European mechanical installation monitor Q4 2021

Challenges towards a sustainable future

February 2022

A product by USP Marketing Consultancy

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About European Mechanical Installation Monitor

THE GOAL

To check and track the behaviour and trends in the European Mechanical installation market. This is done 4 times per year, by means of 650 phone interviews (per quarter) with registered HVAC installation companies and plumbers, divided over 6 major European markets.

THE RESEARCH TOPICS

Fixed part: Economic developments of the installation companies in Europe (order book and turnover development)

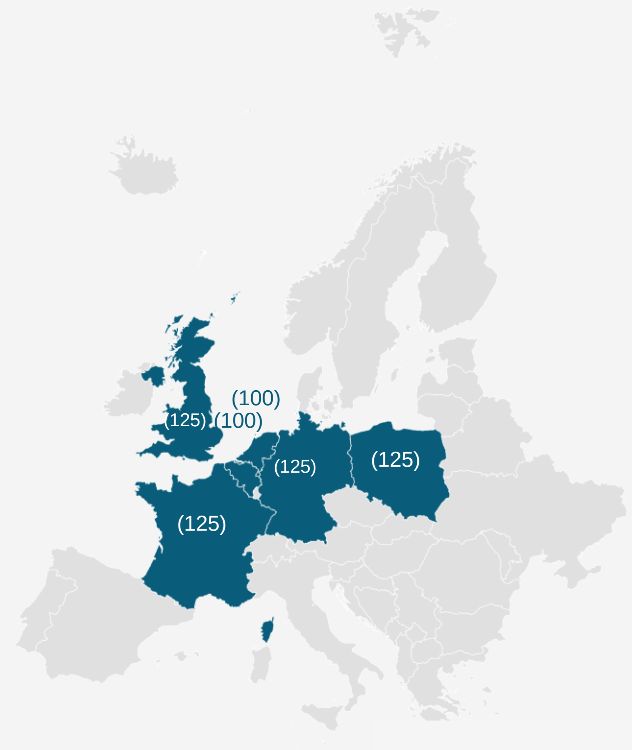
Quarterly theme topics in 2021:
Q1: Training needs pre- and post-corona
Q2: Services in the installation market
Q3: Purchase channels
Q4: Challenges towards a sustainable future

THE TIMELINE

Report Q1	Report Q2	Report Q3	Report Q4
May 2021	August 2021	November 2021	February 2022

COUNTRY SCOPE

Background characteristics of the interviewed respondents can be found in the appendix



PROJECT TEAM

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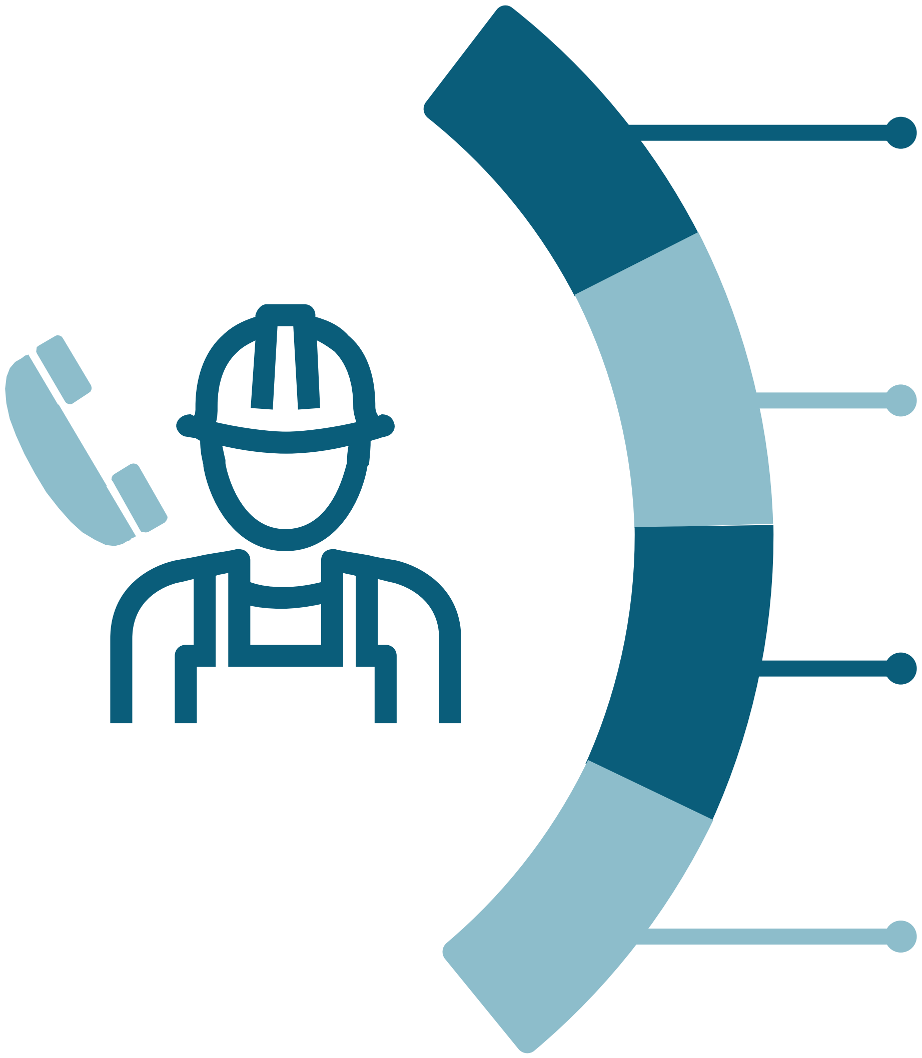
About target group & methodology



Surveying HVAC installation companies…

Interviewed companies need to provide HVAC installation services, but they may also do other activities in addition (Electrical installation etc.). Most interviews are conducted with owners/ directors or purchasers of these companies.

… selected from a country-representative database

USP possesses an international database of HVAC installation companies, which is constantly updated. Respondents are thus not part of a fixed panel; the sample varies from wave to wave.

… through phone interviews, by native-speaking agents

Phone surveys are the best approach for obtaining a sufficient number of interviews, in order to provide insights that can be relied on. These phone interviews are conducted by fixed fieldwork partners, located in the respective countries.

… weighting the results based on company size groups

Country results are weighted so that all three company size groups* have an equal influence on the total. As most interviews are typically conducted with small companies, we believe it is important to correct in order for large companies to have an equal impact on the 'total' results. This way the results are not heavily influenced by many smaller companies.

