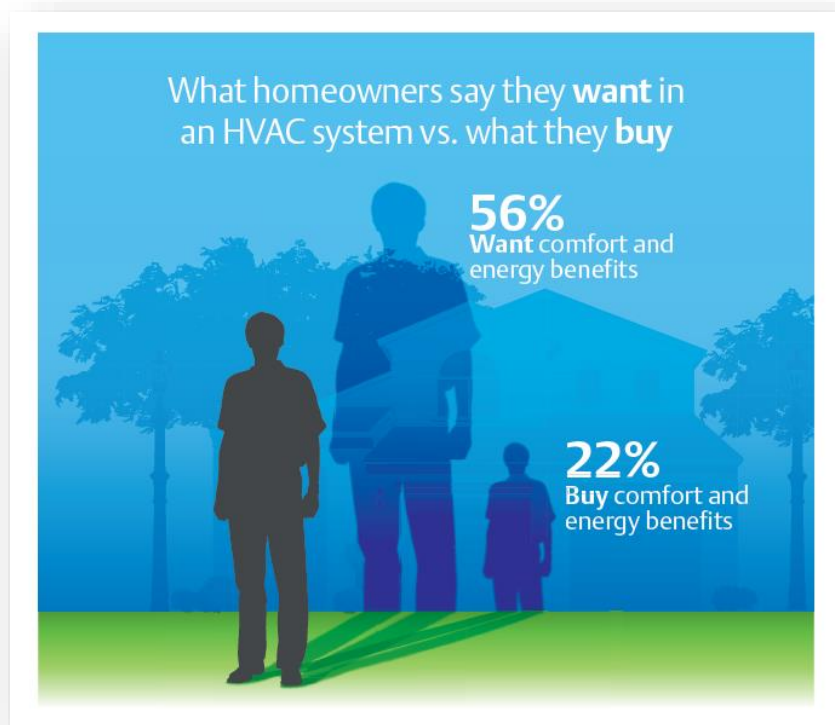


Getting Comfortable with Designer Air



**Selling High Efficiency
Systems:
New Consumer Insights
You Need To Know**

Today's Presenters



Frank Landwehr

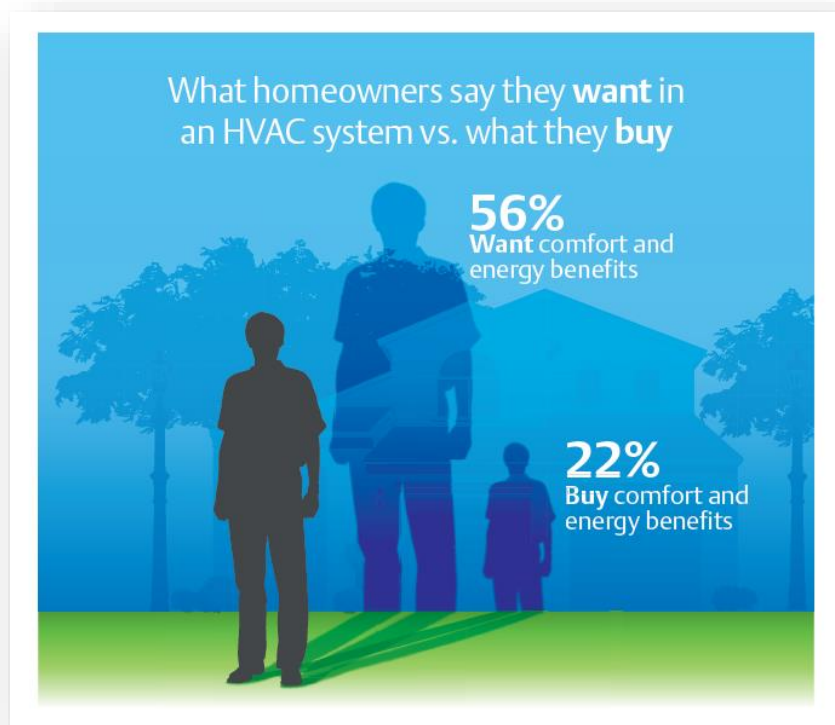
- Vice President – Marketing & Planning
- 25 Years Experience in HVAC Industry
- Responsible For Copeland Scroll™ And Other Products Marketed And Sold In The United States. He Has Worked In Various Planning And Marketing Roles Within Both The AC And Refrigeration Businesses Including Leading The Development And Launch Of Many Digital Media And Mobile Apps. Also Responsible For Emerson's New Industry Help Site For Homeowners, Facility Managers And Contractors Called [AC & Heating Connect](#).



Karl Zellmer

- Vice President – Sales
- 30+ Years Experience in HVAC Industry
- Responsible For Sales And Technical Support Of AC Products And An Expert On Energy-leading Technologies For The HVAC Industry. He Has Held Positions Of Increasing Responsibility In Operations, Marketing, Purchasing And Sales. Zellmer Has Been Instrumental In The Market Development And Introduction Of Scroll Technology, Beginning With The First Copeland Scroll Products. Zellmer Has Also Been Involved In Expanding Emerson Climate Technologies' Involvement With HVAC Contractors And Affiliated Associations.

