

BUILDING on a BRAND

*American
Standard*
NEW STANDARDS
FOR LIVING™



American Standard's heating and air conditioning business takes on the HVAC industry with aggressive marketing and help from its kitchen and bath counterpart.



American Standard is a name that enjoys extraordinary brand recognition. In fact, its products are in two out of every three American homes, according to research conducted for the company. Traditionally, you will find these products in kitchens and bathrooms; but an aggressive campaign by the company's heating and air conditioning business has made American Standard a strong name in heating and cooling systems. In addition to a national advertising campaign, including television advertising, American Standard heating and air conditioning group has established several marketing initiatives to draw consumers and builders to its distributors and dealers. This, in turn, has attracted new dealers to American Standard distributors.

The HVAC group is taking advantage of American Standard's better-known bath and kitchen products to help establish it in the competitive heating and cooling systems marketplace. "We're very excited about some of the synergies we're creating between our two businesses," says Dale Green, vice president of sales and marketing for American Standard's heating and air conditioning business. Among the most visible changes has been the adoption by the HVAC group of American Standard's classic script logo. "It was the first step towards bringing both units together under one brand name as one face to the public," says Joyce Warrington, national brand manager for American Standard heating and air conditioning.

Its distributors, too, are excited

about the company's marketing initiatives. American Standard has fully involved its distributors in its efforts to position the business as a leader in this industry. The new marketing efforts include co-branding strategies with the kitchen and bath group and the television advertising campaign, which the company introduced at the national distributors meeting in January. Distributors also received marketing materials to spread American Standard's message at the local level. "Our distributors are really on board with this," says Warrington. "They're truly motivated by all the materials we've made available to them, and they're very excited about the direction we're going and our advertising campaign."

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American Standard
NEW STANDARDS FOR LIVING™

wide, American Standard's 77 distributors service every state except Hawaii. There's also distribution in Canada. The history of American Standard's heating and cooling business is divided into two periods. The company was a pioneer in the heating and air conditioning business from its early roots as American Radiator. American Standard exited that business in the early 1970s. In 1984, American Standard reentered the HVAC market through a major HVAC acquisition, and reintroduced the American Standard brand to the HVAC market in 1988.

Because American Standard was such a powerful and respected brand, distributors and dealers welcomed its comeback, says Paul Trotter, the heating and air conditioning national sales manager. "Dealers and distributors knew right away that we produced good products," he says. "The product grew nicely in its early years because of dealer acceptance." Still, with so many other players in the HVAC field, American Standard knew it would have to work harder and invest in the brand for its heating and air conditioning products to resonate with consumers.

Promoting American Standard heating and air conditioning products through its distributors and dealers has always been a major component of the company's marketing and sales strategy, says Trotter. Distributors are involved in everything the business does. The synergistic relationship with the company's bath and kitchen business provides more value to distributors and dealers.

For example, its joint lead-generation program directs leads to both bath and kitchen, and heating and air conditioning distributors. Consumers who inquire about an American Standard product – whether through its website, toll-free number, or a response card – receive information for both heating and air conditioning, and bath and kitchen. "If consumers request information on bath and kitchen products, they also receive a letter to let them know we make heating and air conditioning systems, and that we'd love for



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them to take a look at the product line," says Warrington. "We support the bath and kitchen business in the same way."

If the consumer requests information on heating and air conditioning, the lead is qualified as either immediate or longer term. The dealer contacts those consumers who indicate an immediate need within 24 hours. Trotter says this program has resulted in a 30 percent closure rate on leads.

American Standard extends this commitment in a more tangible way with the goal of helping both dealers improve their interactions with the consumer. The Customer Care Dealer program "gives the dealer the tools to measure customer satisfaction and to make sure he has the tools to provide customer satisfaction," Trotter says. One of these tools is a satisfaction survey that an independent research firm administers with consumers after they make a purchase or receive service by an American Standard Customer Care Dealer. If there is a problem on the job, the dealer receives immediate notification so that they can respond to the consumer and resolve the problem. The distributor and dealer get a composite score based on the surveys, so they can see areas upon which they need to improve. "The ultimate objective is that we want our consumers to be totally satisfied," Green says.

