

Frequently Asked Questions

BY GARRY UPTON

Over the course of 2007, this space will identify opportunities within customers' homes that you may not have observed in the past. The opportunities are based on a recent homeowner survey conducted by Decision Analyst, Inc.

Q: *Only one in three installation customers are signing up for a service agreement. What can I do to increase our service agreement ratio?*

On average in the U.S., 28% of all replacement sales include a service agreement. The major reasons homeowners don't purchase service agreements are: 1) "The unit is new and shouldn't break for years." 2) "I can do the basic maintenance myself." 3) "The cost just isn't justified for the service you just showed me." For starters, you can simply fold the cost of the first year into the cost of the equipment installation.

If that works, and you can convert the household into purchasing the next year after seeing the first year's value, great!

Selling the service initially is always better, of course, because it carries a value for the service in the mind of the

customer. Contractors who are most successful in selling service contracts tend to focus on:

- Regular system checks and tune-ups, performed by an expert
- Preventing costly repairs. The cost to fix the rest of the system (the furnace or AC they didn't buy) that's not covered by warranty
- Early problem detection. A small problem can easily be repaired before the customer is without heating or cooling at the prime part of the season
- Preferred emergency service/preferred scheduling service. Once customers know how hard it is to get you to their home, preferred service is worth the cost, without all of the rest
- Discounted parts, and flat, low rate repair calls.

There is much more to a good service

REASONS FOR NON-PURCHASE:

New system should not have problems for years.....	40%
Can do basic maintenance myself.....	32%
Cost not justified by service offered.....	16%

REASONS FOR PURCHASE:

Regular system checks/tune-ups.....	65%
Prevent costly repairs.....	59%
Early problem detection.....	49%
Preferred emergency service.....	32%
Preferred scheduling service.....	27%
Flat low rate for repair calls.....	21%
Guaranteed discounts on parts.....	20%
Discounts on parts.....	14%

contract than just "cleaning and checking" the units. Selling extras to the customer who has just been through the process makes it easier to add the cost of a service agreement to the new install. **CB**

Garry Upton of Decision Analyst, Inc., shares his interpretations of its American Home Comfort Study of homeowners, and probes into what customers look for in HVAC contractors. To learn more about this study, or to purchase it, contact Garry Upton at gupton@decisionanalyst.com.

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