Getting Comfortable with Designer Air



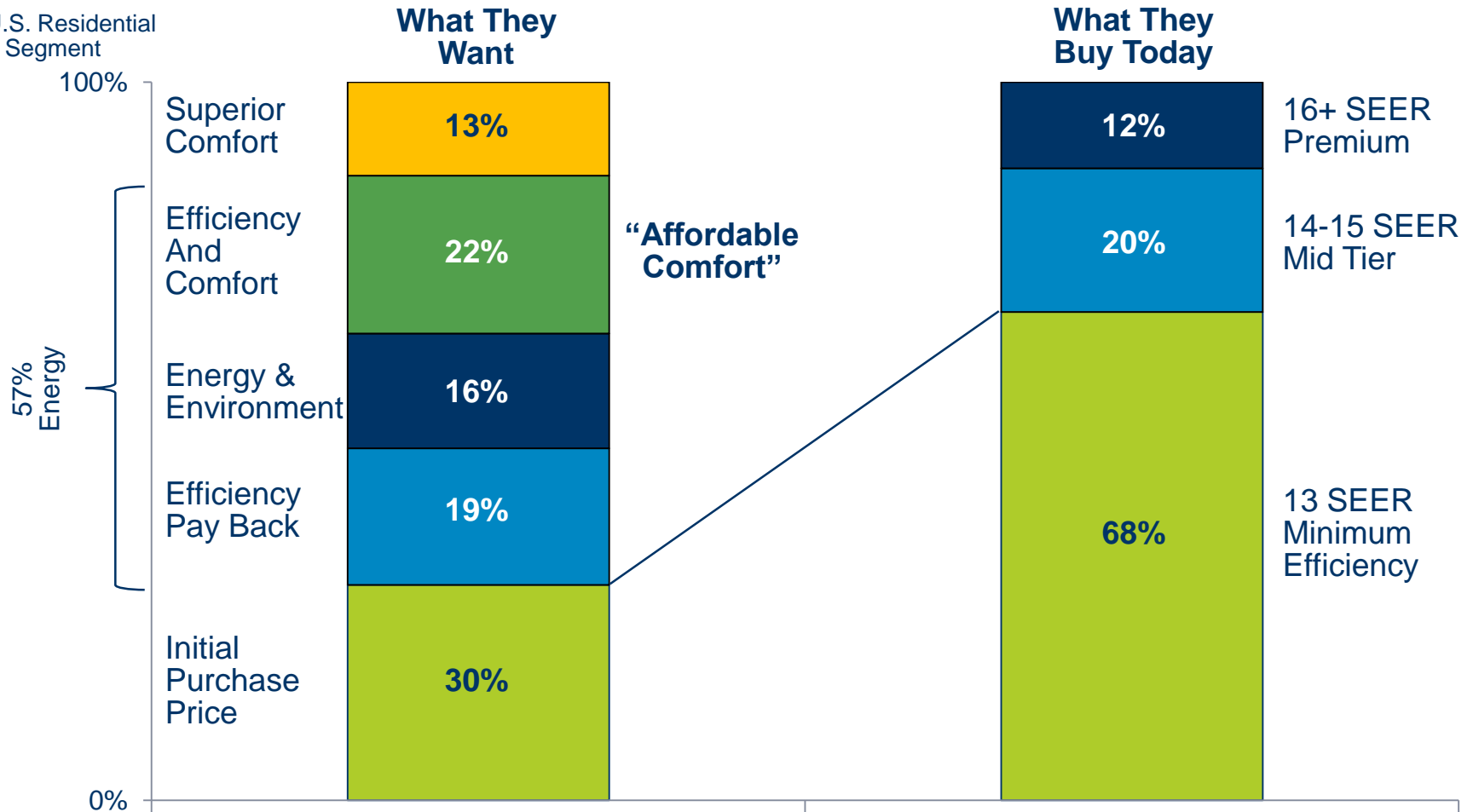
**Selling High Efficiency
Systems:
New Consumer Insights
You Need To Know**

Agenda

- ✓ **Consumer Preferences & Survey Background**
- ✓ **Homeowner Benefits**
- ✓ **Satisfaction With Contractors**
- ✓ **Advice From Previous Buyers**
- ✓ **Reasons For Not Buying**
- ✓ **Premium System Owner Profiles**
- ✓ **Homeowner Profiles And Preferences**

U.S. HVAC Consumers Show Preference For High Efficiency And Comfort

% Of U.S. Residential Market Segment



The Difference Between What Consumers Say They Want And What They Purchase

Polling Question:

How Difficult Is It For You As A Contractor To Convince Homeowners To Buy A Premium HVAC System (as defined by superior energy savings, comfort or other features)?

