EGIA

2026
HVAC CONTRACTOR
SURVEY REPORT

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INTRODUCTION

The HVAC industry is evolving at a rapid pace, and businesses are being affected by many variables such as shifting customer demographics and needs, changing economic factors and a plethora of new business strategies being implemented throughout the marketplace.

EGIA, the Electric & Gas Industries Association, retained Decision Analyst, Inc. to conduct an annual survey of HVAC contractors throughout the United States and Canada to: 1) identify common challenges, priorities, and opportunities in the industry, 2) benchmark trends and practices across company sizes, regions and roles, and 3) give contractors a clearer picture of the evolving market.

For EGIA industry partners and suppliers, this research is intended to provide a deeper understanding of contractor needs and priorities, gain insight into the buying behavior and market dynamics impacting contractors and provide direction for developing supportive products, services, and training.

Thousands of individuals representing HVAC contractors throughout North America were invited to participate in the 2026 Contractor Survey. Respondents are grouped into two categories – Owners/ Executive Management and Middle Management.

This report outlines the learnings from the survey conducted during the fourth quarter of 2025. In all, 353 respondents participated in the research. 83% of respondents are from the United States and 17% are from Canada.

The EGIA Contractor Survey is conducted annually building on prior year results to track shifts in contractor attitudes, business performance, and market trends to enable contractors to stay ahead of new threats, innovations, and opportunities.

Analytical Notes

- Due to rounding, the sum of the percentages on single response questions may not add to 100% and may vary by +/-2%.
- For multiple-response questions, the total will add up to more than 100%.
- In the footnote section:
  - The base size of the sample is provided.
    - In some cases, the sample size is considered a statistically small sample size for quantitative research standards. In this report, a sample size of n=50 or less is considered small.
    - Any analysis based on small sample sizes (n=50 or less) should be considered strictly qualitative and used for directional or guidance purposes only.