* **Group 1**: 1-4 FTE; **Group 2**: 5-14 FTE; **Group 3**: 15+ FTE

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Key takeaways

1

Business Development

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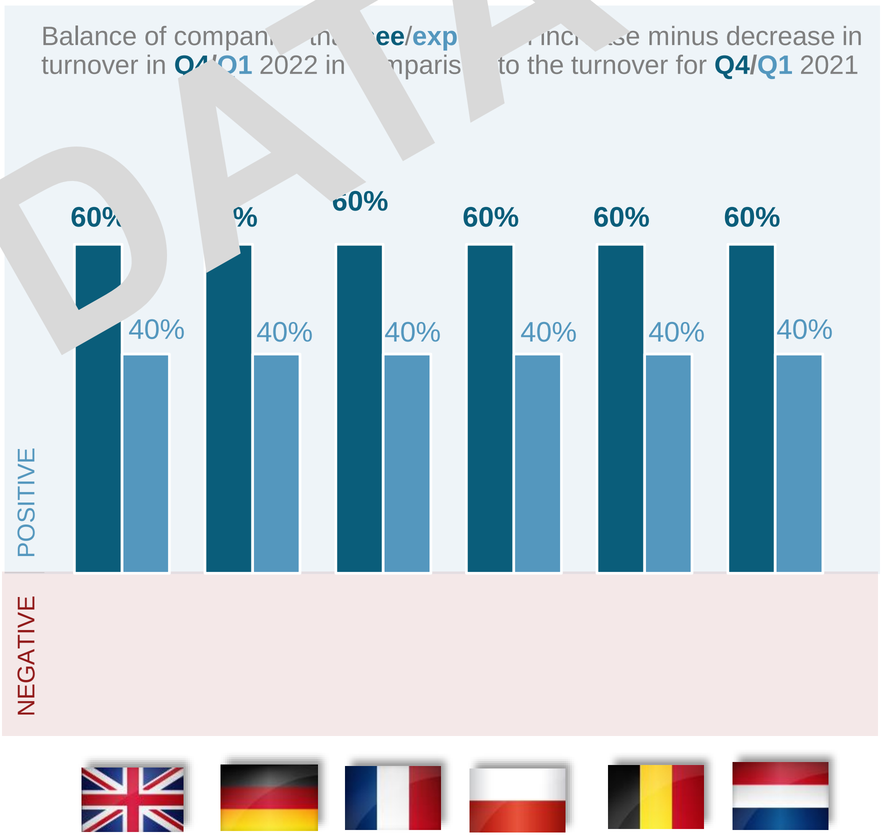
Turnover balance of installers Q4 and Q1 2022



Key takeaways

2

Theme: Challenge towards a sustainable future

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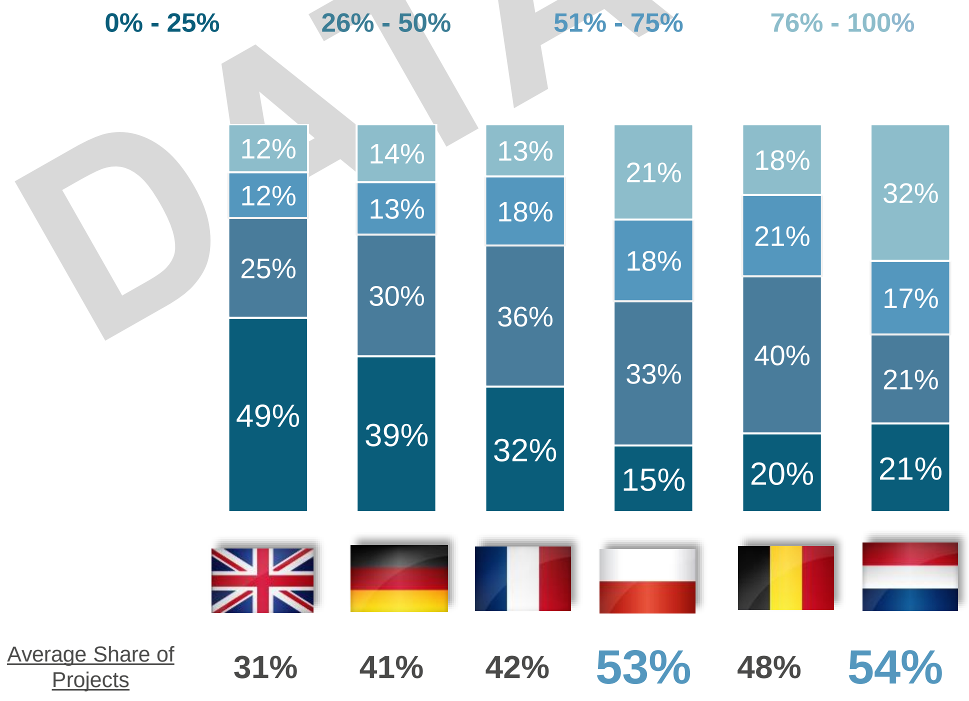
Share of projects where sustainability is taken into account (all projects)



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Core HVAC activities

Which of the following installation activities does your company perform?

	UK	Germany	France	Poland	Belgium	Netherlands
Sample size	*125*	*125*	*136*	*125*	*100*	*100*
Heating installations	50%	50%	50%	50%	50%	50%
Hot & cold water installation	50%	50%	50%	50%	50%	50%
Installation of sanitary ware	50%	50%	50%	50%	50%	50%
Ventilation	50%	50%	50%	50%	50%	50%
Air conditioning and cooling	50%	50%	50%	50%	50%	50%

Other installation activities

	UK	Germany	France	Poland	Belgium	Netherlands
Sample size	*125*	*125*	*136*	*125*	*100*	*100*
Solar cells, solar collectors	50%	50%	50%	50%	50%	50%
Electrical installation	50%	50%	50%	50%	50%	50%
Home automation installation	50%	50%	50%	50%	50%	50%

Core HVAC activities		By company size: 1-4 FTE	5-14 FTE	15+ FTE
Heating installations	40%	40%	40%	40%
Installation of sanitary ware	40%	40%	40%	40%
Hot & cold water installation	40%	40%	40%	40%
Ventilation	40%	40%	40%	40%
		40%	40%	40%

Other activities		By company size: 1-4 FTE	5-14 FTE	15+ FTE
Electrical installation	40%	40%	40%	40%
Home automation installation	40%	40%	40%	40%
Solar cell, solar collectors installation	40%	40%	40%	40%

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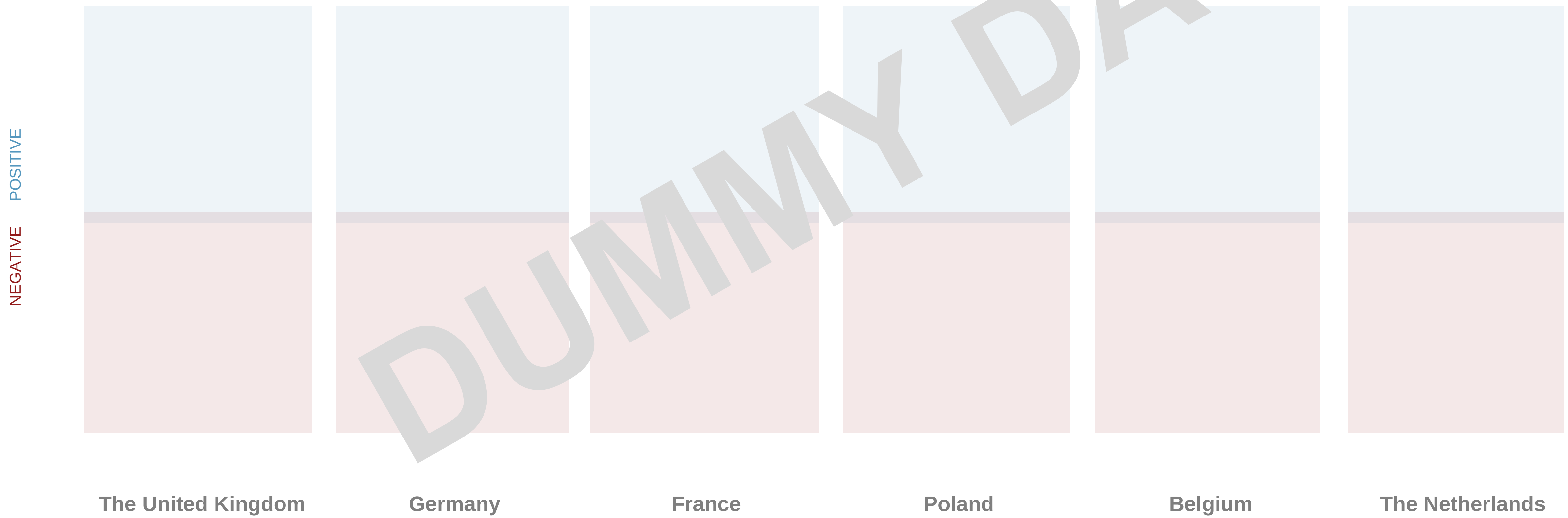
Turnover outlook last quarters and expectations for Q1 2022

