2012: A year in review

In early 2012, EGIA launched the Snapshot Survey Program in an effort to uncover, and share with our members, business best practices and overall trends that are occurring in today’s home improvement marketplace. Through the Snapshot Survey Program, we surveyed our contractor network every month on a specific focus area to gain insight on how contractors are evolving their businesses to achieve maximum success. At the conclusion of each month, we published a summary of the survey results and made findings available exclusively for EGIA member companies. In this Year End Review, you will find a compiled summary of all the data we collected in 2012. EGIA’s current contractor network is made up of over 15,000 member and affiliated contractors, manufacturers, and distributors nationwide.

If there is one thing that we have learned from the information we collected through our surveys, it is that there is no “one-size-fits-all” approach in the home improvement contracting industry, instead many strategies are being deployed. Across the board, from sales and marketing to operations, businesses are diverse in the types of tactics and processes they are instituting to successfully run their companies. With that said, it is our hope that the data presented in this document provides you with insight into what is and isn’t currently working for contractors throughout the home improvement industry and give you some fresh ideas on what you can implement in 2013 and beyond.

We look forward to continuing our Snapshot Survey program. As always, we welcome your survey topic suggestions to ensure that we are collecting information on the subjects that matter most to you. From all of us here at EGIA, thank you for your continued support and we wish you the best of luck in 2013!

Sincerely,

Bruce Matulich
CEO & Executive Director
EGIA
**EGIA Membership by Region**

- Eastern Region: 14.3%
- South Region: 10.8%
- Central Region: 21.8%
- Northwest Region: 4.5%
- Western Region: 39.4%
- Southwest Region: 9.2%

*Percentage of EGIA membership by region. The percentages will total more than 100% due to the fact that some EGIA members offer more than one service.*

**EGIA Membership by Service**

- Home Performance: 5.3%
- Geothermal: 33.5%
- HVAC: 41.0%
- Solar: 18.7%
- Insulation: 6.7%
- Windows & Doors: 11.1%
- General Remodeling: 4.4%

*The percentages will total more than 100% due to the fact that some EGIA members offer more than one service.*
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Which of the following social networking sites does your business have an account with?

By far, contractors use Facebook more than any other social networking tool, being used by 83.3% of contracting businesses surveyed. LinkedIn and Twitter are a close second and third with 27.7% and 26.8% respectively. Only 10.7% of contractors use no social media at all.

Contracting businesses use social media in roughly the same amount as the general population with the notable exception of Twitter and LinkedIn, 28.5% of Americans use Twitter at least once a month compared to only 18.3% that use LinkedIn.

Which Do You Use?
- Facebook - 83.3%
- LinkedIn - 27.7%
- Twitter - 26.8%
- Google+ - 11.3%
- None - 10.7%

How many unique contacts do you have through your social media accounts?

Most contractors (55%) have less than 100 unique contacts through their social media accounts. Some of the common ways contractors are expanding their social circle are:

- Including links to their social media accounts on everything. As a rule of thumb, invite people to join your social media pages on anything your logo is on or anywhere your website address is listed.
- Offering incentives to homeowners that connect with them on their social media pages (i.e. “Like us on Facebook for a chance to win an iPad”)
- “Liking” or “following” others, especially the people they want to “like” or “follow” their company.

Number of Unique Contacts
- 1-100 Contacts - 55%
- 101-500 Contacts - 18%
- 501-1000 Contacts - 18%
- > 1,000 Contacts - 9%
On average how many posts does business make on your social media pages per week?

While almost 90% of contractors have at least one social media account, less than 30% of them are “active users” (meaning more than 5 posts a week).

Remember, social media is just that, social. It is about the conversations and discussions that occur between the participants. If you have nothing to say, search out homeowners who have a problem that is in your area of expertise and propose a solution. You may get some unexpected results from your advice.

Number of Posts per Week

- < 1 post - 40.6%
- 1-5 posts - 30.1%
- 6-10 posts - 13.2%
- 11-20 posts - 9.4%
- > 20 posts - 6.7%

What type of subject matter does your business post on your social media sites?

Overwhelmingly, contractors are posting about discounts and special offers. The large amount of posts about discounts are the equivalent of “junk mail” to homeowners. Mix it up and be sure that your social media pages are about more than just your company. If your followers view you as a valuable source of industry information, you will have a captive audience when you want to promote something about your company.

Subject Matter of Posts

- Special Offers/Discounts - 76%
- Energy Saving Tips - 68%
- Photos/Videos of Projects - 49%
- Polls/Questionnaires - 35%
- Industry News - 31%
- Unrelated News - 17%
Does your company manage and create posts for your social media pages or instead utilize a third party service/company?

Almost 80% of all contractors are managing their social media accounts internally. No one knows your business better than you, however, the data we collected suggests that many of the contractors managing their accounts internally do not spend as much time as is necessary to fully capitalize on what social media can do for their business.

Internal or External Management

- **Internal**
- **External**

Have you found social media to be an effective way to increase your sales?

64% of contractors surveyed felt that leveraging social media had not been effective in increasing their sales. This number corresponds closely with the amount of contractors who post to their accounts less than five times a week. Contractors are improving social media’s effectiveness by:

- Making it someone’s job responsibility to manage their social media pages. If nobody has the time, consider hiring an intern or sign-up for a third-party service.
- Making their social media pages more than just an advertisement for their business by joining conversations and sharing useful information and articles.
- Offering incentives to people for connecting with their company. You’ll be amazed that if you give people an obvious reason to connect with your business, they may actually do it!

