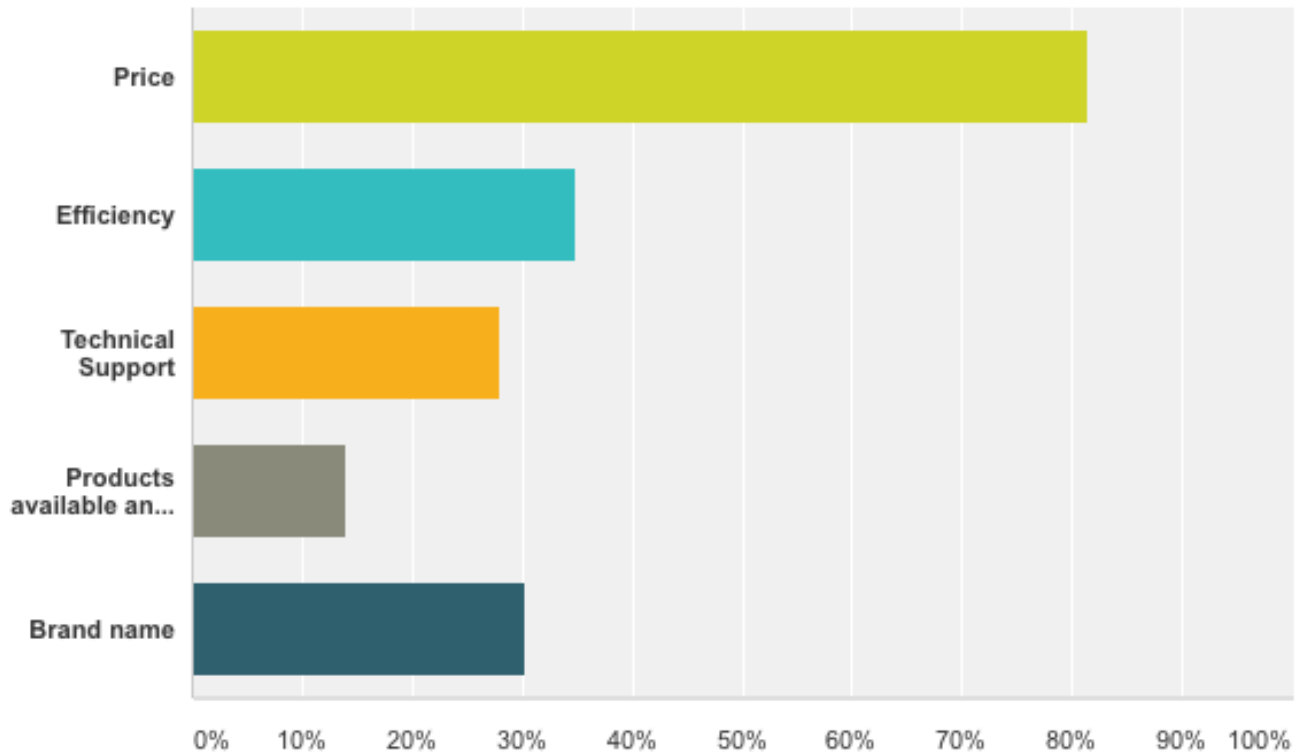
UK sales managers in the air conditioning sector now tend to have dealings with at least two key contacts when they are negotiating a new contract. Clients increasingly look to an air conditioning salesperson to provide the best price and the most comprehensive technical advice, which means the salesperson will need to have the expertise to talk business and budgets at the top of the chain and nuts and bolts at the bottom. Price is considered to be a client's top priority by 81% of respondents with 80% also believing that technical knowledge is a salesperson's most valuable skill when it comes to sealing a deal.

Growth in the sector is widely predicted and this confidence is sparked by an upturn in the economy and tighter regulations requiring the upgrading of equipment, for example R22 replacement.

The air conditioning manufacturers that are perceived to be the best companies to work for are Daikin, Mitsubishi and Airedale. The same three were also perceived to offer the best products and services.

Results

1. What is the top priority for your customers when it comes to agreeing a deal?



81% of respondents said price was the most important factor for their customers.

Efficiency was the second most important consideration, followed closely by brand name. Technical support was third followed by product availability.

Overall respondents said that finding the right solution for the job and offering value for money were key to a successful sale. Reliability was also felt to be an important factor.

