



Vertical Market Selling Guide

PLUMBING / HVAC



Purpose

This guide is provided to you at no charge to create awareness for the needs of a payment terminal solution within a specific vertical market that may be less penetrated than traditional retail stores.

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Market Segment: Plumbing / HVAC Contracting

MCC: 1711

NAICS Code(s): 23822

Market Overview

The number of establishments under the general classification of MCC code 1711 ranges anywhere from about 95,000 to 215,000 depending on the source. Each defines the classification a bit differently. The US census lists about 95,000 entities. For the purpose of this analysis the lower numbers are probably more relevant since most of these companies are contractors and do not handle payments electronically. The actual number of plumbers / HVAC companies that provide residential services and are of interest is in the 25,000 range.

The market consists primarily of local independent companies. In fact, over 90 percent of the companies have less than 20 employees. The average card ticket value in this industry is very high, in the \$500 range. However, card payments make up a lower percentage of total payments. The use of PIN debit is almost non-existent and currently most credit card transactions are non-qualifying.

Sales & Marketing Insights

The plumbing/HVAC contractor business is one that does not have a high penetration of electronic payments; therefore, there is plenty of opportunity to offer terminal-based services to this group. With a high average ticket and a majority of current card business non-qualifying, there is a strong business case for portable payments. Tremendous per transaction savings can be realized by converting these batched, or called-in, transactions to those qualifying as card-present and real-time. On a \$550 ticket, these savings would be over \$5.00. If the company currently does 25 monthly transactions, the savings would be over \$125 per month.

From a marketing point of view, good opportunities exist to work with the PHCC and local chapters. None appear to currently promote a program with an acquiring organization. Most of these groups, as well as the national organization, run an annual trade show and provide a number of advertising opportunities (newsletters, web site, etc.).

Market Characteristics

(State by state information - see Exhibit 1)

- Estimated total firms: 175,000
- Estimated total locations: 179,000
- Segmentation
 - Independent contractors
 - 99% firms
 - 99% establishments
 - National players
 - <1% firms/establishments
 - RotoRooter
 - Rescue Rooter
 - Culligan

Payment Characteristics

- Card payments, estimated percent of total payment volume: 15%
- Estimated average ticket size of a card transaction: \$550
- Average monthly number of card transactions per establishment: 25
- Average monthly card volume per establish: \$15,000



Payment Characteristics

- Associations
 - National: PHCC (Plumbing - Heating - Cooling Contractors Association)
 - Web site <http://www.phccweb.org>
 - State (See Exhibit 1 for details): PHCC Affiliated State Organizations
 - Marketing Opportunities: Processing partnerships, Annual conventions, newsletter advertising, website advertisement

- Trade Shows
 - PHCC Annual Convention and ISH North America Trade Show
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- Journals
 - Contractor Magazine <http://contractormag.com>
 - Contracting Business: <http://www.contractingbusiness.com>
 - ACHR News: <http://www.achrnews.com>
 - Plumbing and Mechanical Magazine: <http://pmmag.com>
 - Reeves Journal: <http://www.reevesjournal.com>



VeriFone Solutions

Plumbers could greatly benefit from devices that are portable and can be used at the point-of-service. This would satisfy the needs of the contractor and the desire to accept card-present transactions at any time which would significantly lower the current overall payment costs. VeriFone offers a variety of wireless communication options for portable devices.

- PAYware Mobile
- Nurit 8020S
- RoamPay Swiper



PAYware Mobile



PAYware Mobile for iPhone™ allows for payments to be accepted anywhere, anytime in a secure manner via card swipe.

PAYware mobile is a PA-DSS approved payment application for iPhone™. Accepting credit card payment via PAYware Mobile comes with a variety of benefits including higher security and increased transaction savings.

