



2021 Trends in the HVAC Industry



Increased Technology & Connectivity – The Broader View For HVAC Manufacturing

Increasing technology revolving around connectivity and the Internet of Things is driving growth in the manufacturing sector.¹ The US HVAC equipment manufacturing industry includes about 1,500 companies with combined annual revenue of about \$43 billion—and the top 50 companies account for about 65% of revenue.² As the industry continues to grow and transform, what should be the key areas of focus for manufacturers?

Key Trends in HVAC manufacturing

There are a litany of individual trends affecting the industry—many of which are interrelated. Here are some of the bigger ones:

1) Going Green

- Balancing the comfort and well-being of a building's occupants while operating with net-zero emissions is fast becoming the long-term goal of HVAC design engineers.³
- Preparing for the phasedown of HFCs and the introduction of new refrigerants and the increasing use of heat pumps (particularly in the commercial sector) are steps toward the “decarbonization” of heating and cooling processes.
- As the green sector continues to grow, the HVAC industry will be a significant player at the forefront of green technology.⁴

2) Automation, Control & Connectivity

- Smarter technology has enabled customers to control processes through smartphone apps, while other mobile technologies will enable preventative maintenance and service programs. Automation for sales and services processes is becoming more prominent within the industry.⁵
- Building Automation & Control (BAC) technologies and products are evolving rapidly and are likely to include the Internet of Things (IoT), Industry 4.0, artificial intelligence (AI), and Security.³

3) Changing Consumer Demand

- Consumers are looking for maximum control over the indoor environments they occupy, including the quality of the air and the efficiency of energy usage.
- Millennials have been nicknamed “generation green,” with 66% polled in a recent Nielsen Global Survey stating they are willing to pay more for products and services that come from companies with commitments to positive environmental impacts.³
- In addition, the value of properties with smart home control systems has increased significantly.

4) Recruiting the Next Generation

- At the rate experienced Baby Boomers are retiring, the HVAC industry needs to court a younger generation of talent to fill its ranks—and the industry needs to think more about the work experience it provides for its employees.
- For Millennials (and a growing number of other workers—88 percent in total), company culture is central to business results.
- Company culture involves adopting tools to make the job easier and making company communication more immediate and fun.
- Today's workforce views phone calls as time-consuming and emails as more of a burden—nearly 45 percent of workers said they prefer text over email in one 2019 survey.⁶

All of these trends have a common thread: technology. Everything and everyone is more connected. Advances in technology continue to reshape the entire value chain.

Paying attention to individual trends is important, but the key question is: how do you make sense of it all and relate it to what needs to be done in your business? While the pace of change creates a lot of opportunities for manufacturers, it also presents one big challenge: how to stay ahead of the learning curve?

Beyond the Obvious – Taking A Broader View

The increasing influence of technology in the HVAC industry is not only about developing smarter controls that allow customers to control machines from their smartphones or for techs to monitor the health of the machines.

Technology will have a dramatic effect on how manufacturers, installers and service techs interact—and connect—with consumers.

Below are 3 ways that HVAC manufacturers can adapt to current trends to stay ahead of the curve:

1) Provide the Best Security & Privacy

- Being connected has great benefits—but it also presents great opportunities for hackers and cyber criminals.
- Think beyond the smart technology installed in the HVAC equipment—enhanced security should be in place for everything from employee communications, company networks, customer records and the networks that support all of this connectivity.

- Protecting the entire chain—from manufacturing to the end consumers, needs to be the focus. Manufacturers with the best—and easiest to implement—security will have a distinct advantage.
- IT professionals should be an integral part of the manufacturing, delivery, installation, and service processes.

2) Lead by Teaching

- Manufacturers are in the best position to help everyone else become well versed in the equipment they produce—especially in terms of understanding, using and talking about how the enhanced technology works.
- Take the time to train everyone—employees, distributors, installers, service techs and consumers.
- Being a great resource—and empowering all members of the value chain with knowledge—creates trust. Trusted companies are successful ones.

3) Embrace the New Generation

- Increased retirements and less interest in the trades has put increasing pressure on companies to recruit good talent.
- Millennials—and the generations that follow them—will become the new workforce over the next two decades—and they operate differently than their predecessors.
- The new generations of workers are more interested in company culture and connectivity. Companies that are willing to embrace a new way of doing business will attract more talent. Embrace the change.

The Bottom Line:

- Silos are dead. Everything from manufacturing to consumer purchase and after sale service should be transparent. Connecting to the entire value chain is not only possible but expected.
- With greater connectivity comes greater privacy concerns. Protection must be in place for everyone—manufacturers, distributors, technicians and consumers. Think security first. Build around it.
- Employees want to be connected—and need to have the training necessary to not only build, install and service equipment but also to be a resource for their customers. It is no longer about Customer Relationship Management. It should be ALL Relationships Management.

Understanding current trends and applying a broader perspective will help companies in the HVAC manufacturing sector stay ahead of the curve and, ideally, become examples of

how to take a holistic approach. It's not just about making the parts—it's about serving the entire value chain, from your own employees all the way to the end consumer.

Are you ready to lead?

High10 is adept at taking the “long-view.” While we have specific expertise in marketing your business in a digital environment, we are even better at helping you stay ahead of the curve. Our research and data analytics can provide the insights necessary for your company to make great decisions about how you invest your resources. As your marketing consultants, we will execute a plan that helps you achieve your business’ objectives. Call us. We’d love to help you lead your company to stronger relationships with your customers.

Sources:

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