TURNOVER BALANCE

(% INCREASE minus % DECREASE)

COMPARISON SAME QUARTER LAST YEAR



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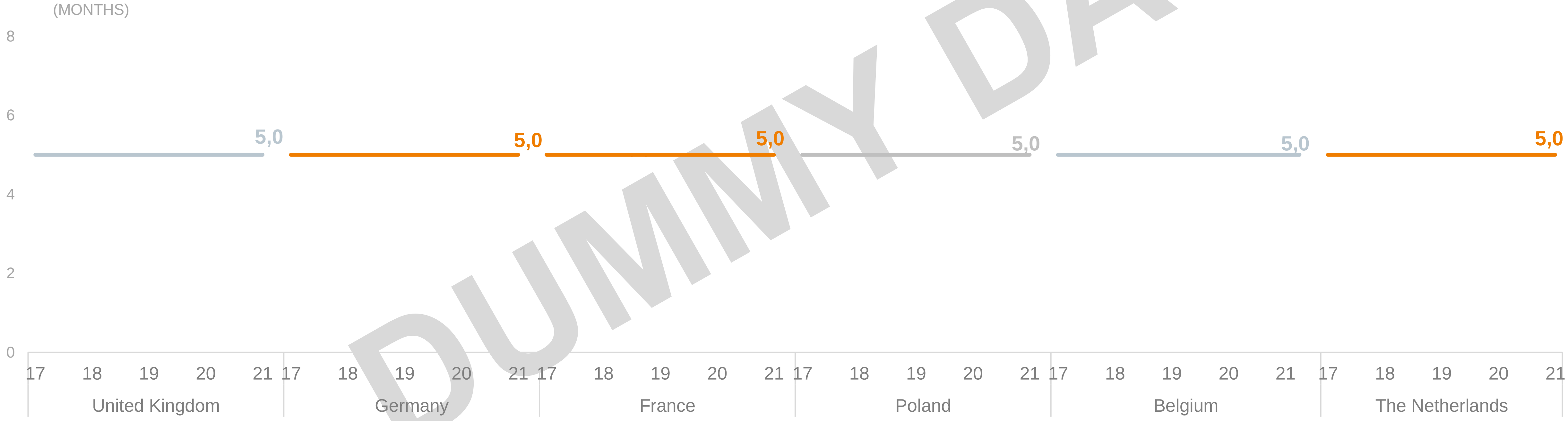
Order book portfolio

Question: How big is your current order book portfolio? For how many months will you be able to keep your current staff working?



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Turnover outlook

If you compare your turnover of Q4-21 to Q4-21, how did your turnover develop? What are your expectations for the development in Q1-22?

TURNOVER BALANCE (% INCREASE minus % DECREASE)

COMPARISON SAME QUARTER LAST YEAR

Order book portfolio

How big is your current order book portfolio?

ORDER BOOK (MONTHS)

EU | THE UNITED KINGDOM

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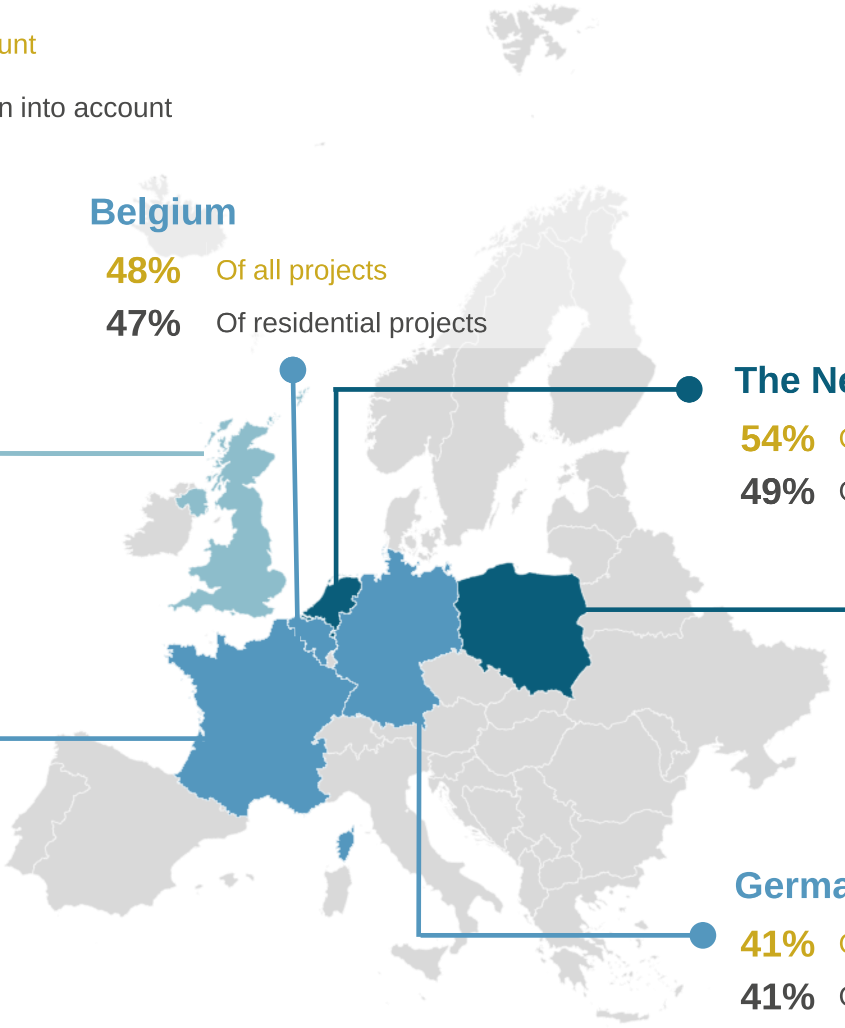
What would be approximately the share of projects where sustainability is taken into account in your projects?