Effective Sales Tool

- **No**
- **Yes**
“Initially we managed our social media accounts internally but they were useless because nobody had the time to keep up with them. Six months ago, we signed-up for a social networking service and we now take the approach that like any other type of marketing, whether its signage, print ads, mailers, etc. we need to make a cash investment to see any type of positive results. So far we have almost tripled our contacts and are receiving new leads as a result…and we hope that will continue to grow.”

— HVAC Contractor in AZ

Survey Summary

The vast majority of contractors are now leveraging social media sites as a means to promote their company, however, 64% of contractors haven’t seen social media make an impact on their sales. As we looked at the survey results, we noticed a trend that the companies that were having success with their social media sites, were promoting their social media sites in more of their marketing communications and posting more useful information compared to those that were not seeing great results.

It is clear, that whether you choose to manage your social networking sites internally or outsource them to a third-party specialist, it takes an ongoing commitment to integrate your social media sites into your consumer communications and to populate your accounts with useful information and interesting content on a regular basis.

If you don’t have time to routinely develop content for your social networking sites, consider hiring a third-party to manage your accounts for you, as we have found that 71% of companies that are utilizing a third party are finding social media to be an effective way to market their business while only 22% of companies that manage their social media sites internally are finding them to be effective.

Social media can work, its been proven time and time again, but the vital difference between traditional media and social media is the fact that social media works both ways. Your customers want to be able to talk to you and be heard, not just listen to what you have to say. So use social media, its not going away, but remember, to be successful with it you have to do just as much listening as you do talking.

You can learn more about the EGIA Snapshot Survey program at: www.egia.org/SnapshotSurveys
Within the last year, what has been the most common motive for customers to contact contractors for their home improvement project?

The most common reason that customers are contacting the contractors we surveyed is to reduce their energy use and lower their utility bills (51%). If you are not already, make sure your company is communicating the energy saving potential of the services your business provides because more and more homeowners are looking for ways to reduce their energy consumption and therefore save money on their monthly utility bills. With that said, be sure to avoid making any guarantees to customers about energy savings as you can be held legally accountable if those guarantees are not met.

When a customer hires your company, do you ask them why they selected your company for the project?

The results show that the vast majority of contractors are asking their customers why they chose to hire their company instead of their competition (89%). This is a critical first step towards understanding what your company is doing right in the eyes of your customers. Without this information, you are shooting in the dark.

Do you ask why?

- Yes
- No
What is the most common reason customers have said they decided to buy from your company?

As the old saying goes, “The most powerful form of marketing is word-of-mouth” and word-of-mouth leads to referrals for your business. The data we collected shows that the most common reason customers are selecting a contractor is because someone they know referred the contractor to them. Whether it’s gift cards or gift baskets, every contracting business should offer a referral incentive program to all current and previous customers. Studies show that referral incentive programs are among the most cost effective marketing activities for businesses on a cost per lead basis.

Why Your Company?

- Referral
- Quality of work
- Price
- Financing Offered
- Other

Do you follow up with old prospective customers that you provided a quote / bid to and ask them why they chose not hire your company?

Now this is interesting. The data we collected shows that 89% of contractors ask why customers select their business but only 39% of contractors ask customers why they didn’t select their company. Knowing why customers did not select your company is just as, if not more, important than knowing why customers did select your company. To collect this valuable information, consider sending a survey via email or traditional mail 2 weeks or a month after delivering your quote / bid to the customer. Many times, customers will provide more honest and direct feedback through a survey than they would through direct conversation with your company.

Follow Up With Non-Buyers?

- Yes
- No
What is the most common reason customers have said they decided NOT to buy from your company?

Overwhelmingly, price was the main reason given as to why customers do not hire the contractors we surveyed, and this comes as no surprise. The average American household has $5,000 or less in their bank account, so when it comes time to completing costly home improvements, price is usually the main obstacle. That is why it is very important for contractors to offer financing during the sales process. A lot of homeowners do not have the ability to pay thousands of dollars for their project up-front, but many will be able to afford a low monthly payment if provided with the option.

Why Not Your Company?

- Price
- Timing
- Poor Sales Staff
- Other

How does your company primarily position itself in the marketplace?

We found that 76% of the contractors we surveyed said they position their company as the highest quality provider. Imagine how that looks from the consumers perspective. Everywhere they look, someone is claiming to be the “Top XYZ contractor in the area.” While most companies strive to be the highest quality provider, make sure your story goes beyond that. What really differentiates your company from your competition and how can you communicate that to your audience? If you can’t answer that question, you will simply look like everyone else claiming to be best.

Company Position

- Highest Quality Provider
- Customer Service Leader
- Most Convenient
- Specialist
- Lowest Cost
Compared to this time last year, how has your company’s sales volume changed?

Of the contractors we surveyed, only 23% said their sales were down while the other 77% said their current sales were equal to or greater than their sales at this time last year. We take this as an indication that the home improvement marketplace is starting to trend upward and homeowners, in general, are investing in home improvements at a higher rate than previous years.

### Sales Over Last Year

- **Up 20%+**
- **Up 1-19%**
- **No Change**
- **Down 1-19%**
- **Down 20%+**

![](chart.png)

Compared to this time last year, how many salesman does your company have?