1. Extremely difficult
2. Very difficult
3. Somewhat difficult
4. Slightly difficult
5. Not very difficult, I do it every day



Survey Conducted To Understand Residential HVAC Buying Behavior

Objectives

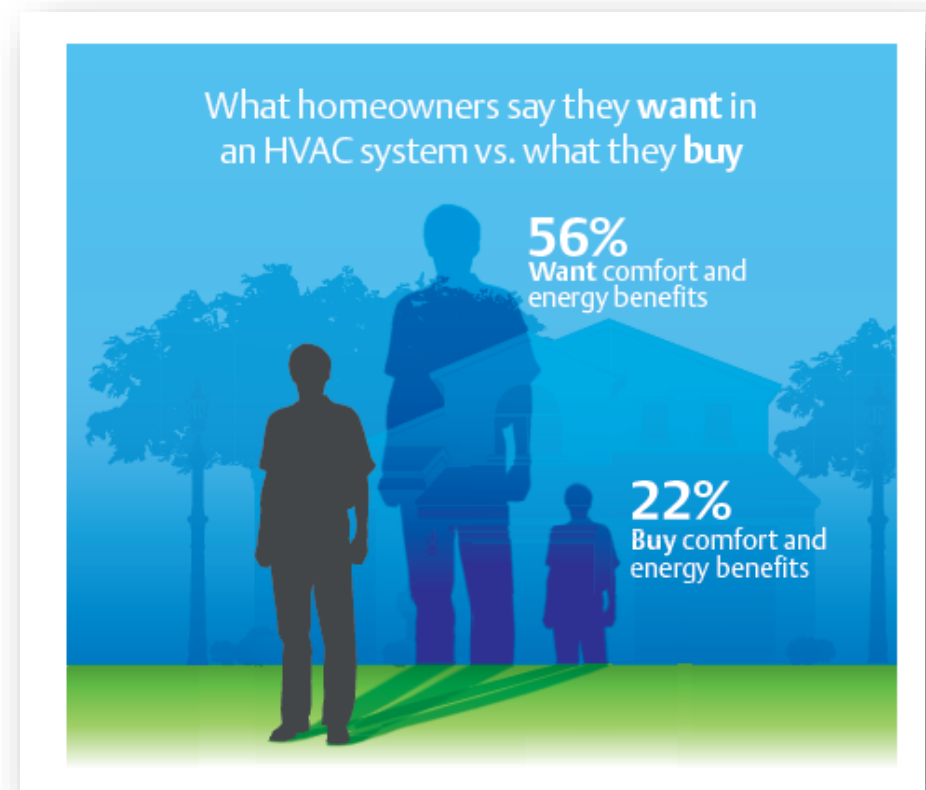
1. Quantify meaningful aspects of the buying process among homeowners who are about to purchase, or who have recently purchased an HVAC system
2. Three classes of consumers were studied:
 - **Buying:** determine the impact of buying factors on shopper satisfaction with the shopping experience
 - **Bought:** determine the impact of buying factors on customer satisfaction with their new HVAC system
 - **Should be buying:** determine the reasons why homeowners with older and problematic systems are not currently shopping for a new HVAC system in advance of system failure



Homeowner Buying Behavior

What They Want Vs. What They Need

- Majority of homeowners in the market for an HVAC system say comfort & energy benefits were reasons for purchasing a new system - less than a quarter actually bought for those reasons
- Emerson's survey found 59% of actual system purchases were driven by the failure of existing system or costly repairs required to keep it running and not comfort and energy benefits



Homeowner Benefits

2015 Residential Air Conditioning Consumer Research Highlights



Top 5 Benefits Homeowners Consider

NEW RESEARCH unveils **TOP 5 BENEFITS** that homeowners consider when selecting HVAC equipment.



Long term
reliability



Monthly
operating
costs



Always
produces
desired
air temp



The
purchase
price



Maintains
desired temp
throughout
home

Survey Highlights Several Benefits More Important Than Purchase Price

HVAC System Benefit	Importance to Buyers	Theme
The system will operate for a long time without needing to be replaced	11.8	Reliability, no hassle
The operating cost: monthly energy bill	11.2	Lower energy costs
Always produces the desired air temperature	8.6	Desired temperature
The purchase price	8.2	Initial investment
Produces even temperature throughout my home; no hot or cold spots	8.0	Desired temperature
Requires little routine maintenance	7.9	Reliability, no hassle
The equipment is adequately covered by a warranty	7.8	Warranty
The system can be quickly and easily repaired if it breaks	6.7	Reliability, no hassle
It is installed by a contractor I trust	6.5	Installed right
The system operates quietly	4.4	Sound
Average importance (maxdiff score, 18 attributes)	5.6	

Source: Residential HVAC Premium Systems Buyer Usage & Attitudes Study for PR Content, March 2015

Other Important Factors Considered When Choosing A Residential HVAC System

- The system operates quietly
- Has the best technology available
- Keeps the air clean
- Maintains humidity at my desired level
- Creates no strong drafts of cold or hot air when running
- Minimizes impact to the global environment
- It automatically notifies me when it needs servicing or repair
- Removes unpleasant odors from the air
- I can remotely monitor and control my home's climate via the internet



Always
produces
desired
air temp



Maintains
desired temp
throughout
home

Why This Might Be Important

Contractors Might Want To:

- Help customers avoid some basic mistakes by providing answers and solutions to some common problems
- Be prepared to discuss energy savings, government/utility rebates and any financing options which could help homeowners with their replacement decisions
- Help customers determine if a premium system is right for them
- Learn what customers are aware of and what they are probably not aware of with respect to their current system and also what is available
- Gain further insight into the profiles of satisfied versus dissatisfied HVAC customers
- Learn what they can do to help them through the process to make good decisions about their HVAC investments



Satisfaction With Contractors

2015 Residential Air Conditioning Consumer Research Highlights



Profile Of HVAC Customers Who Were Satisfied With Their Contractor

Top Indicators:

- Considered references from family/friends
- Hired an authorized dealer/contractor
- Had a previous relationship with the contractors they knew/trusted
- Found a contractor willing to perform diagnostic tests
- Relied more heavily on local contractors
- Were more likely to also be satisfied with their equipment selection and its performance
- Were less likely to think there was something better
- Receive multiple quotes for different systems
- Relied less on product brochures or government websites
- Used AC & Heating Connect help site

By The Numbers:

- 81% of satisfied buyers report a heavy influence of the contractor versus just 28% of non-satisfied buyers
- Satisfied buyers were more likely to have discussed high-efficiency systems with their contractors (88%) versus non-satisfied buyers (67%)
- Among homeowners satisfied with their contractors - 70% say their systems make them completely comfortable all year round
- Among those not satisfied, just 32% feel a similar level of comfort

Advice From Previous Buyers

2015 Residential Air Conditioning Consumer Research Highlights



Top Ten Points Of Advice To New Buyers Of HVAC Systems

	Points Of Advice To New Buyers Of HVAC Systems	# Of Responses
1	Research everything about the HVAC system (information online/read on consumer websites)	110
2	Get several estimates/ quotes/ compare prices	49
3	Consider energy efficiency/ high SEER/ potential energy savings	47
4	Get a qualified/ trusted contractor/ installer	46
5	Ask for recommendations	42
6	Ask questions/help from a professional	24
7	Ask questions from someone you trust/ family/ friend	19
8	Look for a long warranty/clear warranty agreements	18
9	Get best quality available	10
10	Consider your paying capacity/price of the HVAC system	12

Reasons For Not Buying (Repair Versus Replace)

2015 Residential Air Conditioning Consumer Research Highlights



Polling Question:

What Are The Most Common Excuses Your Customers Have For Not Buying A New HVAC System?

1. System works fine or was repairable
2. Cost issues/can't afford a new system
3. Has plans to transfer to a new location
4. System is new/system is not that old
5. Waiting until it breaks
6. Other



Top Ten Reasons For Not Purchasing New HVAC System

	Reason For Not Purchasing New HVAC System	# Of Responses
1	System works fine; no major problems encountered	309
2	No current need to buy a new one	58
3	Cost issues/too expensive \$	38
4	Can't afford a new system \$	25
5	System is maintained regularly	24
6	Has plans to transfer to a new location	16
7	System already underwent repairs/original parts were already replaced	14
8	System is new/system is not that old	11
9	Waiting until it breaks \$	10
10	Has other things to think about/purchase \$	8

Premium System Owner Profiles

2015 Residential Air Conditioning Consumer Research Highlights



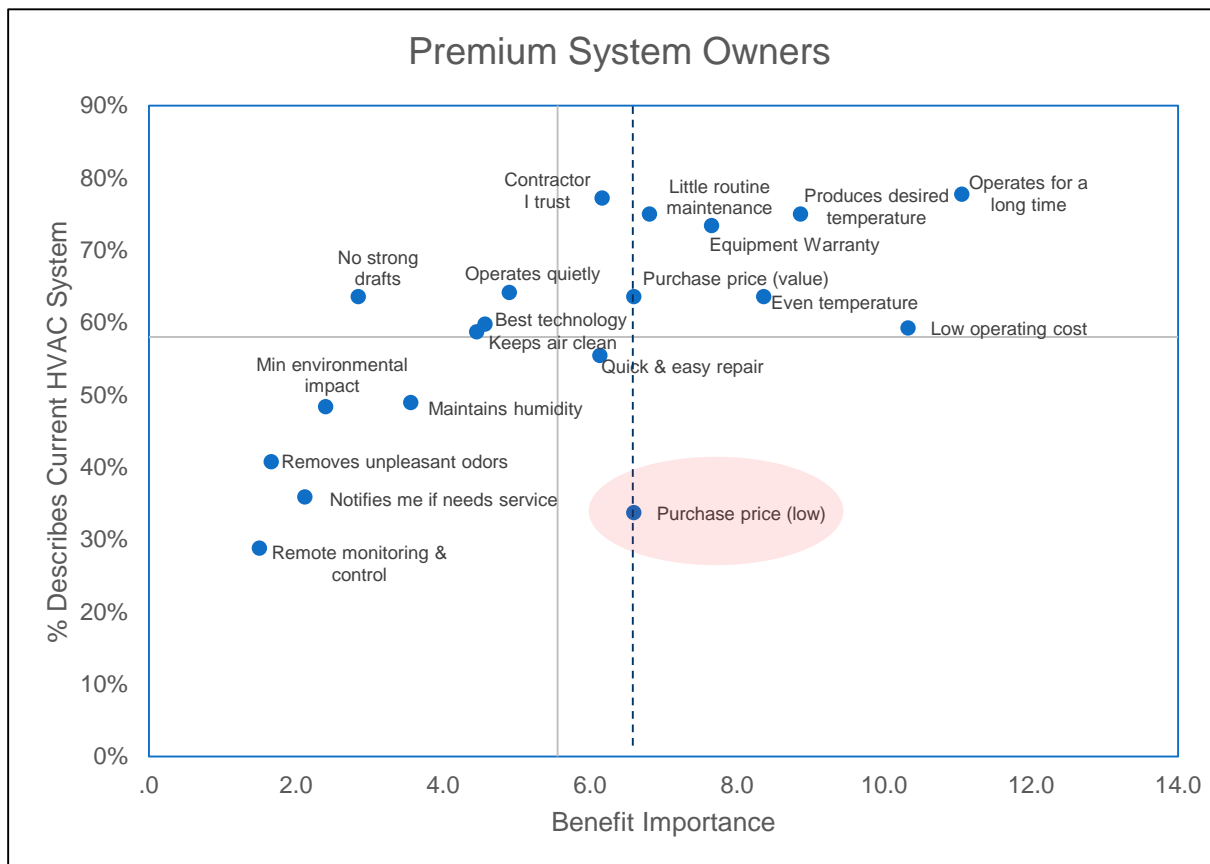
Premium System Owners vs. Non-Premium System Owners - Summary

