# Growing interest in market intelligence of HVAC products

## Interview with Yannick Lu-Cotrelle
## Manager of Eurovent Market Intelligence

**Yannick Lu-Cotrelle**
Manager of Eurovent Market Intelligence

Eurovent Market Intelligence (EMI) is the **European Statistics Office on the HVAC&R market**, and provides key market data like:

- **Annual** and **Quarterly** analyses
- Market **Trends and Forecasts** (annually and quarterly)
- **Detailed information** on the equipments sold (technology, capacity...)
- Analyses **by country** (in Europe, Middle-East and Africa)

Detailed information on statistic program & database can be found at **www.eurovent-marketintelligence.eu**

In 2013, Eurovent Market Intelligence will celebrate 20 years of service to businesses in the field of market intelligence.

### How do you explain the growing interest of businesses in market intelligence?

In this difficult and very competitive economic climate, business leaders have more need than ever for points of reference for making rational decisions as to the direction of their activities.

For example, the last quarter of 2012 was particularly difficult in Germany for the chiller market, with a drop in sales of around -12% when manufacturers had instead been counting on a slight improvement. In this context, if a manager, who had been expecting an increase, sees that their sales representative for Germany records -8% in their sector, they are going to wonder why and will ask themselves two types of questions: 1) Is it my product that is not any good? 2) Is it my sales representative who is not any good? In the first case they will review their product range and perhaps drop the product in question; in the second case they will be tempted to part with their employee. But the answer to their question is perhaps elsewhere. By receiving the results of our data collections, they could deduce that the performance of their sales representative and/or product were not that bad (4%-points above the average drop in the market).

Moreover, from our results available on-line, it is possible to extract, by geographical sector and by product and sub-product segmentation, the company's market position as well as its market share and that is what is much more important for effectively managing sales. Saying that in the second half of 2012 your sales of chillers on the English market increased to €2.5 million against €2.3 million in the previous year has no strategic value in itself. However, knowing that in 2011 you were in 4$^{th}$ position, with a market share of 12%, and that in 2012 you are in 6$^{th}$ position with a market share of 8% is much more relevant and puts the previously mentioned figures into perspective. (It is important to understand that the market grew by around +15% in England during the second quarter).

**Quarterly Forecasts for HVAC-R Market Trends in Europe, 4th Quarter 2012.**

| Product * | Quarter 2012Q4 Evolution vs 2011Q4 | Year 2012 Evolution vs 2011 |
|---|---|---|
| AHU | -7.4% | +7.9% |
| Fan Coils | -2.8% | -3.5% |
| Chillers | -8.3% | -3.2% |
| Rooftops | -8.2% | -2.8% |

### Apart from the management of sales forces, are there any other advantages to be drawn from this market data?

One of the main advantages is at the product level. For example, in certain segments we are seeing a downward trend in sales over the long term, which is a reliable indicator for predicting that these products will have virtually disappeared within 5 or 10 years. A manufacturer which often recorded bad performances in this market and which did not participate in our data collections could think that it was an internal problem and would use up all its resources in trying to find it. Conversely, a manufacturer which, thanks to our data, had the necessary perspective would quickly understand that it is a losing battle and would transfer its resources to launching new products.

### Who draws up your statistics collection questionnaires and what criteria do you take into account?

Contrary to what certain external players may believe, the data collection questionnaires are not created by us but by... the manufacturers themselves. It is in fact during our working group meetings that the questionnaires are created either from scratch, if it is a new programme, or discussed, reviewed and improved if they are for existing programmes. Each questionnaire amendment is put to the vote of our participants.

As regards criteria, we take two parameters into account:

1) Is the requested information easily extractable?

2) Will the information be relevant from the market's point of view?

It is only when the answer to these two questions is "yes" that we consider changing the questionnaire.

### Are businesses reluctant to provide you with their confidential sales data? Might they not want to cheat?

Yes, traditionally businesses are very reluctant to provide this kind of data. It is only through working on creating trust in the long term that we have been able to achieve such results. Many are very cautious when we contact them. Sometimes they take several years to reach a decision, then one day they make up their mind, just to see, and then they realise that there really was nothing to worry about and appreciate all the more what they gain from participating. Since taking up my position almost four years ago, the manufacturers I've seen not renew their participation can be counted on the fingers of one hand.