The vast majority of contractors that we surveyed have maintained the same number of salesman from last year to this year, with only 12% of contractors surveyed carrying less salesmen than the previous year. Again, this could be another sign that the demand for home improvements has stabilized after being on the decline during the economic downturn the past several years.

### Number Of Salespeople

- **More Salespeople**
- **Same Amount**
- **Less Salespeople**

![](chart2.png)
What new service offerings has your company added over the last 12 months?

Roughly half of the contractors we surveyed have not added any new service offerings in the past year with a whopping 46% percent of those contractors indicating that their sales had declined over the past 12 months. On the flip side, 93% of the group that did add new service offerings saw their sales increase. This tells us that the contractors that are evolving their business to meet the needs of the marketplace and diversifying their service offerings are achieving success at a much higher rate than the contractors that are standing pat.

New Services

- No new services
- Whole House
- Home Performance
- Insulation/Weatherizing
- Other
- HVAC
- Solar PV
- Solar Thermal
- Geothermal
- Windows/Doors
- Plumbing
- Remodeling

Do you use a uniform presentation system / pitch book for your salesmen to use in customer’s homes?

This one surprised us. Only 53% of contractors are using a uniform presentation system. A uniform presentation system is an essential part of operating a leading contracting business in today’s marketplace. First impressions are everything and customers often make their buying decisions based on the initial impression they get during the sales pitch. A uniform and professional looking presentation not only helps to ensure your sales staff is consistent in their message, it also communicates high quality, attention to detail and legitimacy to customers while they are still formulating an opinion about your company.

Presentation/Pitch Book

- Yes
- No
Do you offer routine sales training for your sales staff?

Training is a critical component of developing a successful sales culture within your business. Of the contractors we surveyed, 78% said they offer sales training to employees, with the majority of those offering sales training indicating that their staff they take advantage of training provided by their equipment suppliers/vendors. If you are not already offering routine sales training to your employees, consider contacting your equipment manufacturers and distributors as many of these companies offer free sales training to their clients. EGIA also offers sales training to all members through our Leadership Academy and ongoing GEOSmart Financing webinars.

Routine Training

- Yes
- No

What changes have you made to your sales process that have made a positive impact on your overall sales?

“Our sales members must now present all product categories in their sales presentations, even if a customer only requested information for one specific product.”

– Window/Solar Contractor in California

“We use Salesforce to follow up in a systematic manner. We also track what marketing medium is working the best to generate more leads.”

– Home Energy Audit Contractor in Pennsylvania

“We have become more technology savvy and we refined our sales process by offering financing to each customer.”

– HVAC Contractor in Washington

“We give a 10% discount to customers that sign contracts, but are willing to wait until our slow time in the fall to have us install the system.”

– Geothermal Contractor in Virginia

“We have added the ‘whole house is a system’ concept to our presentations.”

– HVAC / Home Performance Contractor in Missouri

“We have implemented a more rigid follow up process internally to keep up with those we have quoted over a 75 day time period. The office now does this instead of relying on the salesmen to do it.”

– HVAC Contractor in Virginia
Pricing Strategy

How do your company’s prices compare to your competitors’ prices?

The perception of the vast majority of contractors we surveyed indicated that their company’s prices were higher than their competitors and only 4% of contractors indicated that their prices were lower than their competition. Questions to consider: 1. Do you really know where your pricing stands relative to your competition? 2. Do you have a method to find out what your competition’s prices are besides simply asking your customers? Truth be told, if you are not going to school on your competition, you are losing market share.

Price Comparison

- Higher - 72%
- The Same - 24%
- Lower - 4%

How did your company determine its current prices?

Overwhelmingly, the contractors we surveyed said they determined their current prices by using a percentage of job cost formula. Using a percentage of job cost formula is a great method for setting appropriate prices and ensuring the projects your company takes on are profitable. To learn more about pricing formulas, visit [www.egia.org/Academy/2012/06/28/](http://www.egia.org/Academy/2012/06/28/) and watch the recording of the Leadership Academy webinar EGIA conducted on “pricing strategy” with Mike Callahan of Callahan/Roach & Associates.

Price Determination

- Percentage of job cost mark-up - 81%
- Based on competitors prices - 17%
- Supply vs. demand analysis - 2%
Has your company experimented with adjusting your prices to see what impact it has on your bottom line?

Over three quarters of all contractors that we surveyed, said that they have experimented with adjusting their prices to see what impact the price changes would have on their bottom line. The best way to find the optimal prices for your services is through financial analysis with your accountant taking into account billable labor hours, equipment costs, company overhead and the competitive marketplace. Learning to sell your companies value proposition effectively is key to selling a margin that you can generate sustainable profit.

Price Experiments
- Yes - 76%
- No - 24%

How has adjusting your prices impacted your bottom line (select all that apply)?

Of the contractors that we surveyed that said they had experimented with adjusting their prices, not one said that lowering their prices increased their profit. Conversely, 61% of contractors that experimented with raising their prices saw their profits increase. This data supports the belief that a business that is positioned as the “high quality service provider” rather than the “low cost provider” is more sustainable over the long-run.