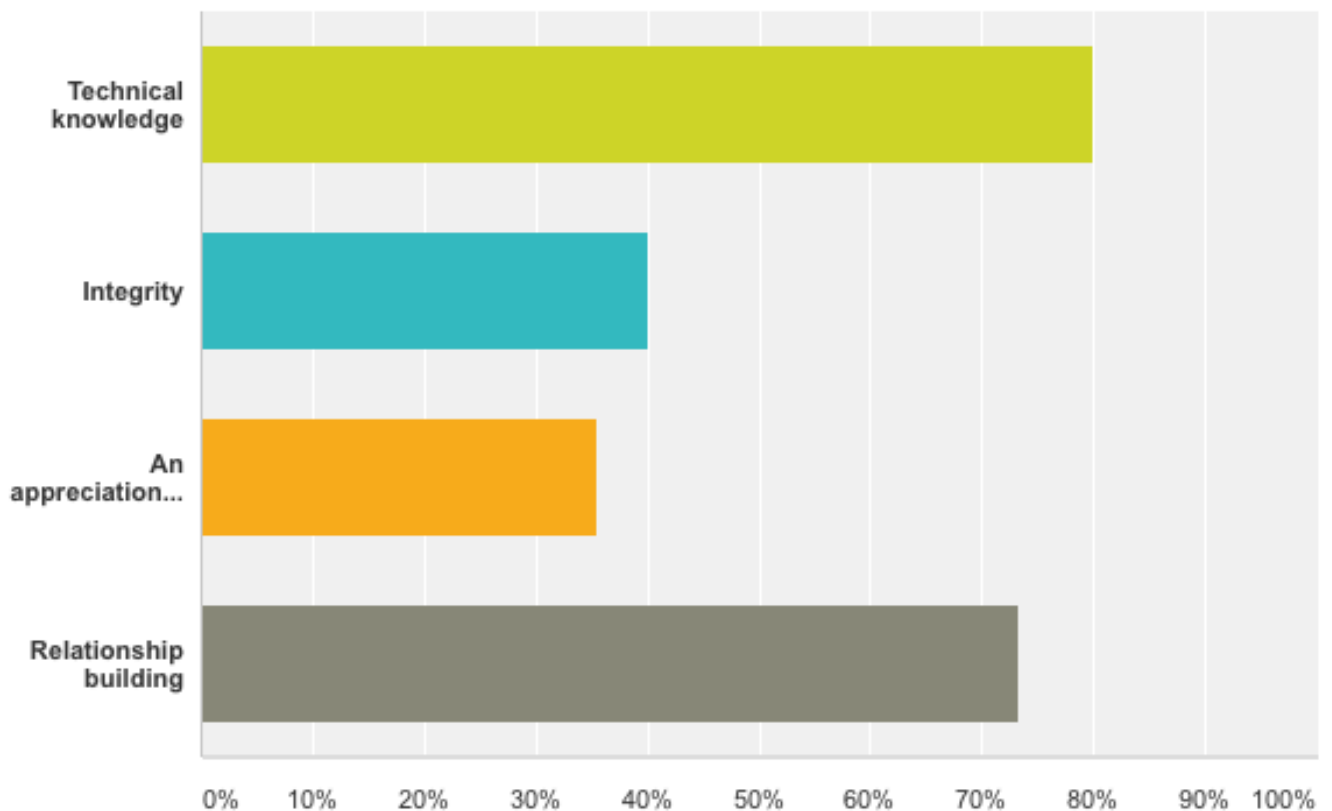
2. How much information are you typically asked to provide about a product's energy efficiency?

More than half of respondents (52%) felt energy efficiency was only important for certain customers although 41% said customers typically demanded detailed information on a system's energy efficiency and running costs. Only 18% said their customers took it for granted that all products met minimum efficiency standards.

Other information frequently requested included:

- Specific Fan Power
- Minimum Efficiencies and SEER (Seasonal Energy Efficiency Ratio)
- PUE (Power Usage Effectiveness)
- Cost of Ownership

3. What skills does an air conditioning sales person most need to succeed in the current market?



80% said sales professionals with strong technical knowledge had the best chance of securing new business.