- More likely to be very familiar with number of heating and cooling zones, HSPF, and AFUE
- Much more likely to purchase additional climate control equipment
- Having a system that is quiet, cleans the air, maintains desired humidity, and creates no drafts is more important
- More likely to agree that their system cleans the air, has minimal environmental impact, has repair alert, removes odors, and has remote monitoring
- Much more likely than non-premium system owners to have purchased for energy efficiency or for a more comfortable/healthier environment and less likely because of system failures or too much maintenance
- When selecting a contractor, premium system owners are more likely to take into account willingness and **ability to perform diagnostic tests**
- More likely to be female than non-premium system owners

Premium System Owners System Ratings X Benefit Importance

Supporting Data

- Premium system owners are more likely to agree that their system cleans the air and has minimal environmental impact

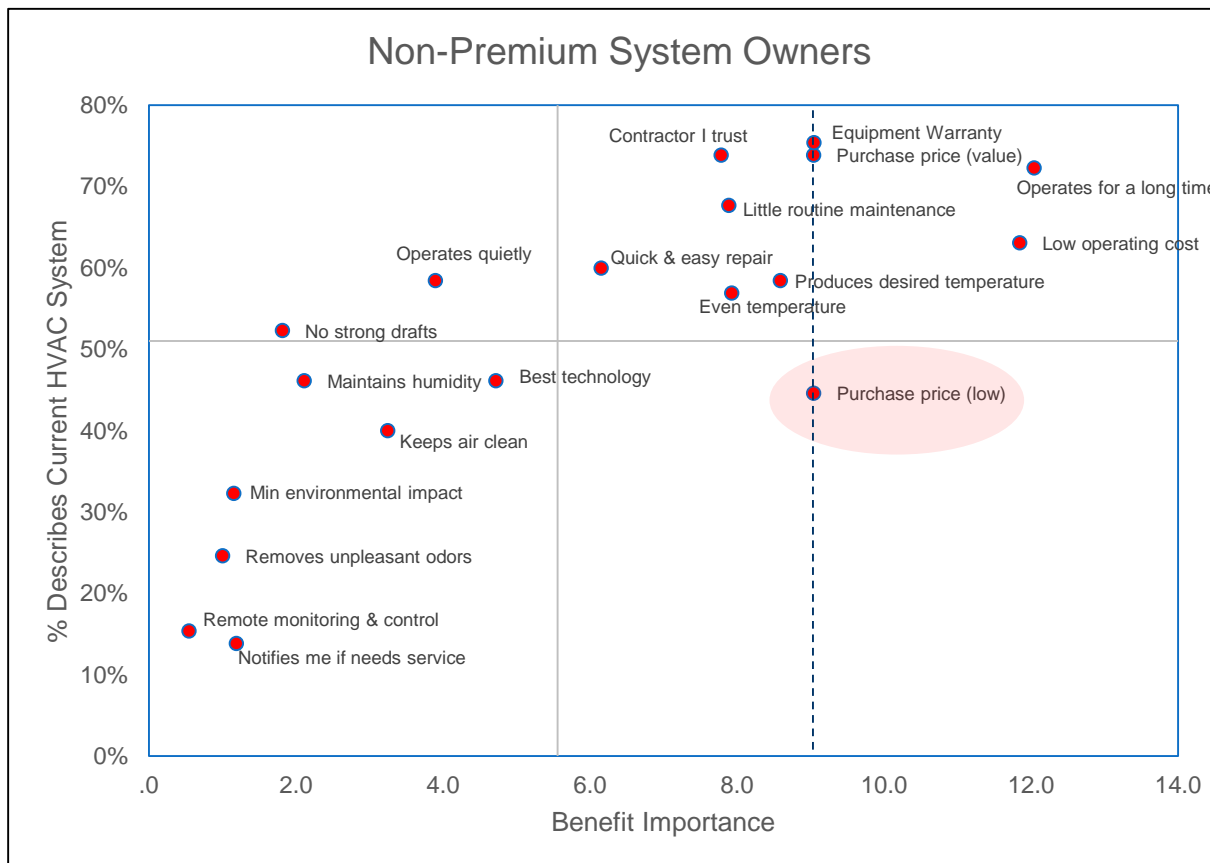


*Premium System: >\$10k or >14 SEER, purchased in the past 2 years

Non-Premium System Owners System Ratings X Benefit Importance

Supporting Data

- Non-premium system owners are more likely to agree that their system had a low purchase price, which is more important to them



*Premium System: >\$10k or >14 SEER, purchased in the past 2 years

Homeowner Profiles And Preferences

2015 Residential Air Conditioning Consumer Research Highlights



Polling Question:

What Do You Think Homeowners Would Be Least Likely To Be Given Up In Summer?

1. Microwave
2. Stove
3. Hot water in home
4. Internet access at home
5. Cable TV and DVR