Price/Profit Changes
- ▲ prices ▲ profits - 61%
- ▼ prices ▼ profits - 37%
- ▲ prices = profits - 8%
- ▼ prices = profits - 4%
- ▲ prices ▼ profits - 3%
- ▼ prices ▲ profits - 0%
By far the most common discount that the contractors we surveyed offer to their customers is 10% off the total cost of the project. This coincides with the “drop” most contracting companies allow their salesmen to exercise. In this tough economy many salesmen are doing whatever it takes to close the sale. As a result, many contractors are looking to margin incentives for their salesmen to keep them selling the value of their company and not dropping to the lowest cost to close the deal.

**Common Coupons**

- 5% Off – 7%
- 10% Off – 52%
- 15% Off – 13%
- 20% Off – 3%
- 25% Off – 0%
- Other Discount – 25%

**Quotes of the month:**

“Our company’s pricing strategy is always changing and we are always looking for strategies that resonate with our customers. It is an ongoing process.”

– HVAC Contractor in California

“We use a 33% mark-up strategy”

– Home Performance Contractor in Massachusetts

“We use a flat rate, 2x material + plus labor pricing strategy”

– HVAC / Plumbing Contractor in California

“Pricing is the back bone of our company. If that is not straight - the whole “body” is out of whack.”

– Geothermal Contractor in Kentucky

“Making our service technicians comfortable with our pricing. If they are comfortable with what they do, and understand how we come up with the pricing based on actual costs (overhead, direct and non direct costs, etc.) they can confidently give quotes for repairs/replacements to their customers.”

– HVAC Contractor in Michigan
What percentage of your company’s total annual operating cost is allocated for marketing?

The vast majority of the contractors we surveyed said they are spending 10% or less of their overall operating budget on marketing. According to the U.S. Chamber of Commerce which cites a study by Schoenfeld & Associates of Lincolnwood, Ill, if you are a new business, you should spend more aggressively than your peers to not only attract new customers but also to lure customers away from your competitors. However, if your business is more established, your percentage of total expenditures for marketing should at least match your market share to protect your territory.

According to Roy Williams, founder of international ad agency Wizard of Ads and published in Entrepreneur magazine, a good way to determine a marketing budget range for your business is to multiply 10 percent and 12 percent of your annual projected gross sales by the markup on your average transaction. Next, deduct your annual cost of rent from each of these numbers. The remaining balances represent you minimum and maximum budgets for marketing.

Select all the types of marketing your company does:

Overwhelmingly, maintaining a company website was the most widely used form of marketing among the contractors we surveyed. In today's marketplace, contractors must have a presence on the internet and it all starts with a professional website. More and more, consumers are making their buying decision based on what they find when they do a quick search for contractors on the internet. A website and an online marketing strategy is no longer just an option for contracting businesses, it is an absolute necessity. EGIA has several discounted web development resources available to EGIA members that are looking to create or enhance their current presence on the internet. Learn more at www.egia.org/webdevelopment.
Select the one type of marketing that your company spends the most money on:

Just like maintaining a company website was the most common form of marketing among the contractors we surveyed, it was also the type of marketing that the most amount of contractors said they budgeted the most money for. Another form of marketing that many contractors are spending much of their marketing budgets on are online directories and yellow pages. While the utilization of traditional printed yellow page marketing has steadily decreased over the years, online directories and lead generation services like Angie’s List and Service Magic have continued gain in popularity.

Most Money Spent On
- Website – 36%
- Online Directories & Yellow Pages – 21%
- Events / Tradeshows – 13%
- Search Engine Marketing – 9%
- Advertisements – 9%
- Signage – 7%
- Mailers – 6%

Select the one type of marketing that has shown to have the GREATEST return on investment for your company:

Are you starting to see a trend here? Websites and online directories were once again singled out as the forms of marketing that had the greatest return on investment for the contractors we surveyed. This again reinforces that, in today’s day and age, the majority of consumers are using technology and the internet to research and select contractors. If the majority of your marketing budget is being spent on traditional print advertising, mailers, signage and collateral, you are more than likely not maximizing the potential of your marketing dollars.

Greatest Return on Investment
- Website – 36%
- Online Directories & Yellow Pages – 29%
- Mailers – 15%
- Search Engine Marketing – 8%
- Event / Tradeshows – 8%
- Print Ads – 7%
Select the one type of marketing that has shown to have the WORST return on investment for your company:

Now this is interesting, not one contractor selected “website” as providing the worst return on investment, however, while many contractors told us that online directories and yellow pages provided the greatest return on investment for their company, almost an equal amount said that it provided the worst return on investment. This tells us that this form of marketing is either boom or bust for many contractors. Before you invest a large part of your budget in online directories or lead generation services like Angie’s List or Service Magic, start small and evaluate the results to determine whether or not those services are a “good buy” for your particular business.

**Worst Return on Investment**
- Online Directories & Yellow Pages – 27%
- Mailers – 21%
- I Don’t Know – 16%
- Events / Tradeshows – 8%
- Social Media - 8%
- Call Campaigns – 7%
- Print Ads – 7%
- Signage – 7%

Quotes of the month:

“We have started to use Google analytics, sprout social, ad words and salesforce.com and it has made a big difference with our marketing”

– Home Performance Contractor in Maine

“We offer special promotional offers on different marketing pieces and then track the effectiveness of each marketing piece by measuring which offer was utilized the most”

– Solar Contractor in Arizona

“To track our marketing effectiveness, we make sure to ask every person that calls us how they heard about us”

– HVAC Contractor in California

“Tracking things like website grade, keywords, reach and traffic ranking helps us keep our finger on the pulse of the internet information”

– HVAC Contractor in California
Does your company accept credit cards?