% Share of projects where sustainability is taken into account

% Share of residential projects where sustainability is taken into account



Belgium
48% Of all projects
47% Of residential projects

The United Kingdom
31% Of all projects
30% Of residential projects

The Netherlands
54% Of all projects
49% Of residential projects

Poland
53% Of all projects
55% Of residential projects

France
42% Of all projects
37% Of residential projects

Germany
41% Of all projects
41% Of residential projects

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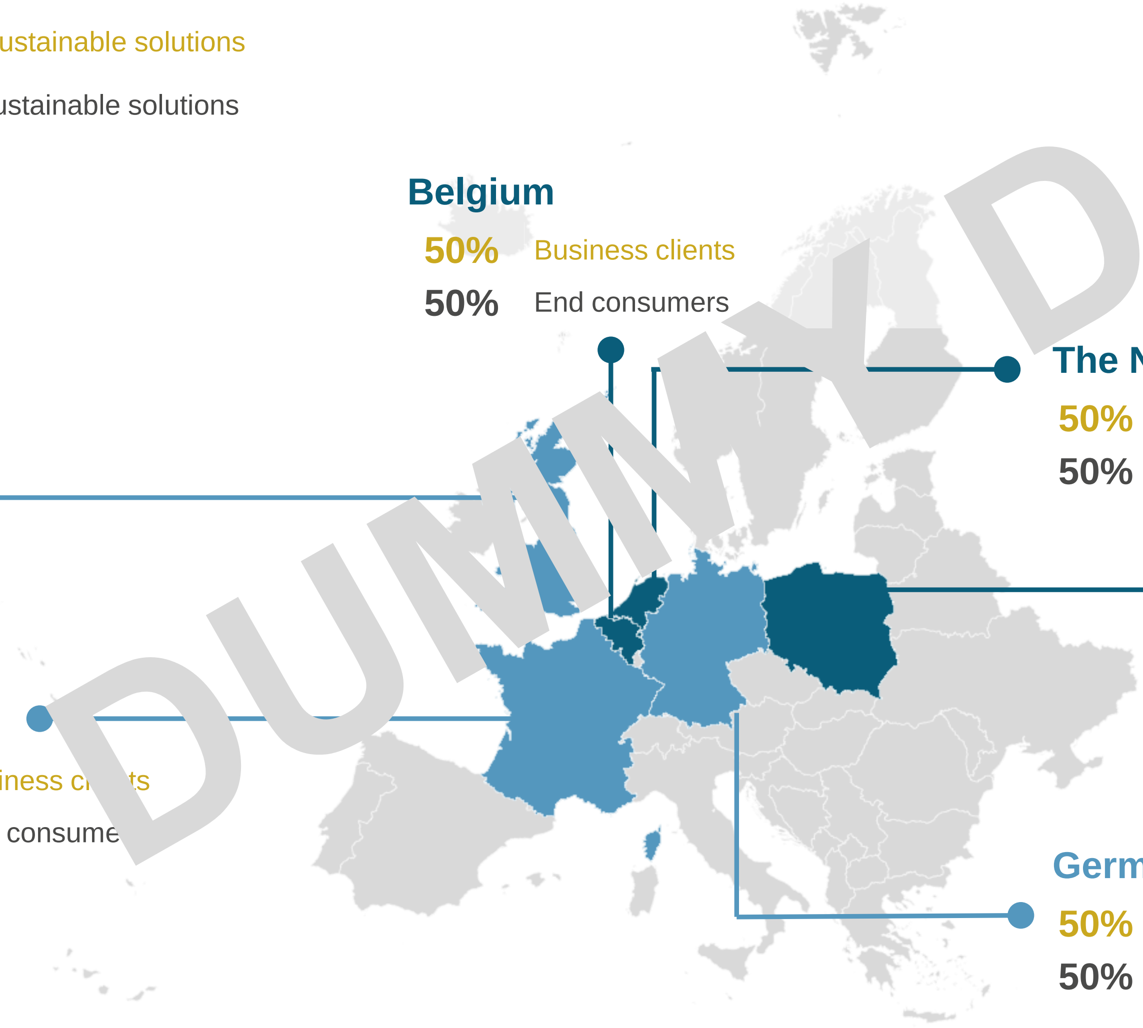
To what extent do your customers ask for sustainable installation solutions?

% Business clients who ask for sustainable solutions

% End consumers who ask for sustainable solutions



Belgium
50% Business clients
50% End consumers

The United Kingdom
50% Business clients
50% End consumers

The Netherlands
50% Business clients
50% End consumers

Poland
50% Business clients
50% End consumers

France
50% Business c[illegible]ts
50% End consume[illegible]

Germany
50% Business clients
50% End consumers

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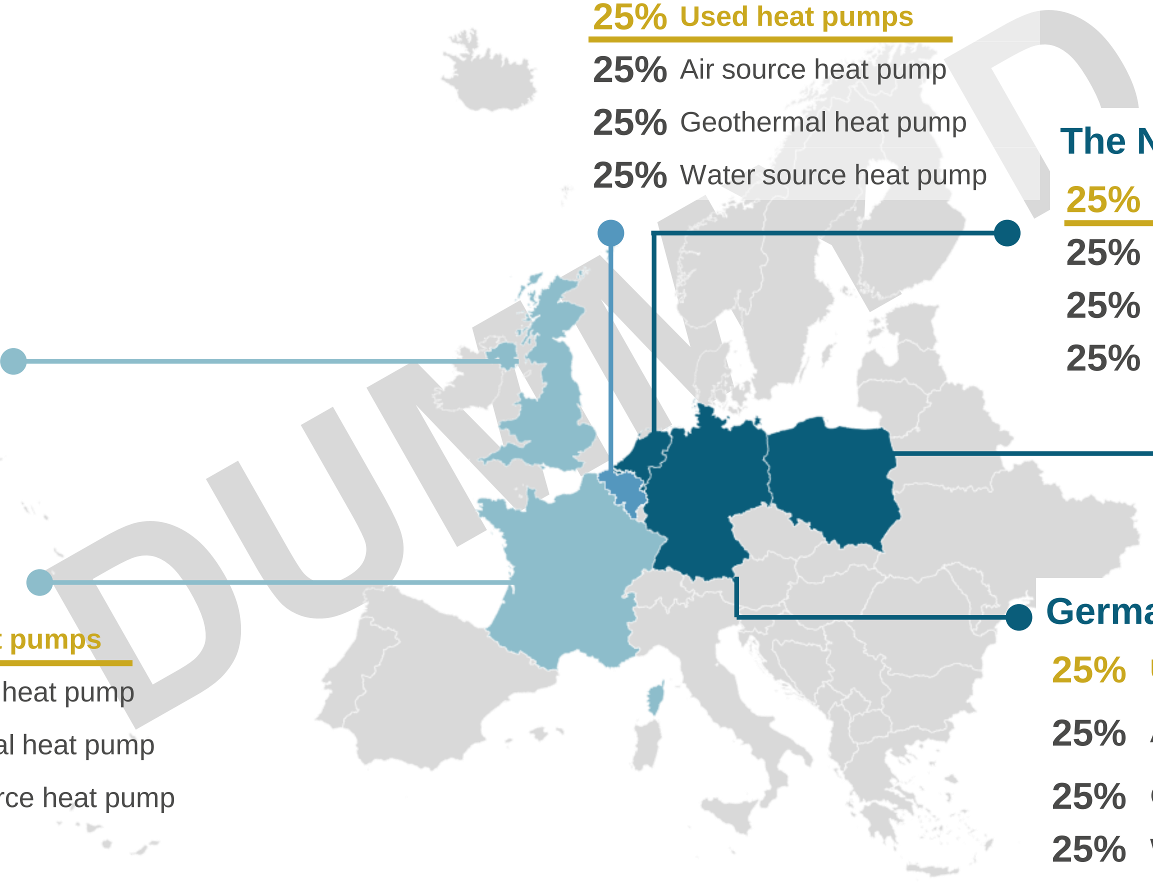
Which installation products are mainly being used in your projects when sustainable solutions are requested?