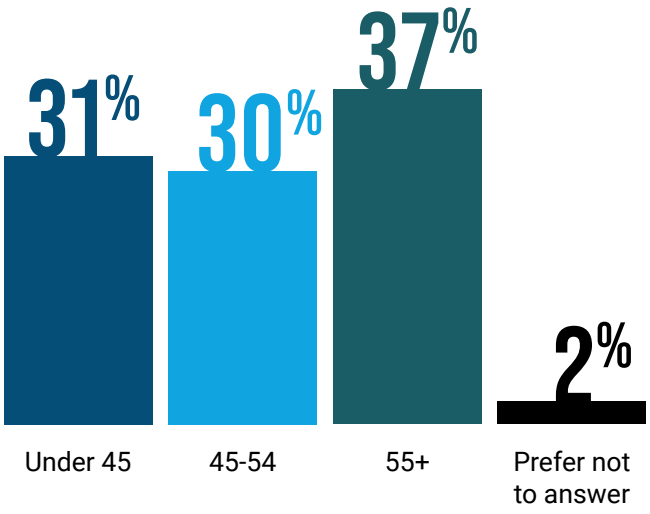
RESPONDENT PROFILE



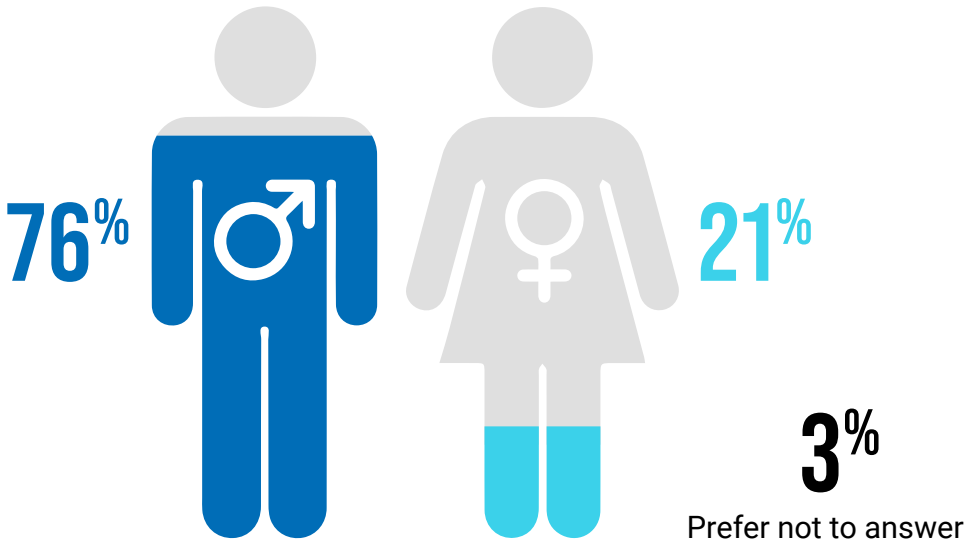
RESPONDENT DEMOGRAPHICS

While most respondents are men, the number of women respondents increased by 3 percentage points compared to last year's survey. The average age of respondents remains at approximately 50 years old.

AGE



GENDER

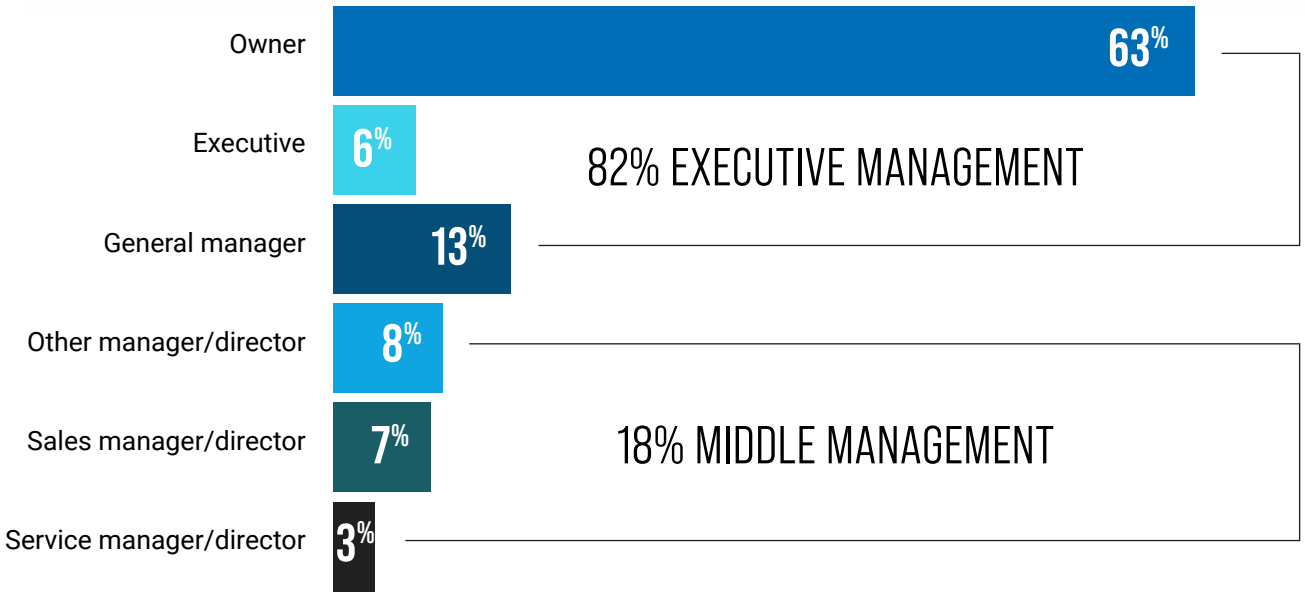


Base: Total Respondents (n=353)