The average U.S. household has only $5,000 in their bank account. As a result, it is important that contracting companies in today’s marketplace offer their customers the ability to pay for their home improvement project through a third-party financing source. While standard credit cards often times do not offer affordable interest rates or deferred payment options, credit cards are the most basic and readily available form of financing for consumers and should be offered as a payment option in order to maximize sales. Of the contractors that we surveyed that said they do collect credit cards, the average transaction fee was 3%.

Credit Cards Accepted

- Yes – 68%
- No – 32%

How often does your company offer an alternative financing option (not a standard credit card) to your customers?

Studies show nearly 70% of buyers that need to use their own financing (i.e. credit cards) for a home improvement project ultimately do not decide to purchase, while approximately 10% of buyers cancel from contractors that offer an affordable financing solution. This is one reason why it is important to offer an alternative financing solution. Alternative financing programs provide contractors with the ability to offer lower interest rates, extended repayment terms and / or short-term bridge loans that provide the required up-front money for home improvement projects.

Most contractors that selected “Never” when asked how often they offer alternative financing options, gave “didn’t want to pay the corresponding dealer fees” as the reason. They might be surprised to know that many alternative financing programs can offer customers a lower interest rate than credit cards, while also having roughly the same, or many times a lower, contractor fee than what the contractor normally has to pay to process a credit card payment.

Alternative Financing Offered

- Never – 13%
- Not Often (1-25% of the time) – 21%
- Occasionally (26-74% of the time) – 19%
- Almost Always (75-100% of the time) – 41%
- Always – 6%
What type of alternative financing option does your company primarily offer to your customers?

Of the contractors we surveyed who said they do offer financing to their customers, 43% said they primarily offer a monthly payment option instead of a no payment / no interest (Same-as-Cash offer). The type of financing that contractors offer to their customers is often times dependent on the type of project and the customer’s situation. Monthly payment options are generally more widely used on larger “big-ticket” projects that require a longer pay-off period. Same-as-Cash financing is more appropriate for smaller projects or in cases where the customer is looking for a short-term bridge loan where they can leverage the lenders money until they receive a rebate, tax-return, etc. EGIA’s advice is to offer both a short-term Same-as-Cash option for your cash buyers, as well as a longer-term monthly payment option for homeowners who prefer to make low monthly payments.

Primary Alternative Financing Type
- 12 Months Same-As-Cash – 34%
- 24 Months Same-As-Cash – 23%
- Monthly Payment Financing – 43%

Has offering an alternative financing solution increased your sales closing ratio?

The vast majority of contractors that indicated they offer alternative financing options to their customers also indicated that offering the alternative financing solutions has increased their sales close ratio. We found that 87% of the contractors that said that offering a financing solution has not increased their sales close ratio are the same contractors that selected “Not often (1-25% of the time)” when asked how often they offer an alternative financing option to their customers during the sales process. This tells us that the contractors that have committed to making financing a normal part of their sales process are the contractors that are reaping the benefits of higher close ratios. EGIA’s research has found that the most successful contractors offer financing on every project.

Increased Closing Ratio
- Yes – 73%
- No – 27%
Does Your Company Conduct Customer Satisfaction Surveys?

69% of contractors said their company currently conducts customer satisfaction surveys. Satisfaction surveys should be a standard activity for any contracting business as they allow businesses to understand what they are currently doing right and what they can improve on. Satisfaction surveys demonstrate a company’s commitment to listening to its customers and provides businesses with an opportunity to address and resolve issues with unsatisfied customers before they tell their friends or post a negative review online. Remember, the most impactful form of advertising, good or bad, is word-of-mouth from your customers. Satisfaction surveys are also one of the easiest ways to collect powerful testimonials from satisfied customers that you can use on your website and marketing material.

Satisfaction Survey Conducted

- Yes – 61%
- No – 39%

What Percentage of Your Customers Complete Your Customer Satisfaction Surveys?

Of the contractors that indicated they do conduct customer satisfaction surveys, the vast majority (72%) said that less than half of their customers actually complete their surveys. There are 3 key things to consider when trying to increase the completion rate of your surveys: Timing of the survey, method of administering the survey and incentives associated with completing the survey. It is important to conduct your surveys immediately following the conclusion of the project while the customer is still engaged with your business. Studies have shown that the longer companies wait to conduct their surveys, the less likely customers are to complete them.

Completion Percentage

- 0% - 25% of customers – 39%
- 26% - 50% of customers – 33%
- 51% - 75% of customers – 15%
- 76% - 100% of customers – 13%
How Does Your Company Administer Your Customer Satisfaction Surveys? (Check All That Apply)

Respondants said email is the most common method of administering customer satisfaction surveys, (48%) followed closely by mailed questionnaires (45%). Email surveys are increasing popular due to the fact they are cost effective and convenient for customers to complete. While response rates are very high for surveys that are conducted in-person, often times the data collected is not entirely accurate. Many customers do not feel comfortable giving negative feedback or suggesting areas for improvement when they are asked questions in-person. Another benefit of administering customer satisfaction survey’s via email or a mailed questionnaire is that it gives businesses the opportunity to use the positive feedback, that has been written by the customers in the surveys, as testimonials.

Survey Administration Method

- Email – 48%
- Over The Phone – 24%
- Mailed Questionnaire – 45%
- In-person – 21%

Does Your Company Offer Incentives to Customers for Completing Your Customer Satisfaction Surveys?