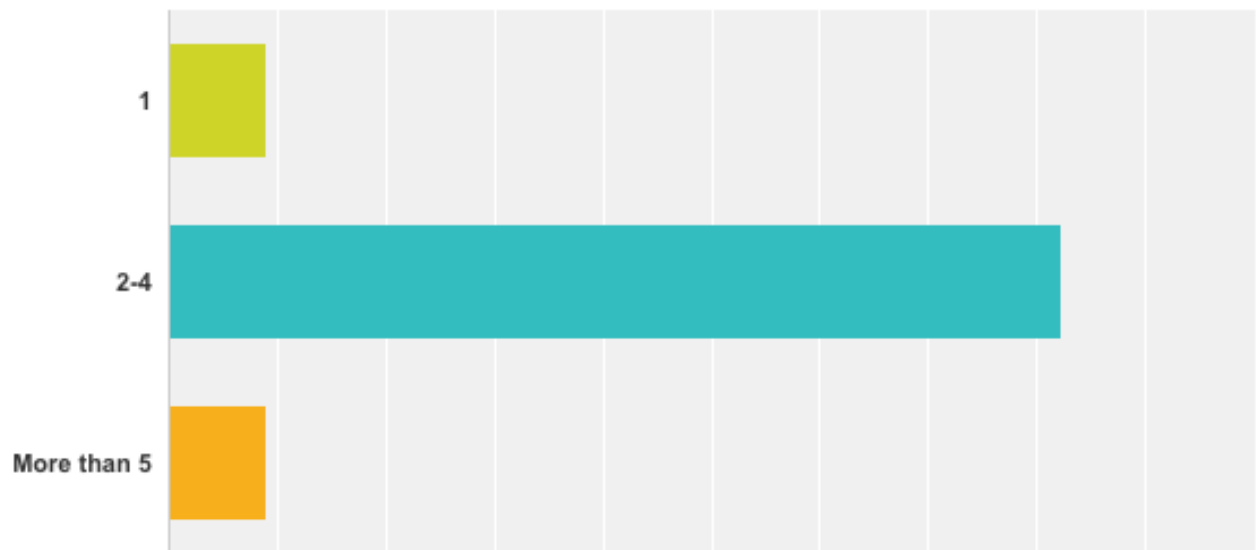
Relationship building was a close second with 75% ranking this as a vital skill.

Integrity was the third most important quality with an appreciation of budgets and return on investment being selected by 35% of respondents.

Other qualities mentioned included:

- An awareness of market trends
- Knowledge of industry specifications and requirements
- Excellent communication skills
- An ability to bounce back!

4. How many people does an air conditioning sales person typically deal with when negotiating a project?



This question was prompted by in-depth interviews with those currently working in sales roles within the air conditioning sector and recognised the fact that there is often a chain of command involved in capital projects.

The vast majority of respondents (82%) deal with between two and four people within an organisation during the negotiation process. In 9% of cases more than five people within a client's organisation will be involved in decision making. The remaining 9% of sales people deal with just one person.

5. What do you believe will be the biggest areas of growth for air conditioning sales in 2014?

New legislation was felt to be a key driver in the growth of certain areas of the market such as R22 and the replacement of VRV and VRF systems.

Heat pumps were also identified by many of those surveyed as offering potential for volume sales and growth.

The need for cooling systems in data centres and offices was seen as an area of opportunity with strong performance also predicted in the residential sector, particularly high end developments.

Other product and market areas with high growth potential included:

- **Air to water systems**
- **University buildings and accommodation**
- **Indirect adiabatic AHU systems**

6. What are the biggest challenges you face in your air conditioning sales role?

Remaining competitive on price was one of the most frequently mentioned challenges. There was concern from many of those taking part in the survey that competition was increasing, particularly from those offered sub standard products at cheaper prices. It was felt to be important for sales people to get involved early on in the design process and following projects closely through the tender and sub contract stages in order to secure the order.

Those working for smaller companies said they found it hard to compete against the top three air conditioning manufacturers in terms of brand

awareness. When dealing with customers who had dealt with one product and manufacturer for many years, it was often hard to persuade them to consider newer and less well-known alternatives.

In an environment where the top decision makers have ever increasing demands on their time, getting in front of the right person was a challenge. Most are too busy to talk in any depth about a project until it was at the order stage.