6. Home security system
7. Refrigerator
8. HVAC system
9. Other



Most Homeowners Do Not Know Specifics About Their HVAC System

Old System Profile

- Most homeowners who purchased within the last two years **do not know the efficiency rating (SEER) of their previous system**

New System Profile

- 74% can't identify the SEER rating of their current system, 55% can't identify the SEER rating of the system they purchased within the last two years
- **Satisfied consumers are A little more aware (34%) of their SEER rating** than the not satisfied group (28%)

HVAC Attribute Agreement

- Those who recently bought and have newer systems are less likely to believe there are better systems available than the one they have
- Those in the process of buying are more likely to believe there are better systems than the one they have and they are more open to buying

Familiarity With Government Regulations

- Homeowners are **more familiar with energy star** than any other specific efficiency rating term



Homeowner Preferences On Maintenance And Reliability

Maintenance Frequency

- On average, homeowners perform maintenance on their systems every 9 months but answers vary greatly in the distribution from almost monthly to more than three years or “never”

Situation During Last Major HVAC Failure

- **57% of recent purchasers who had a major failure had to get it fixed immediately** versus only 39% of those currently in the market

Item Least Likely To Be Given Up In Summer

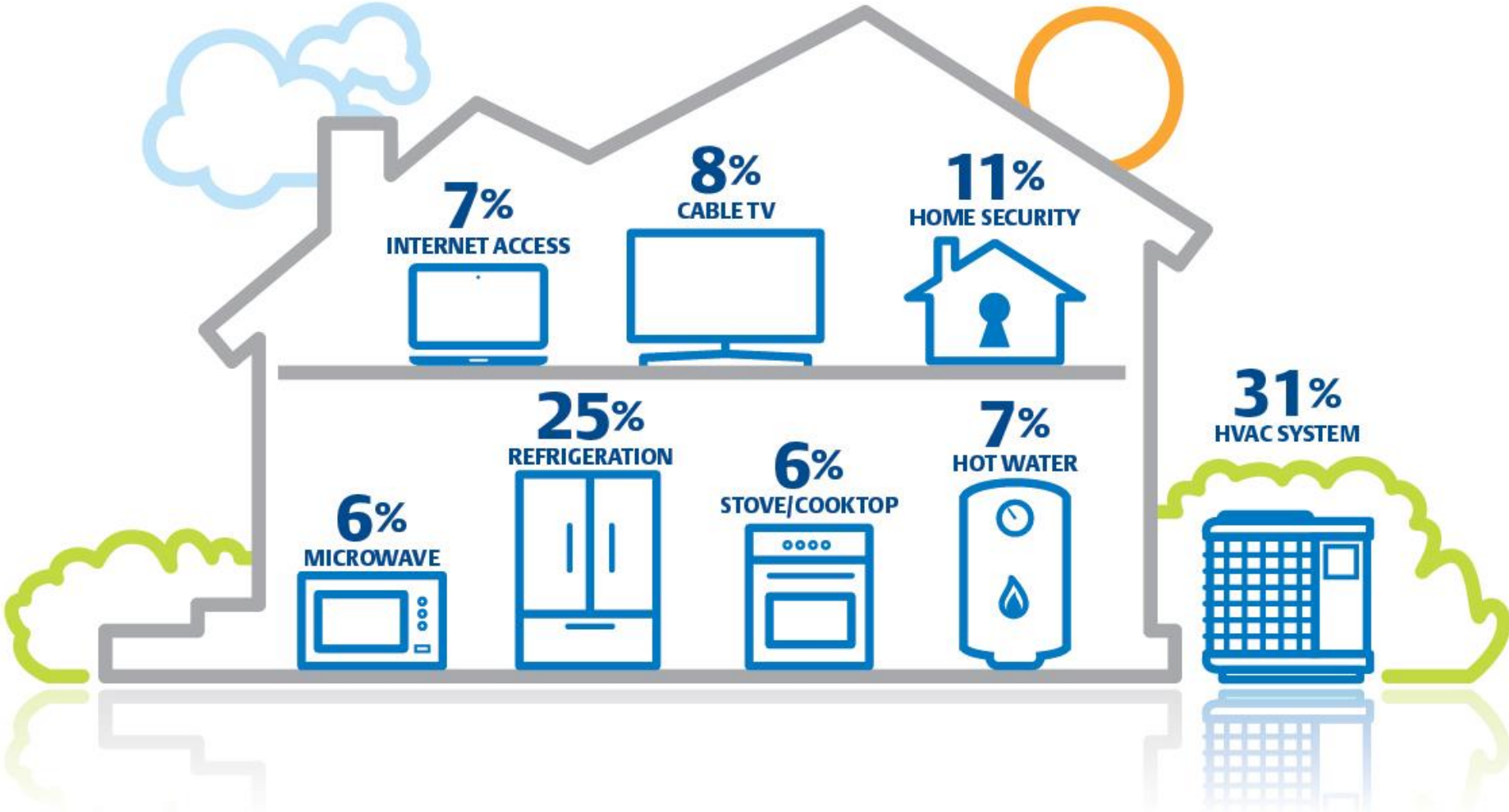
- **HVAC system is the appliance that respondents were most reluctant to give up for a week during the peak heat of summer, among eight common household appliances considered**