Exhibit 1. Information by State					
	US Census	Plumbing, Heating & AC	Plumbing contractors	Association	
				Name	Website
US Total	87,936	25,795	58,872		
Alabama	1,425		878	Alabama PHCC	http://www.alphccapprentice.org
Alaska	229	57	85	Alaska PHCC	http://www.amcaanc.org
Arizona	1,510	393	1,359	Arizona PHCC	No Web
Arkansas	1,045	231	686	No Chapter	
California	7,272	2,269	7,585	California PHCC	http://www.caphcc.org
Colorado	2,015	543	1,118	Colorado PHCC	http://www.mpccolorado.org
Connecticut	1,321	453	1,295	Connecticut PHCC	http://www.ct-phcc.org
Delaware	306	94	136	Delaware PHCC	http://www.phccdelaware.com
District of	22	8	18	Metro Washington	http://www.dcp Plumbers.com
Florida	5,069	1,293	4,620	Florida PHCC	http://www.flphcc.org
Georgia	2,534	651	1,766	PMA of Georgia	http://www.plumbingpros.com
Hawaii	280	24	182	Hawaii PHCC	No Web
Idaho	594	157	446	Idaho PHCC	No Web
Illinois	3,848	1,008	1,968	Illinois PHCC	http://www.ilphcc.com
Indiana	1,867	440	884	Indiana PHCC	http://www.iaphcc.com
Iowa	1,066	331	601	PHCC of Iowa	http://www.phccia.org
Kansas	966	205	647	Kansas PHCC	http://www.kphcc.org
Kentucky	1,219	287	821	Kentucky PHCC	http://www.kaphcc.com
Louisiana	1,469	336	831	Louisiana PHCC	http://www.laphcc.org/
Maine	458	173	283	Maine PHCC	http://www.maine-phcc.com
Maryland	2,024	561	1,151	Maryland PHCC	http://www.phccmd.org
Massachusetts	2,520	931	1,579	PHCC of Massachusetts	http://www.phccma.org
Michigan	3,051	882	1,772	Michigan PHCC	http://www.mpmca.org
Minnesota	1,635	366	800	Minnesota PHCC	http://www.minnesotaphcc.org
Mississippi	655	236	520	No Chapter	
Missouri	1,816	390	1,168	Missouri PHCC	http://www.picstl.com
Montana	432	103	177	No Chapter	
Nebraska	683	167	372	Nebraska PHCC	http://www.phccne.org
Nevada	498	162	347	PHCC of Nevada	http://www.phccnv.com
New Hampshire	531	363	391	New Hampshire PHCC	http://www.nhpmc.org
New Jersey	3,551	1,357	1,791	New Jersey PHCC	http://www.nj-phcc.org
New Mexico	599	176	265	No Chapter	
New York	5,750	2,103	3,052	New York PHCC	http://www.nysphcc.org
North Carolina	2,978	693	2,271	North Carolina PHCC	http://www.phccnc.org
North Dakota	272	40	83	North Dakota PHCC	No Web
Ohio	3,514	831	2,072	PHCC of Ohio	http://www.phccohio.org
Oklahoma	1,158	253	727	Oklahoma PHCC	No Web
Oregon	1,031	349	723	Oregon PHCC	http://www.orphcc.com
Pennsylvania	3,653	1,323	2,456	Pennsylvania PHCC	http://www.paphcc.org
Rhode Island	397	131	178	Rhode Island PHCC	No Web
South Carolina	1,472	364	909	No Chapter	
South Dakota	337	73	142	South Dakota PHCC	http://www.sdphcc.org
Tennessee	1,370	550	1,183	PHCC of %Tennessee	http://www.taphcc.org
Texas	5,653	2,056	4,179	Texas PHCC	http://www.phcc-tx.org
Utah	892	215	570	No Chapter	
Vermont	282	97	139	No Chapter	
Virginia	2,547	718	1,466	Virginia PHCC	http://www.pmpv.org
Washington	1,602	409	878	PHCC of Washington	http://www.phccwa.org
West Virginia	416	108	174	No Chapter	
Wisconsin	1,839	383	993	Wisconsin PHCC	http://www.wisconsinsbestplumbers.com
Wyoming	262	61	116	No Chapter	