Dealers and distributors must qualify to be a Customer Care Dealer. Their employees must go through eight hours of training annually. They must also have a "significant" proportion of their business dedicated to American Stan-

dard and promote themselves as an American Standard dealer, says Green. Once they're part of the program, they must maintain a minimum satisfaction rate of 85 percent per quarter. Most dealers in this program, Trotter says, have maintained an average rating of 95 percent.

Those consumers who give a Customer Care Dealer a score of 95 percent or higher receive a thank you gift box with a letter and a pen bearing the name of American Standard and the

dealer name. The consumer also receives a questionnaire, giving them the opportunity to recommend any family or friends who may be in the market for heating or air conditioning products.

With another initiative, American Standard has reached out to high-end custom builders to increase the visibility of its products. The All-American Home program provides incentives for builders to use American Standard products, both on the heating and air conditioning, and the kitchen and bath side. The incentives are in the form of rebates that are tiered into three categories based on the installation of products. The higher the efficiency of the product, the greater the rebates, says Warrington. The builder also gets a two-year labor and parts warranty to pass on to the homebuyer as part of the package.

As part of the synergy between the two divisions, the All-American Home program extends to both heating and air conditioning as well as bath and kitchen products. "They're not tied together, but they do mirror one another to look seamless," says Trotter. Another element of the program is American Standard's Home Comfort Tour kit. Set up in model homes, this self-guided tour focuses prospective homebuyers on elements of a home they may not always consider: the thermostat, the furnace or air handler, and the outdoor unit. "All along the way, the consumer sees all of the amenities that the builder offers," says David Panieer, president of residential systems. "Buyers love it."

Even if they don't buy that particular

BEST PRACTICE

What is the American Standard Customer Care program?

Definition, significance and benefits, procedure and process

American Standard's history of manufacturing residential home comfort products for the American consumer represents more than a century of attention to the particular needs of the customer. Whether it's bath and kitchen installations or heating and air conditioning systems, this consumer focus has resulted in products that are easy to live with and easy to use, and that provide years of worry-free service.

But customer satisfaction extends beyond product performance. It also relies heavily on the performance of people, particularly in heating and air conditioning. It's all about the experience. The quality of the sales, installation, and service experience for most homeowners are of equal importance to the quality of the product. And today's consumer is much more sophisticated and educated in the purchase process, even for heating and air conditioning. As a result, they expect, and even demand, quality products, along with specific customer service needs.

American Standard launched the Customer Care Dealer program in 1999 as a way to place special emphasis on customer satisfaction at the dealer level, because this is the point of contact for the consumer. American Standard dealers qualify for Customer Care designation annually by meeting strict guidelines in the areas of customer satisfaction ratings, training and certification, advertising and marketing, sales and installation, and service and technical support.

The major component of the program is a customer satisfaction survey that provides the dealer with immediate homeowner feedback. Dealers rely on this feedback from their customers to continually push them toward ultimate customer satisfaction with each and every customer. Each Customer Care Dealer must maintain a satisfaction rating of 85 percent or higher; however, their composite satisfaction rating today is 95 percent.

Benefits of participation are twofold

Customer Care designation differentiates a dealership in a competitive marketplace. Customers expect fair treatment. And cred-

ibility depends on a timely, thoughtful, and fair response to customer needs. Customer Care Dealers have the authority to make the necessary decision to do what's right for their customers, on the spot. If a customer's problem is an out-of-warranty component problem, the Customer Care Dealer can concession the part on behalf of American Standard. The Customer Care Dealer in turn concedes the labor. This is yet another step in a Customer Care Dealer striving to win another satisfied customer.

The dealer also benefits from consistent customer feedback, which is then useful in building business excellence. Additionally, the consumer benefits by working with a dealer who is intent on providing complete customer satisfaction and building "customers for life." With our Customer Care Referral program, dealers have a systematic way of asking their customers for referrals, rewarding them for sales to referred customers, and tracking their referral sales activity. Each customer who returns a survey with a score of 95 or higher receives a thank you gift box with a letter and pen from both American Standard and the Customer Care Dealer. We ask the customer to recommend the dealer to other friends and family who might be looking to replace their heating and air conditioning systems.