7. Which air conditioning manufacturer provides the best products and service for your customers?

The top three manufacturers that are perceived to offer the best products and services according to the survey are:

- 1. Daikin**
- 2. Mitsubishi**
- 3. Airedale**
- Toshiba**

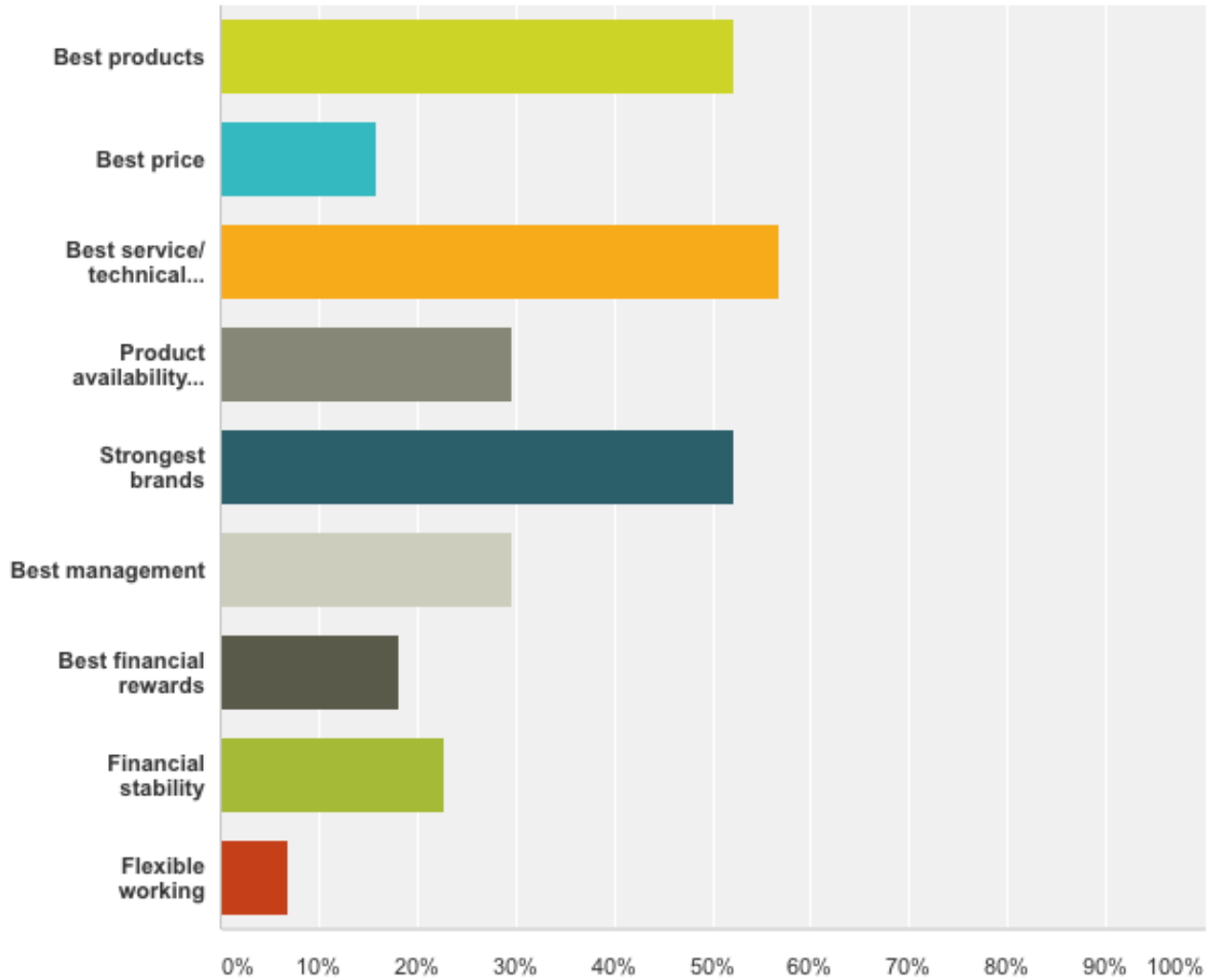
Airedale and Toshiba were in joint third place.

8. Which air conditioning manufacturer do you perceive as being the best to work for?

The manufacturers that are perceived to be the best to work for are:

- 1. Mitsubishi**
- 2. Airedale**
- 3. Daikin**
- 4. Toshiba**
- 5. Carrier**

9. Why do you perceive the above air conditioning manufacturer as being the best to work for?



Companies that offered the best service and technical support were felt to be the best to work for. Having good products was also felt to be important by more than half of respondents.

The top factors that make an air conditioning company good to work for are:

1. Service and technical support
2. Best products
3. Strong brand

4. Best Management
5. Product availability
6. Financial stability
7. Financial rewards
8. Competitive pricing
9. Flexible working

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