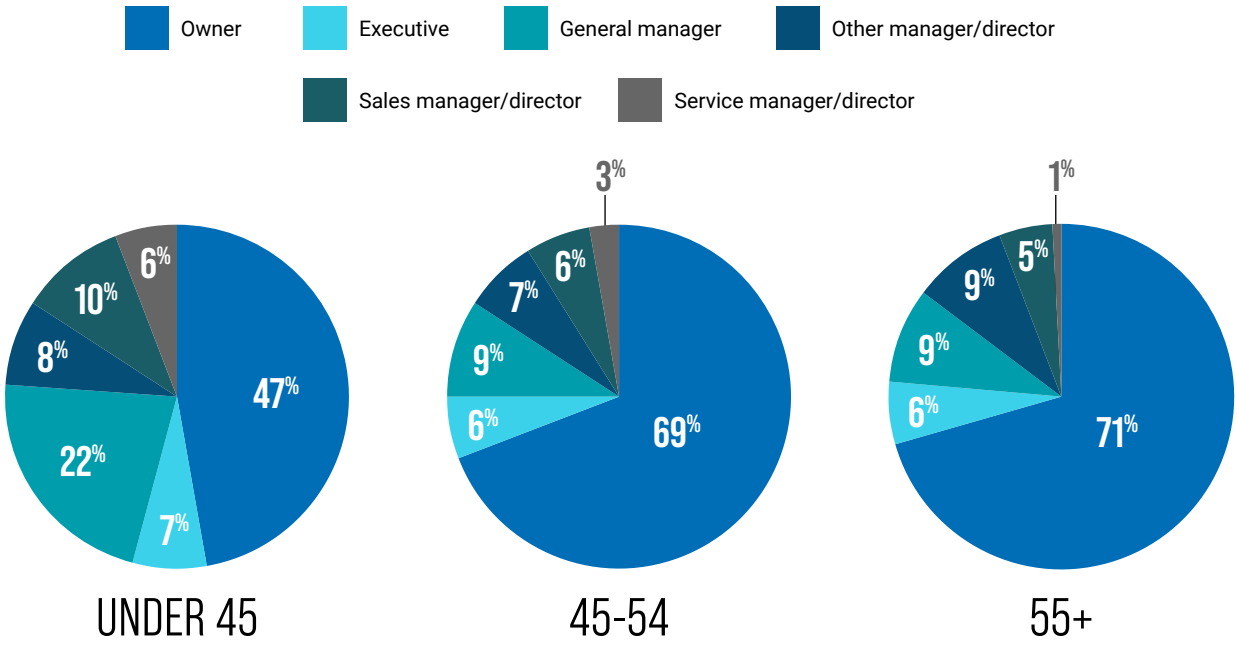
ROLE IN COMPANY & BY AGE

Most respondents are company owners. Executive managers make up the vast majority of research participants.

ROLE IN COMPANY: OVERALL



ROLE IN COMPANY: BY AGE



Base: Total Respondents (n=353); Aged <45 (n=111); Aged 45-54 (n=107); Aged 55+ (n=129)