% Used **heat pumps** in projects when sustainable solution are requested

% Type 3 of most used heat pumps



Belgium

25% Used heat pumps

25% Air source heat pump

25% Geothermal heat pump

25% Water source heat pump

The Netherlands

25% Used heat pumps

25% Air source heat pump

25% Geothermal heat pump

25% Water source heat pump

The United Kingdom

25% Used heat pumps

25% Air source heat pump

25% Geothermal heat pump

25% Water source heat pump

Poland

25% Used heat pumps

25% Air source heat pump

25% Geothermal heat pump

25% Water source heat pump

France

25% Used heat pumps

25% Air source heat pump

25% Geothermal heat pump

25% Water source heat pump

Germany

25% Used heat pumps

25% Air source heat pump

25% Geothermal heat pump

25% Water source heat pump

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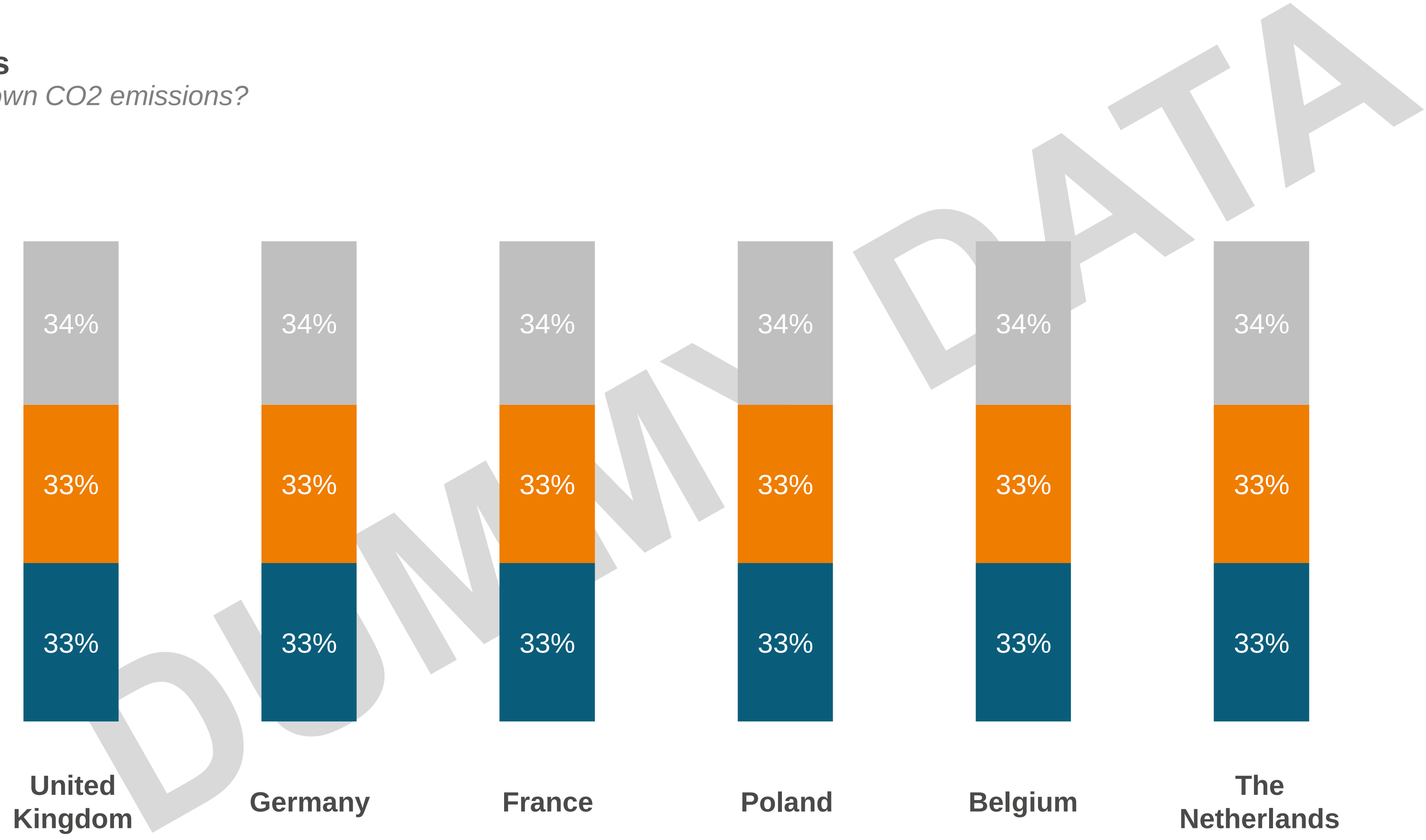
C02 emission awareness

Is your company aware of its own CO2 emissions?

YES | NO | DON'T KNOW



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Promoting sustainable solutions

Have you implemented or are you planning to implement actively promoting sustainable solutions in your own business?

ALREADY IMPLEMENTED | PLANNED IN THE NEXT 1 OR 2 YEARS | PLANNED TO HAPPEN BUT NOT IN THE NEXT 1-2 ZEARS | NO PLANS FOR THAT

	Actively promoting sustainable solutions				Using electrical vehicles as company cars				Using photovoltaics within your own premises				Having charging stations for electrical vehicle of customers			
UK	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Germany	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
France	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Poland	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Belgium	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
The Netherlands	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%

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Main characteristics of a sustainable solution – Top 10

Q: What are according to you the main characteristics of a sustainable solution?

	Total	1-4 FTE	5-14 FTE	15+ FTE
Energy efficiency	50%	50%	50%	50%
Low maintenance cost	50%	50%	50%	50%
Low running cost	50%	50%	50%	50%
Makes a building energy efficient	50%	50%	50%	50%
Produced from materials from responsible sources	50%	50%	50%	50%
Produced from recycled or sustainable materials	50%	50%	50%	50%
Recyclable after being used	50%	50%	50%	50%
Saves money	50%	50%	50%	50%
Using renewable energy	50%	50%	50%	50%
With low carbon footprint	50%	50%	50%	50%

Clients considiration of a sustainable solution – Top 10

Q: When your clients talk about sustainable solutions, what do they normally mean or search for?

	Total	1-4 FTE	5-14 FTE	15+ FTE
Durability of sustainable solutions	50%	50%	50%	50%
Energy efficiency/ saves energy/ uses less energy	50%	50%	50%	50%
Low installation cost	50%	50%	50%	50%
Low running cost	50%	50%	50%	50%
Makes a building energy efficient	50%	50%	50%	50%
Produced from recycled or sustainable materials	50%	50%	50%	50%
Quality of sustainable solutions	50%	50%	50%	50%
Saves money	50%	50%	50%	50%
Using renewable energy	50%	50%	50%	50%
With low carbon footprint	50%	50%	50%	50%

Base: n= 125, asked to all installers

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Installation products for sustainable buildings

Q: To what extent do you agree that the following installation products can be used for creating sustainable buildings?

Most perceived as creating sustainable buildings

1 Product	2 Product	3 Product	4 Product
5 Product	6 Product	7 Product	8 Product.

Least perceived as creating sustainable buildings

1 Product	2 Product	3 Product	4 Product
5 Product	6 Product	7 Product	8 Product.

Base: n= 125, asked to all installers

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Promotors of sustainability – Top 10

Q: Which stakeholders do you see as the most influential ones when it comes to promoting sustainability?

		1-4 FTE	5-14 FTE	15+ FTE
Architects	50%	50%	50%	50%
Building material manufacturers	50%	50%	50%	50%
Building owners	50%	50%	50%	50%
Certification bodies of Green Building Labels	50%	50%	50%	50%
Contractors	50%	50%	50%	50%
Housing associations	50%	50%	50%	50%
Installers	50%	50%	50%	50%
Local government	50%	50%	50%	50%
National government	50%	50%	50%	50%
Project developers	50%	50%	50%	50%

Sustainability Projects

Q: What would be approximately the share of your projects where sustainability is taken into account or asked for? And in your residential projects?