Regarding the possible presence of cheats, it's a phenomenon which should be dismissed on the whole, because by doing so, the participant would bias the results it receives, and in an irretrievable way on data such as market evolution or market position. This kind of participant does not generally stay for more than a year, because it is not worth paying for a service that you can only half use. It should also not be forgotten that, by our participants' own admission, EMI is the statistics office which carries out the most extensive validation of manufacturers' data; we have such expertise that we have already automatically excluded new applicants after analysing the data file that was sent to us. As for the rest, a large number of our participants are still with us since our creation

20 years ago, which is a sign of the confidence they have in our work.

### You say that your participants are satisfied, but, apart from the growing number of businesses that are members of your programmes, do you have other tangible indicators of "customer satisfaction"?

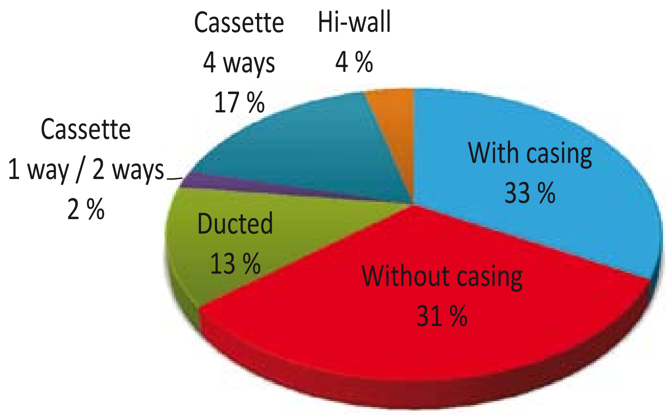
Yes, of course. In 2012 we carried out a major customer satisfaction survey with all of our participants, the detailed results of which were presented to them during our last committee meeting. 91% of our participants said they were satisfied or very satisfied with our programmes. Obviously, this figure means nothing if we are not able to maintain it or improve on it in the future.

Another indicator is the abundance of expressions of confidence from manufacturers. We have therefore decided to create a new section on our website in February 2013, to maintain a directory of these numerous testimonies. What is appreciated overall is our policy for continuous improvement in the various programmes. Each year we enhance the amount of data collected and, each year, we improve the nature of the audits that are carried out on the files received.

### Eurovent is based in Paris and you yourself are French; is there not a danger that French manufacturers will be over-represented?

No, on the contrary. You should know that French manufacturers barely represent 5% of our participants. A large number are from Italy (about a quarter), from Germany and from Northern European countries. However, we also have Spanish, Portuguese, English and many Eastern European manufacturers. What's more, for many years we have been welcoming participants from Turkey and the Middle East.

As for the rest, our commercial approach is resolutely international. Each year EMI recruits trainees from different backgrounds in order to diversify the languages spoken and the regions canvassed. This year the spotlight is on Turkey with the arrival of Miss Dila Algan, who comes from Galatasaray University and Miss Ebru Erdinç, also from Istanbul.




An example of the summary data created by EMI. Break down of fan coil unit sales in Europe, Middle-East and Africa.

### What are EMI's projects for the next three years?

Our priority will be to consolidate our existing programmes and to extend our service offering. Among the additional services, we plan, for example, to further position ourselves in the heating or solar sectors. The other focus for development is to refine our market forecasts in the short and medium term:

– on the one hand, through studying correlations with economic indicators outside the business activity, such as trends in granting building permits, for example;

– on the other hand, through continuing to develop our own expertise in the principles of the workings of the market.

From there on, it is not impossible that, over time, we will move towards advisory activities.

### Do you have anything to say about the economy?

Regarding the HVAC&R market in general, we can already say that 2012 was a sluggish year for the majority of chiller, rooftop and fan coil manufacturers, with a fall of around -3% for the year as a whole, according to our initial estimates. Overall, the last quarter of 2012 was the most difficult, as many manufacturers waited for the last quarter to make up for their losses, whereas it was very disappointing. Spain, Italy and France suffered fairly badly, whilst the United Kingdom, Russia and Eastern Europe fared somewhat better.

For AHUs, the year was not so bad, even positive for countries such as Germany, Russia, the Alpine countries and Northern Europe.