Only 29% of the contractors we surveyed, who conduct customer satisfaction surveys, also offer incentives to customers for completing their surveys. In order to maximize response rates, companies should consider offering incentives to customers who take the time to provide meaningful feedback for their business. Its no surprise, almost every contractor (96%) who indicated that “76-100%” of their customers complete their survey, offered some sort of incentive to their customers. Among the most popular incentives that companies said they offered to their customers were gift cards, gift baskets, future discounts and free check-ups. If cost is the biggest obstacle towards offering every customer a thank you gift or discount, you can enter everyone who completes your satisfaction surveys each month into a drawing for a gift card, gift basket, etc. When there is no reason for the customer to take the time to complete your survey, they usually won’t.

Incentives Offered

- Yes – 29%
- No – 71%
Does Your Company Routinely Monitor Online Reviews of Your Business?

More and more, consumers are making their buying decision based on what they find when they do a quick search for contractors on the internet. In addition to searching for and reviewing company websites, consumers are now turning to online review resources such as Yelp, Google Reviews and more. The last thing you want your customers to see when they do an internet search for your company is unaddressed negative reviews of your business. Unhappy customers tend to be the most vocal, and if left unaddressed, they can and will negatively impact your company’s online reputation. It’s very important that every business is aware of the online reviews floating around about their company, regardless of it being positive or negative. Addressing negative comments can actually be a great way of turning a vocal unhappy customer into a vocal happy customer.

Monitored Reviews

- Yes - 69%
- No - 31%

Quotes of the month: How does your company address negative online reviews about your business?

“...immediately and publicly respond. It is important for clients to know that their feedback is important to us and we stand by our 100% satisfaction guarantee.”

- HVAC contractor in California

“We respond on-line to each on-line review regardless if it’s positive or negative. If negative, we contact the customer by telephone and attempt to correct the issue or correct our mistake or discuss whatever disagreement there may be, etc. We try to satisfy them. We also encourage customers that like us to add positive reviews to cover the negative ones.”

- Plumbing & Geothermal contractor in New York

“We attempt to pinpoint the last point of contact, then have a manager or business owner follow up to address the complaint.”

- Home Performance contractor in California

“When we get negative reviews, I have a PR person that investigates. If it is false, we rebut the claims. If it is true, we address the problem in the best way we can with the resources we have.”

- Solar contractor in North Carolina
To set a baseline for the results of this survey, we wanted to know how engaged the contractors we surveyed were with energy-efficiency. Of the contractors that completed this survey, 91% said they only or mainly sell energy-efficient products while only 9% of the contractors we surveyed said that they sometimes or never sell energy-efficient products.

Over the last decade, there has been an unprecedented shift towards energy-efficiency in the home improvement marketplace and the results to this question demonstrate that clearly. In addition to increased consumer demand, one of the top reasons we hear from contractors as to why they are shifting their focus to energy-efficient improvements is because of higher profit margins on energy-efficient installations. Of the contractors we surveyed, 76% said their profit margins were higher when they complete energy-efficient projects.

**Sell Energy-Efficient Products**
- We Only Sell / Install Energy-Efficient Products – 37%
- We Mainly Sell / Install Energy-Efficient Products – 54%
- We Sometimes Sell / Install Energy-Efficient Products – 6%
- We Do Not Sell / Install Energy-Efficient Products – 3%

**Does Your Company Participate In Or Take Advantage Of Any Third-Party (Utility, Manufacturer, Etc) Energy-Efficiency Incentive Programs Such As Consumer Or Contractor Rebates, Sponsored Low-Interest Consumer Financing, Etc?**

Nearly all (94%) of the contractors we surveyed indicated that their company participates in or takes advantage of some sort of third-party energy efficiency incentive program. Third-party energy efficiency incentive programs can be a great catalyst for increasing consumer demand for your company’s services and validating the importance of energy-efficient home improvements in the eyes of homeowners.

**Third-Party Program Participation**
- Yes – 94%
- No – 6%
Cash rebates and sponsored low-interest financing are the most common types of third-party energy efficiency incentive programs. The data we collected shows that the vast majority (93%) of contractors who participate in any type of third-party incentive programs, are taking advantage of available cash rebate programs while roughly half (56%) of contractors are participating in sponsored low-interest financing.

In general, cash rebate programs are more widely available in the marketplace when compared to sponsored low-interest financing programs. However, in locations where sponsored low-interest financing is available through a local utility or government organization, EGIA highly encourages all contractors to participate so that they not only have a program that benefits their cash-buyers (rebate programs), but also have a solution for customers that want to pay-off the balance of the project over a period of time (financing programs).

**Energy Efficiency Programs Used**

- Cash Rebates – 93%
- Low Interest Financing – 56%

**Generally Speaking, From Your Experience, What Type Of Third-Party Energy Efficiency Incentive Have You Found To Be Most Attractive To Homeowners?**

Roughly 2/3 of the contractors we spoke to indicated that, from their experience, cash rebates have been the most attractive third-party energy efficiency incentive to their customers. This makes sense as many homeowners perceive rebates to be “less of a hassle” than financing and rebates are not contingent on the customer having satisfactory credit like sponsored financing programs require. Many homeowners have had their credit negatively impacted by today’s struggling economy, and if given the choice, will elect to take the cash rebate instead of attempting to take on another loan.