Share of sustainability projects

	0% - 25%	26% - 50%	51% - 75%	76% - 100%	Avg.
Total	25%	25%	25%	25%	25%
1-4 FTE	25%	25%	25%	25%	25%
5-14 FTE	25%	25%	25%	25%	25%
15+ FTE	25%	25%	25%	25%	25%

Share of residential sustainability projects

	0% - 25%	26% - 50%	51% - 75%	76% - 100%	Avg.
Total	25%	25%	25%	25%	25%
1-4 FTE	25%	25%	25%	25%	25%
5-14 FTE	25%	25%	25%	25%	25%
15+ FTE	25%	25%	25%	25%	25%

Base: n=,125 asked to all installers

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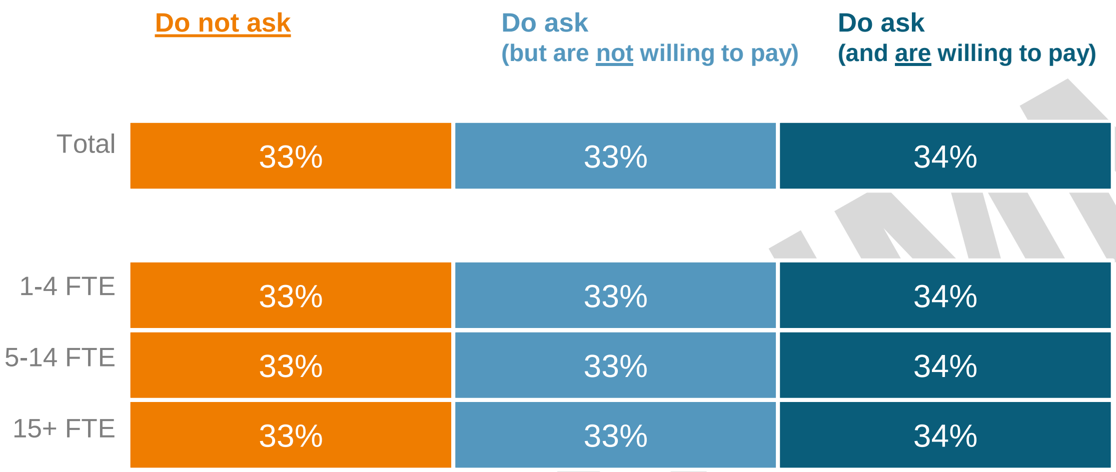
Extent to which different clients ask for sustainable installation solutions

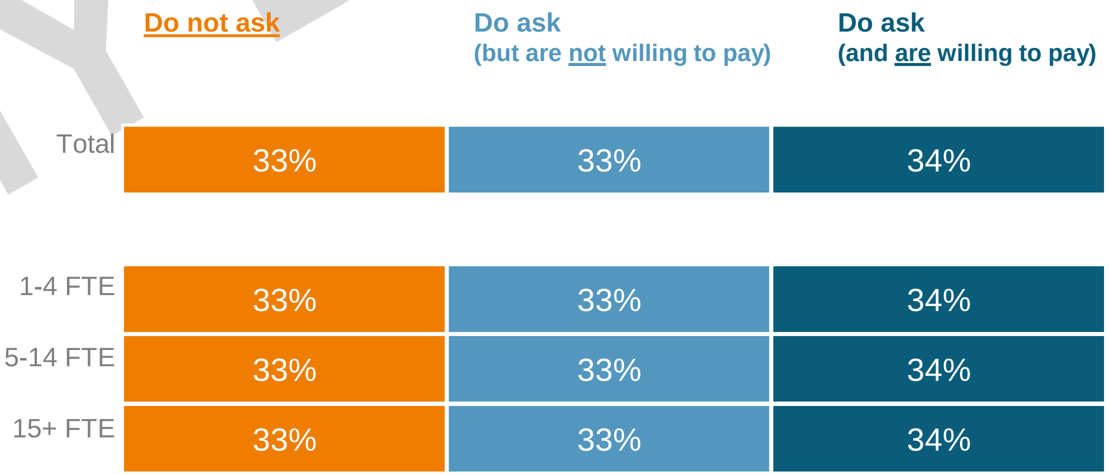
Q: If we divide your clients in two main types: business clients and end consumers.
To what extent do those two types of customers ask for sustainable installation solutions?

Business customers

(contractors, architects, office/ commercial building owners etc)



End consumers/ home owners



Base: n= 125, asked to all installers

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Most used installation products in sustainable solutions – Top 10

Q: Which installation products are mainly being used/chosen in your projects when sustainable solutions are requested?

	Total	1-4 FTE	5-14 FTE	15+ FTE
Balanced Heat Recovery Ventilation	50%	50%	50%	50%
Electrical (water) heaters	50%	50%	50%	50%
Gas (water) boilers/ heaters	50%	50%	50%	50%
Heat pumps	50%	50%	50%	50%
Hybrid boilers	50%	50%	50%	50%
Low-flow faucet aerators, flow regulators, flow restrictors, etc.	50%	50%	50%	50%
Photovoltaics (PV)	50%	50%	50%	50%
Shower water heat recovery system	50%	50%	50%	50%
Smart products	50%	50%	50%	50%
Water efficient	50%	50%	50%	50%

Base: n= 125, asked to all installers

Most used heat pumps

Which type of heat pumps is the most used one?

	If used heat pumps
Air source heat pump	50%
Exhaust air heat pump	50%
Geothermal heat pump	50%
Hybrid heat pumps	50%
Water source heat pumps	50%

By FTE
Xy companies are using xy heat pump more often than xy and xy companies.

Base: n= 55, asked to installers if used heat pumps

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Challenges in offering sustainable solutions

Q: What are the main challenges/barriers for you as an installer with regard to offering and working with sustainable solutions?

		1-4 FTE	5-14 FTE	15+ FTE
Create too much trouble when installed	50%	50%	50%	50%
Delivery time	50%	50%	50%	50%
Difficult to use	50%	50%	50%	50%
High prices/ high investment costs	50%	50%	50%	50%
Long pay back period	50%	50%	50%	50%
Product availability	50%	50%	50%	50%
Require additional knowledge and training from the installers	50%	50%	50%	50%
Too complicated to install	50%	50%	50%	50%
Unclear benefits for the end user	50%	50%	50%	50%

Base: n= 125, asked to all installers

Usage of fossil fuel free products as a sustainability potential

Q: Having in mind that the future will most probably require usage of fossil fuel free devices for heating, cooling and hot water generation, which of the fossil fuel free products and solutions currently available in the market do you feel have good potential for the future?

	% yes	1-4 FTE	5-14 FTE	15+ FTE
Air source heat pump	50%	50%	50%	50%
Electrical water heaters with	50%	50%	50%	50%
Electrical water heaters with electrical heat element	50%	50%	50%	50%
Geothermal heat pump	50%	50%	50%	50%
heat pump	50%	50%	50%	50%
Hybrid boilers	50%	50%	50%	50%
Hybrid heat pumps	50%	50%	50%	50%
Products using waste heat	50%	50%	50%	50%
Reversible air conditioning	50%	50%	50%	50%
Solar thermal systems	50%	50%	50%	50%

Base: n= 125, asked to all installers

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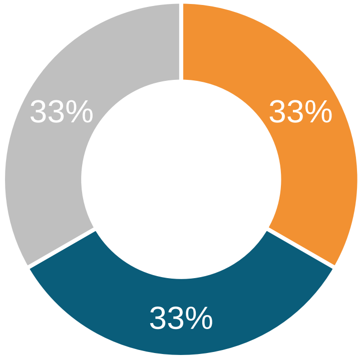
CO2 emissions awareness

Q: Is your company aware of its own CO2 emissions?