**HVAC IS THE
#1 THING**



consumers are **LEAST LIKELY TO GIVE UP** for a week, over their **REFRIGERATOR, CABLE TV and INTERNET.**

Items least likely to be given up in summer



Homeowner Research As Part Of The Buying Process

Information Sources

- Satisfied consumers relied more on local contractors for information while dissatisfied consumers relied more on friends/family, manufacturer websites and product literature
- AC & Heating Connect was one of the top 5 information sources for all categories

Research Time

- On average, consumers spend about 3 weeks researching system options before deciding; however, more in the “satisfied” group (33%) researched less than one week versus the “not satisfied” group (25%)
- This may be reflecting effectiveness of search methods by satisfied group

Steps In Buying Process

- **79% of the “not satisfied” respondents said they shopped for deals** but only 65% of the “satisfied” respondents said shopping for deals was most important



Successful Contractor Influence On Purchasing Decision

Contractor Influence

- **Satisfied consumers were more heavily influenced by their contractors** when deciding which system to purchase
- Dissatisfied consumers were influenced less by their contractors

Contractor Evaluation

- **On average, consumers evaluate two different contractors** before deciding; however, more from the “already bought” group only evaluated one contractor (37%) versus the “buying” group (27%)

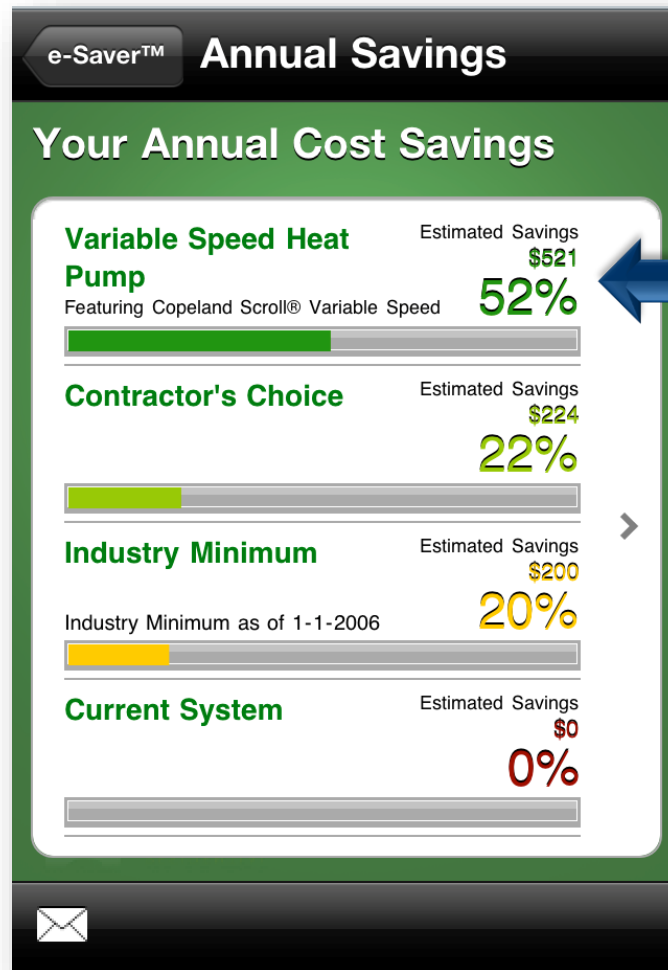
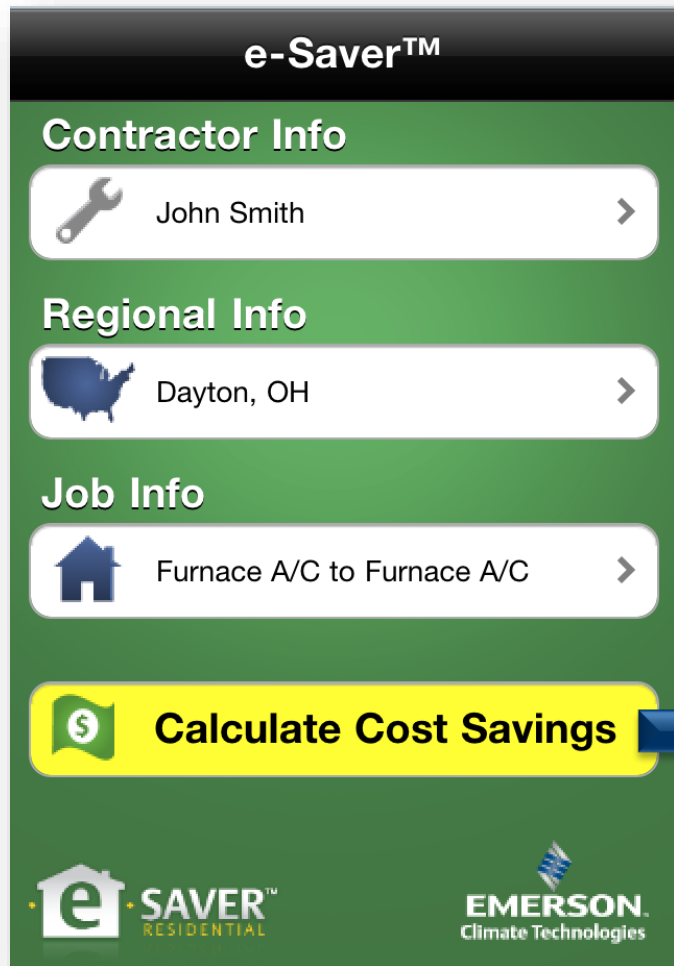
Tools To Assist In Purchase Decision