**Most Attractive Incentive**

- Cash Rebates – 62%
- Low Interest Financing – 32%
- Other – 4%
Incentive programs have proven to be effective at increasing consumer demand for their company’s products and services. As energy prices continue to rise, more and more consumers are considering investing in energy-efficient home improvements. As shown by the results to this question, third-party energy efficiency incentives can help provide the necessary motivation and sense of urgency for those same homeowners to take the final step towards investing in energy efficiency. The companies that most successfully integrate the availability of energy efficiency incentives into their marketing and sales process are the companies that benefit the most from the available incentive programs.

**Impact on Consumer Demand**

- Yes, They Make A Big Impact On Consumer Demand – 58%
- Yes, They Make A Small Impact On Consumer Demand – 38%
- No – 4%

**Please Describe Any Marketing Tactics That Have Worked Well For Your Company To Effectively Promote The Availability Of Third-Party Energy Efficiency Incentives.**

- “Demonstration homes, promotional community events, urgency-focused marketing campaigns ("limited-time incentives", "Get up to $x,xxx cash back on your home energy upgrade for this month only"), Realtor referral / engagement incentives.”
  – Home Performance Contractor in California

- “Direct mail / target marketing to older neighborhoods with inefficient equipment while promoting cash back manufacturer and utility rebates.”
  – HVAC Contractor in Ohio

- “We make sure all of our ads include the term special financing available.”
  – Solar Contractor in North Carolina

- “Participating in educational workshops and positioning ourselves as an expert on the incentive programs available.”
  – Home Performance Contractor in California

- “My most effective marketing programs for geothermal have been marketing partnerships with the local energy coops/manufacturer/dealer. When we all share the cost we are able to reach a larger group of people and the consumer is more confident of the technology if it is promoted by the local coop.”
  – Geothermal Contractor in Texas
Does your company pay its field staff (Sales Reps, Service Techs, etc.) commission?

The majority (61%) of contractors we surveyed indicated that they pay their field staff some sort of commission. The benefits for contracting businesses to pay their field staff commission are obvious, as generally speaking, a motivated field staff will lead to more sales for the company. The downside however, is that commission based pay structures are typically more difficult and time consuming for businesses to administer, which results in higher overhead costs to process payroll each pay period.

Additionally, pay structures that are heavily commission based can make it more difficult to attract top sales personnel to a business and may lead to higher employee turnover due to the lack of financial stability. Every company must weigh the pros and cons of implementing a commission based pay structure versus a fixed salary pay structure and ultimately make the decision that makes the most sense for their individual business.

Pay Field Staff Commission?

- Yes – 61%
- No – 39%

Typically speaking, what percentage of your field staff’s average take home pay is a result of commission?

The data we collected from our contractor network shows that there are two distinct approaches that businesses are implementing when it comes to structuring their field staff’s commission based pay. The most common approach is for contracting businesses to pay their field staff a base salary or hourly wage that makes up the majority of their take-home pay, with the variable component (i.e. commission) accounting for less than 30% of their take-home pay. The other widely used approach is to offer no (or a very nominal) base salary with virtually all of the employee’s take-home pay being generated as a result of commission. Only 7% of the contractors we surveyed, that indicated they pay their field staff some sort of commission, indicated that commission made up between 31-80% of their field staff's average take-home pay.

Percentage of Pay From Commission

- 0-10% of Pay - 30%
- 11-20% of Pay - 23%
- 21-30% of Pay - 21%
- 31-40% of Pay - 12%
- 41-50% of Pay - 7%
- 61-70% of Pay - 7%
- 81-90% of Pay - 7%
- 91-100% of Pay - 0%
**Do you pay your office staff any type of variable pay?**

When we asked contractors if they paid their office staff any form of variable pay, 44% said “yes” and 56% said “no”. Of the contractors that said “yes”, the three most common reasons submitted to us as ways that their office staff can earn variable pay were: Successfully scheduled appointments with qualified customers, positive results on customer service surveys, and quarterly profit sharing. Unlike the data we collected on field staff pay structures however, the vast majority (86%) of contractors, that indicated they do pay their office staff some sort of variable pay, indicated that the variable portion makes up less than 10% of their office staff’s overall take-home pay.

**Office Staff Variable Pay?**
- Yes - 44%
- No - 56%

**How does your company handle it’s payroll?**

The majority of contractors we surveyed (64%) said that their company currently administers their payroll internally instead of utilizing a third-party service. When we asked contractors how their employees were tracking their time, the most common response was “manually with spreadsheets”. The combination of administering payroll internally and with manual individual spreadsheets can be costly when you look at the cumulative labor hours it requires to process payroll each pay period. We encourage all EGIA members to request a quote through our discounted payroll processing partnership with ADP to see if your company can save time and money on your payroll processing. Through our partnership with ADP, EGIA members receive a 22% discount on ADP’s Payroll Processing services. To learn more visit www.egia.org/payroll.

**Company Payroll**
- In-House – 64%
- Third Party Service – 36%
“Due to our commission only pay structure for Sales Reps, there is a significantly high turnover due to no safety net. They quit in about 1 week. Every so often, a natural is found and they make the difference.”

– Solar Contractor in California

“Our employees receive bonuses (i.e., discretionary, not commission that would be considered pay). Managers receive bonuses based on gross profit; other staff receive bonuses for various sales initiatives (e.g., selling service agreements).”