Yes | No | Don't know

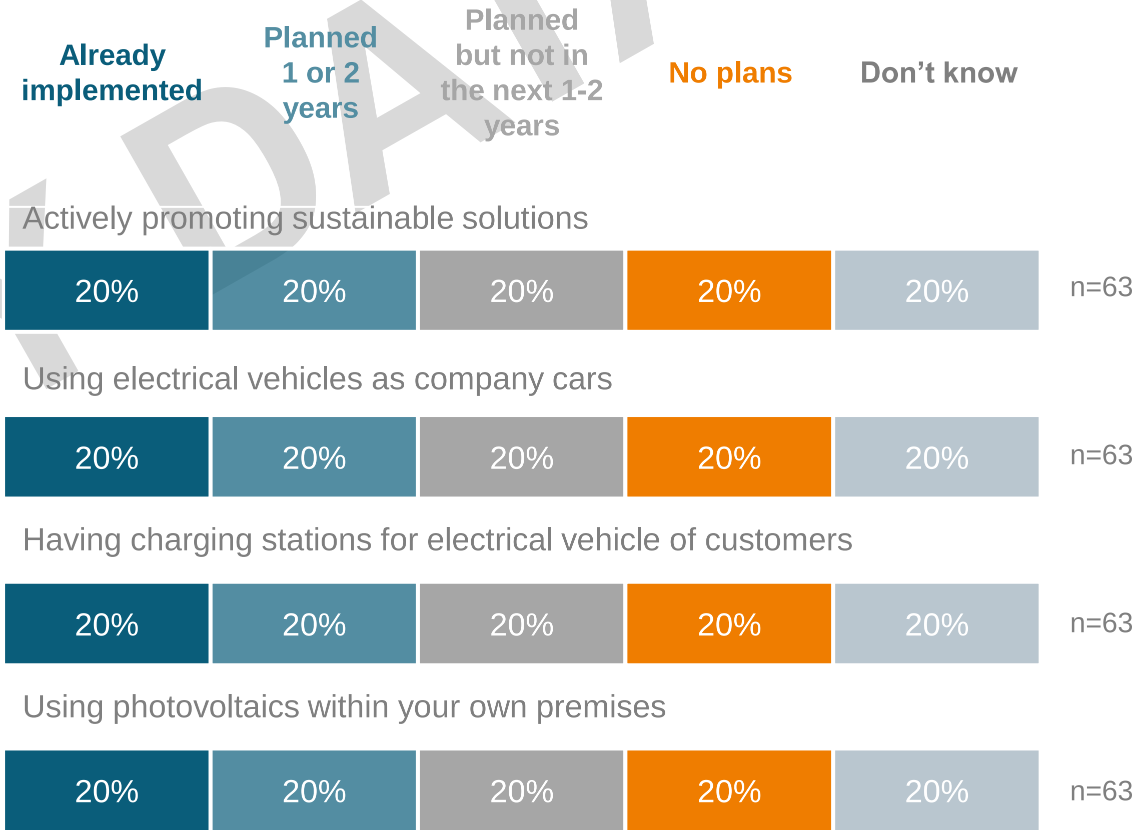


By FTE (% yes)

1-4 FTE	5-14 FTE	15+ FTE
33%	33%	33%

Implemetation of sustainable solutions

Q: Have you implemented or are you planning to implement any of the following in your own business?



Base: n= 125, asked to all installers

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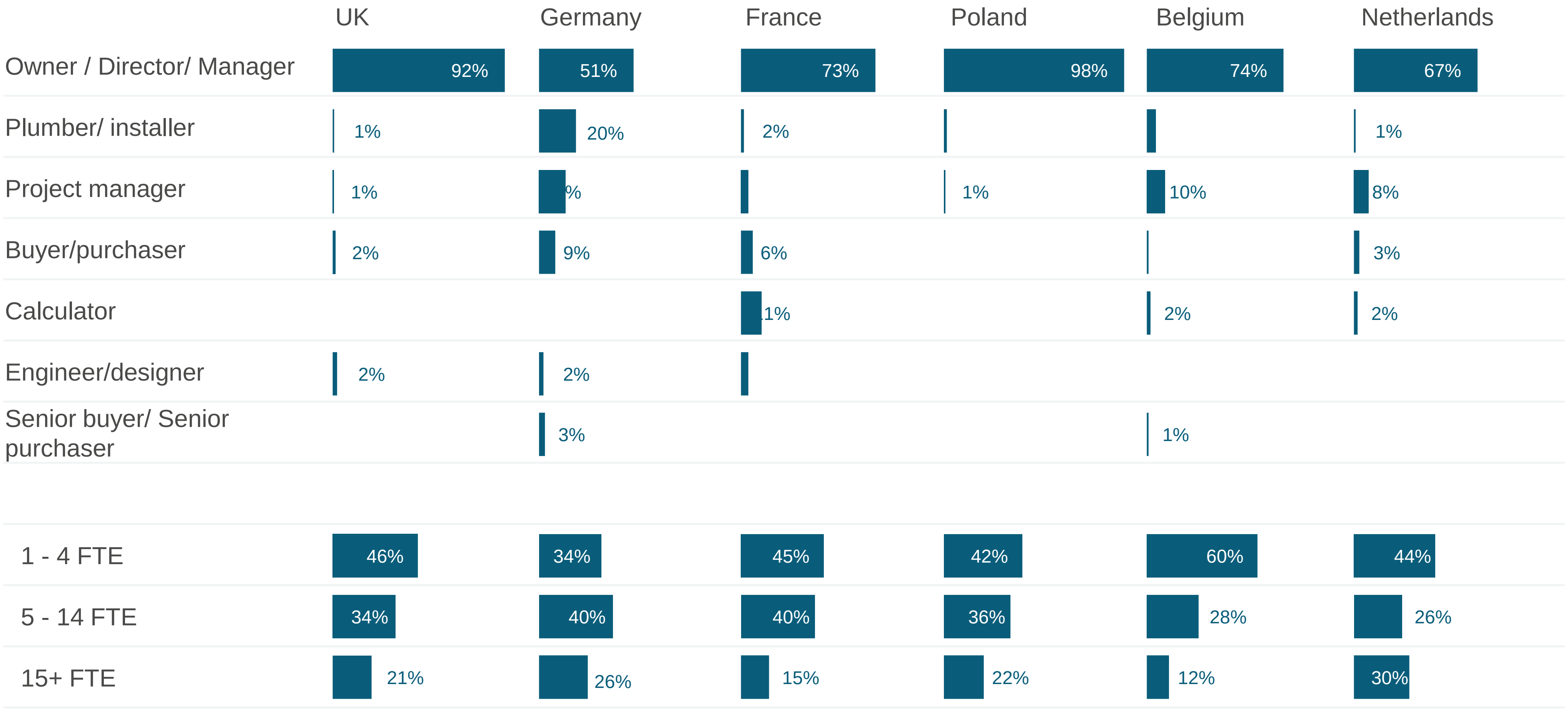
Job title of the interviewed respondents and the **company size**

Question: What is your position within the company?
Question: Yourself included, how many fulltime employees does your company have in total, in all branches?



