

Case Study: HARDI and the HVAC Industry

In its work with the HVAC industry, D+R was able to provide HARDI with access to data at a level never seen before. Explains D+R Senior Director of Data and Information Systems Toby Swope, “HARDI members can now individually track their own absolute and relative performance against the aggregate market. Participants will also be able to download the aggregate data for internal analysis.” And depending on the level of participation by members, the tool also allows for sub-analysis by geographic region and product category. “Having this perspective has allowed HARDI to position themselves as the primary driver in the HVAC supply chain,” shared Swope.

Based on what D+R has observed in the HVAC industry, when distributors understand what’s happening in the market, they can react to upcoming changes in a more informed way. Instead of being wary of a developing trend, with hard data they can determine the actual impact on their business and industry. This enables them to see, in absolute terms, what will happen, instead of relying on anecdotal claims that may not be supported by accurate market information. Without concrete data, it’s difficult to assess the magnitude of the impact.

For example, when the U.S. Department of Energy Standards and state regulatory agencies such as the California Energy Commission introduce new standards, it directly affects product inventory for manufacturers, distributors, and installers. They want to know, in concrete terms, how changing to the newer, compliant product will impact them.

Manufacturers will have to change product lines. Distributors and retailers will have to sell through the non-compliant inventory—sometimes in a limited timeframe. And if they can’t sell it, they will have to

take it as a loss. If a standard is severe or immediate, distributors may have to work with contractors to educate them about the new products and new rules. Maybe installing the new product is not a big deal, but you have to wire it differently. So the changes also affect education and training programs.

Imagine if distributors could quantify and prepare for that impact in advance? They could start selling old inventory sooner, and only moderately adjust prices before having to take greater losses. Or, they could get a jump on competitors in developing education or training programs. These are decisions that directly improve the bottom line and company brand image.

In the case of the HVAC industry, most industry data was coming from the manufacturers. “It’s similar to NAED’s situation where within the supply chain, different actors may be mostly aligned, but ultimately approaching the system from their own perspective. Having their own aggregate data allows the distributors, and NAED, to better represent their interests,” explains Swope.

As an added benefit, the tool D+R developed for HARDI has improved how the industry looks at product categories. “The secondary benefit has been better harmonization within the industry about how products are categorized. Because all members get similar reporting, everyone is looking at products the same way,” shared Swope.

Having access to standardized sales data has enabled HARDI to better serve its market and members, and the individual members have gained access to market information that they need, but that can be difficult to collect. Working with a firm like D+R addresses not only both the logistics and processing of information, but also antitrust and confidentiality concerns. •

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