– HVAC Contractor in Virginia

“We use GPS on our company vehicles to track time.”

– Geothermal Contractor in Virginia

“For our internal telemarketers we pay $75.00 per qualified appointment set/ran. It does not need to sell. If 5 appt’s become sales in 1 month a bonus of $1,000 is paid end of mo. 10 in 1 month=$2,500, plus the appointments ran. For our Sales Reps we pay $400.00 per funded sale. 8 sales in one month=$300 bonus, 10 sales=$1,000 bonus, 12 sales=$1,500 in one month.”

– Solar Contractor in California
Does Your Company Ever Exhibit / Pay For Booth Space At Events Such As Home Shows, Trade Shows, Etc.?

Of the contractors we surveyed, 78% said that they exhibit at events. The most common reason given by the contractors who don’t was “event marketing is too expensive.” While marketing at events can be costly, there are several reasons why every contracting company should seriously consider allocating part of their marketing budget towards events.

The leads you receive at events can be among the highest quality leads you can generate. Customers who attend home shows have demonstrated a sincere interest in the products and services your company offers just by taking the time to attend the event (and in most cases pay an entrance as well). Additionally, marketing at events is a great way to size up your competitors and see firsthand how they are selling their business to potential customers.

Does your Company Exhibit?
- Yes, frequently – 21%
- Yes, occasionally – 26%
- Yes, but rarely – 31%
- Never – 22%

How Much Of Your Company’s Marketing Budget Is Allocated For Marketing At Events Such As Home Shows, Trade Shows, Etc.?

The vast majority (76%) of contractors we surveyed, who indicated they do market at events, indicated that they allocate between 1-10% of their overall marketing budget towards events. When measuring the fully loaded cost of exhibiting at events, it is important to not only include the cost of purchasing the exhibit space, but also the cost of all display materials and handouts, preparation time, and the labor hours associated with staffing your booth and following up with leads after an event.

Simple tips for saving money on event marketing:
- Book your space early to take advantage of early bird discounts
- Choosing lightweight materials and shipping items as soon as possible to save on shipping costs
- Renting or purchasing a pre-owned exhibit instead of purchasing a new exhibit
- Offering to speak or present at any of the event’s seminars in exchange for discounted booth space

Marketing Budget for Events
- 1-10% of budget – 76%
- 11-20% of budget – 5%
- 21-30% of budget – 14%
- 31-40% of budget – 5%
- 41% or more of budget – 0%
On Average, How Would You Rate The Return On Investment Your Company Sees When It Exhibits At Events?

We wanted to know what type of return contractors were seeing on their event marketing investments and the majority (53%) of contractors we surveyed said that they typically see a small positive return on investment when marketing at events. Producing a compelling exhibit is only half the equation towards achieving a positive return on investment. The other half is dependent on executing an effective follow-up strategy following an event. You can have the most informative and eye-catching exhibit in the world, but if you cannot convert the leads you generated at the event into paying customers your efforts have been wasted.

Rate of Return from Events

- Large positive return on investment – 23%
- Small positive return on investment – 53%
- Small negative return on investment – 18%
- Large negative return on investment – 6%

What Tactics Does Your Company Use At Events To Attract People To Your Booth?

- “We had a 5’x4’x6’ display booth built that has a continuous loop video streaming along with pictures of before and after, etc. It has an iPad for contact information too. We hang banners, signs and pictures in and around the booth and staff the booth for information and to draw in people.”
  - General Remodeler in California

- “Pretty girls and solar panels hooked up to flashing lights to get attention, and lots of information brochures.”
  - Solar Contractor in North Carolina

- “We send out an email campaign beforehand to draw attention to the event.”
  - Home Performance Contractor in California

- “We have a wheel to spin to win free duct testing or A/C tune up etc...”
  - HVAC Contractor in Arizona

- “No gimmicks, just a quality display that is always staffed from open to close.”
  - Geothermal Contractor in California
What Takeaway Items Does Your Company Give To People Who Visit Your Booth?

“Families make up a large percentage of our client base, so we try to focus on items that would appeal to children: toys, balloons, candy, etc.”
- Home Performance Contractor in California

“We usually have about a thousand or so small articles such as pens, and bottle top grips with print, as well as our flyers and brochures.”
- Solar Contractor in North Carolina

“We tend to only offer a tri-fold company brochure as most items will be thrown away. We offer a line card with our products and services as well as web sites they can view to save on waste.”
- Solar Contractor in Connecticut

“Electric outlet insulators. CFL light bulbs.”
- General Contractor in Vermont

“Time sensitive discount coupons.”
- Construction Company in Arizona

What Is Your Company’s Follow-Up Strategy For People Who Visited Your Booth During An Event?

“Typically a phone call or e-mail if requested. A follow up mailing 30 days later or timed to a relevant date.”
- Construction Company in Arizona

“Appointment coordinators call out to people who gave us their information. We simply reference the fact they gave us their info and they had expressed an interested in one of our specific products.”
- HVAC Contractor in California

“We generally call them within the first week of the show and follow up occasionally with anyone not contacted immediately with phone calls, emails and post cards.”
- Home Performance Contractor in South Carolina

“I call people a few days after the event and try to schedule an energy audit. We don’t have special offers per se, but we do have a loan program that we tell them about.”
- General Contractor in Vermont
Add your voice to the Snapshot Surveys. Go online and take the latest survey at www.egia.org/SnapshotSurveys/.