Q3 2021 data, unweighted

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About USP

USP Marketing Consultancy

Head office **Subsidiaries**

Rotterdam **Düsseldorf** **Zagreb**

Total
70

Research Analysts
Project managers
Consultants

Market specialist
installation, construction, home improvement and real estate

Dedicated and multi-client research

Active in the market for 28 years

250+ dedicated market research projects annually

Revenue distribution

80%
turnover coming from **international projects**

85%
turnover coming from **dedicated market research**, 15% from multi client

70%
turnover coming from **B2B**, 30% B2C

Research in
32
countries in 2020

68
focus groups

1,278
in-depth interviews

62,758
B2B CATI interviews

52,850
B2C online interviews

What we do

Examples

Segmentation

Customer journey

Branding

Concept/ product research

Customer satisfaction

Trends

Distribution research

Market exploration

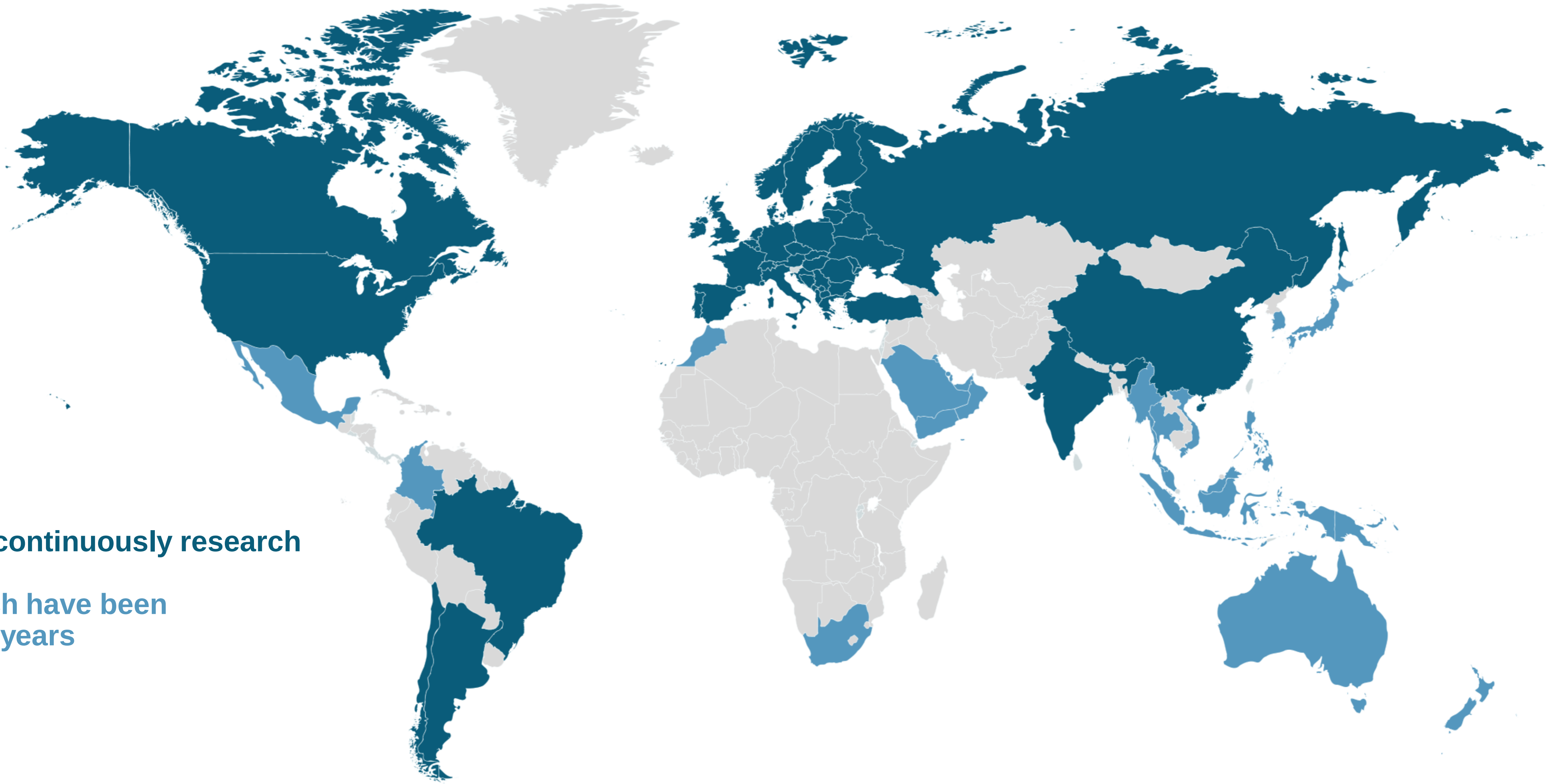
Pricing

Market size

Dedicated market research

- Tailor made
- Driven by your information needs
- Advice & consultancy based on facts and over 25 years of experience in the industry
- Worldwide coverage
- B2B, B2C, qualitative and quantitative research or a combination of both
- Within our market specialism, all types of researches can be conducted
- Targeting the right audience, with the right questions at the right time

We are active globally



Countries which we continuously research

Other countries which have been researched in past 2 years

Principals of USP

Installation

ABB	BOSCH	GIRA	SFA
GRUNDFOS	hager	Technische Unie	sonepar
Schneider Electric	LG Life's Good	PIPELIFE	KALDEWEI
MITSUBISHI ELECTRIC	Panasonic	TRILUX SIMPLIFY YOUR LIGHT.	uponor
VIESSMANN	Vaillant	ENGIE	EMERSON
signify	wavin	GEBERIT	DAIKIN
Nexans	TTi	wilo	ROTHENBERGER

DIY

OBI	adeo
PPG	maxeda DIY Group
SAINT-GOBAIN	VELUX
BRIGGS & STRATTON	Dulux
fischer innovative solutions	UNILIN FOR SMART LIVING
WAGNER	GROHE
WD-40	Yale

Construction

ASSA ABLOY	AkzoNobel
ArcelorMittal	DAW
etex inspiring ways of living	FESTOOL
icopal	Interface
KNAUF	OWENS CORNING
ROCKWOOL	sto Building with conscience.
Tarkett	TRESPA

Our multi-client research monitors

	European **Architectural** Barometer	European **Contractor** Monitor	European **Mechanical Installation** Monitor	European **Electrical Installation** Monitor	European **Painter Insight** Monitor	European **Home Improvement** Monitor
Target group	Architects	Building contractors	HVAC installers	Electrical installers	Professional painters	Consumers
Methodology						
Annual sample size	5,800 interviews	2,050 interviews	3,200 interviews	3,800 interviews	2,300 interviews	26,400 interviews
Country scope	• Germany • United Kingdom • France • Netherlands • Belgium • Poland • Spain • Italy	• Germany • United Kingdom • France • Netherlands • Belgium • Poland • Spain • Italy	• Germany • United Kingdom • France • Netherlands • Belgium • Poland	• Germany • United Kingdom • France • Netherlands • Belgium • Poland • Spain	• Germany • United Kingdom • France • Netherlands • Belgium • Poland • Spain • Italy • Denmark • Sweden	• Germany • United Kingdom • France • Netherlands • Belgium • Poland • Spain • Italy • Denmark • Sweden • Austria
Way of reporting	Quarterly	Bi-annually	Quarterly	Quarterly	Annually	Quarterly
2020 Theme topics	• Q1: Media orientation & consumption • Q2: Shifts in building methods • Q3: City of the future • Q4: Circularity & sustainability	• H1: Circularity & sustainability • H2: Decision-making	• Q1: BIM & calculation tools • Q2: Prefab • Q3: DMU • Q4: Media orientation & consumption	• Q1: Electrification • Q2: Services in installation sector • Q3: Certification & circularity • Q4: Pricing	• Trend tracking • Sustainability • Labour shortage • Online buying • Future expectations • Innovation needs	• Q1: Orientation & smart homes • Q2: Purchase channels • Q3: Branding (A vs. Private) • Q4: DIFM vs. DIY

USP Marketing Consultancy