- Higher percentage of satisfied consumers were shown online tools, apps, websites (25%) versus not satisfied (18%)

Talking About Purchasing High Efficiency HVAC System

- **84% of those who bought systems were advised of higher efficiency systems** and a higher percentage of the satisfied buyers (87%) discussed high efficiency options versus the not satisfied group (74%)

e-Saver™ App Helps Contractors Explain Energy Savings With Higher SEER Systems



Shown In \$ And % Of Savings Off Base Unit

Side by Side System Comparison

AC & Heating Connect Aims To Answer Common HVAC Questions

117+

Unique Articles

915,148

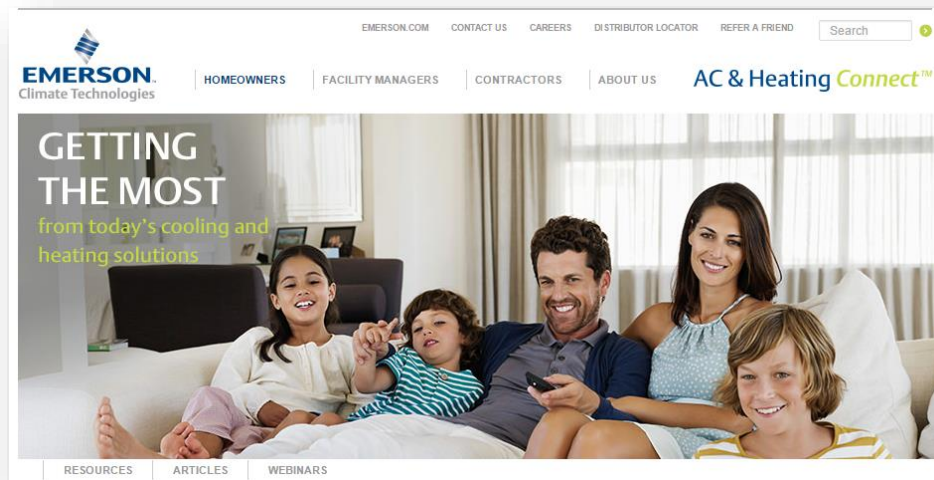
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“.....
OUTSTANDING BLOG AND FABULOUS INFO YOU SHARED HERE, I REALLY APPRECIATE YOUR WORK!
.....”



“.....
THANK YOU FOR YOUR VERY HELPFUL VIDEO. GOOD GRAPHICS, WELL THOUGHT OUT, CLEAR INSTRUCTIONS. BRAVO!
.....”

Key Takeaways For Contractors

- ✓ Must discuss higher efficiency options even if they don't buy them
- ✓ Must do sizing, ACCA manual J and D calculations, etc.
- ✓ Look into financing options with local institutions
- ✓ Reference objective online tools to support buying process (AC & Heating Connect, etc.)
- ✓ Should have good, local referrals and use them (social media and conventional methods)



INTRODUCING DESIGNER AIR

To Learn More On “*Getting Comfortable With Designer Air*”, Please Visit Our Webpage At emersonclimate.com/designerair

Stay Tuned For More Emails Containing Information And Timing On Our Next Webinar!