Currently, about 20 percent of American Standard dealers have met the guidelines to become members of this elite dealer organization. Customer Care Dealer identification is signified by the Customer Care logo on their uniforms, trucks, business cards, and even websites. If customers visit the American Standard heating and air conditioning website, www.americanstandard-air.com, click on the Dealer Locator, and type in a zip code, they will see a list of American Standard dealers, with the Customer Care Dealers being given priority and special logo identification.

With the American Standard Customer Care Dealer program, we're setting the standard in customer satisfaction. American Standard Customer Care Dealers really think they can do it right, one customer at a time.

home, the consumer may upgrade their current home with American Standard heating and cooling products. It also gives the local dealer a prospective customer, notes Warrington. In addition to bringing customers closer to the distributor, the program is creating stronger ties to the building industry. "We've not been a big player in new construction in the past," Pannier says. "This is another way of adding value to our brand. It's a way of pushing products to the higher-end builder and reinforcing the premium products of our brand."

Reaction from American Standard's distributors has been strong, comments Trotter. They were especially pleased at the company's efforts to bring in local builders. "Distributors told us that we have always had good support programs, but they see us moving into a new level of marketing," Trotter says. "They see this as an exciting added dimension that will help them grow their business and create more value throughout the whole [supply] chain."

American Standard maintains a focus on heating and air conditioning systems rather than components. "It provides the best value in terms of performance and better satisfies the end-users' expectations," Pannier says. While it may be practical at times to sell components, he says that distributors who focus on the systems approach will ultimately provide the best value in terms of overall performance and meeting customer expectations.

Dale Green adds that this "systems" approach fits with the company's overall approach of delivering home comfort. He uses the term "homecentric" to describe American Standard as a brand that provides overall comfort. Green says this better reflects what the homeowner looks for from an HVAC and a

bath and kitchen business. "Consumers don't talk about furnaces and outdoor units," he says. "They talk about comfort. And when you take the systems approach, you are fulfilling the consumers' definition of home comfort."

American Standard's focus on systems plays out in the company's tag line that is used for both heating and air conditioning, and bath and kitchen: "New Standards for Living." In addition to tying together both ends of the business, it stresses the "homecentric" nature of the business.

These marketing programs and incentive programs are part of American Standard's continuing commitment to its distributors and the dealer network. "We're definitely committed to growing the brand, and these programs demonstrate that commitment to dealers and distributors," says Trotter. In addition to the annual national distributor meeting, American Standard holds regional meetings for new product training and distributor recognition. Ongoing communications through its DealerNet e-Commerce site keeps distributors and dealers updated. They can view or download product references and sales materials from the site. This site can also be transactional if the distributor chooses.

American Standard's distributors have made an enormous commitment to the brand and to their dealers, Trotter says. He says this commitment to both ends of the supply chain ultimately benefits the entire chain. "Most of our distributors want to be the one-stop shop for dealers," Trotter says. "These distributors have done a wonderful job of embracing the American Standard brand and supporting it so that a dealer is proud to sell it."

American Standard's marketing ini-

tiatives and product quality have helped make it easier for distributors to attract high-quality dealers. "This is a brand that can raise the visibility of a dealership, helping to make it more profitable," Trotter says.

A recent program enjoying success is one that offers the dealer cash incentives and prizes, and benefits the consumer with a deferred-payment program. Begun in 2002, the Stars and Stripes program was a six-month program that "got the dealers' attention in a big way," says Trotter. The program, which was enhanced this year, encourages dealers to promote high-efficiency American Standard products. Throughout the program, dealers received reports on the number and efficiency levels of systems or components they sold. "It benefited our dealers and distributors, and consumers got the high-efficiency products they wanted."

American Standard's heating and air conditioning business says its aggressive approach to marketing has raised the brand awareness of its products and created a buzz in the industry. This strategy, combined with the recent synergy with its bath and kitchen business, is benefiting the company as a whole. "What we're doing is good for dealers and distributors, whether they sell American Standard heating and air condition systems or bath and kitchen products," says Green. "It's exciting to watch it grow."

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