BUSINESS PROFILE

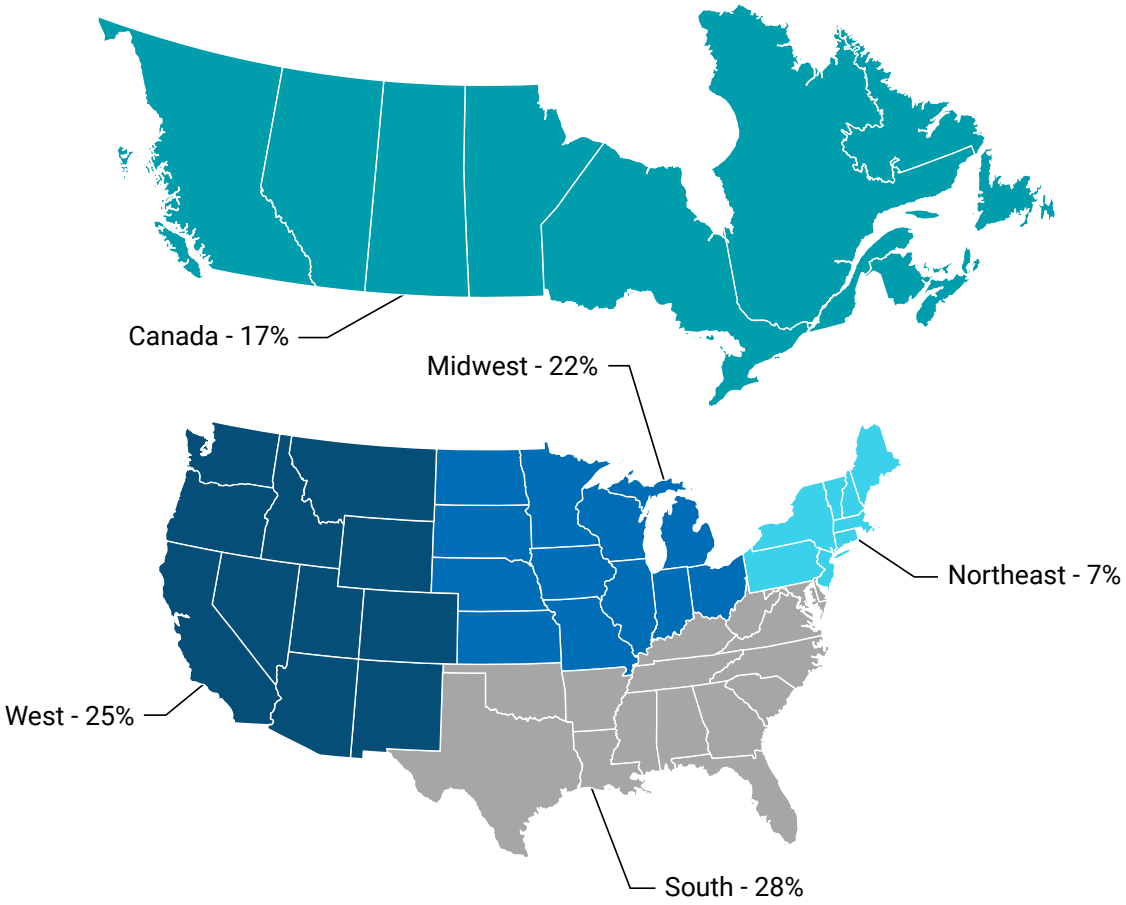


BUSINESS LOCATION & AGE

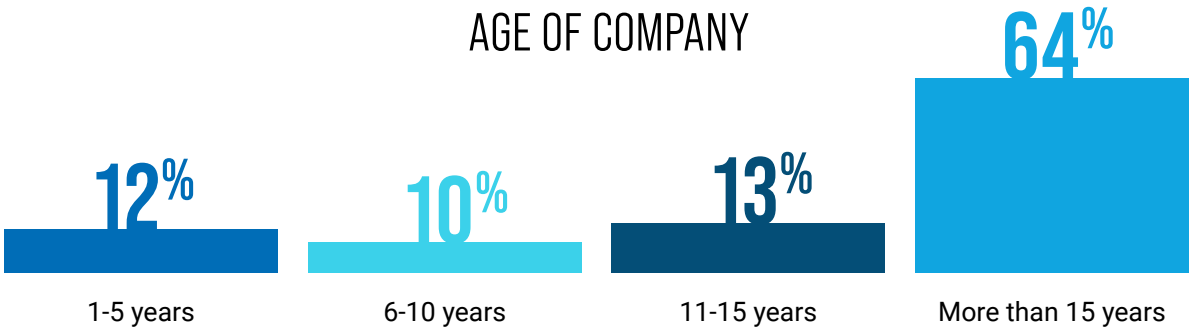
Responses are slightly higher from participants in the Southern United States. Canadian companies represent just under 1 in 5 responses, with the majority coming from Ontario.

NORTH AMERICAN BUSINESS LOCATION

(U.S. regions align to U.S. Census regions)



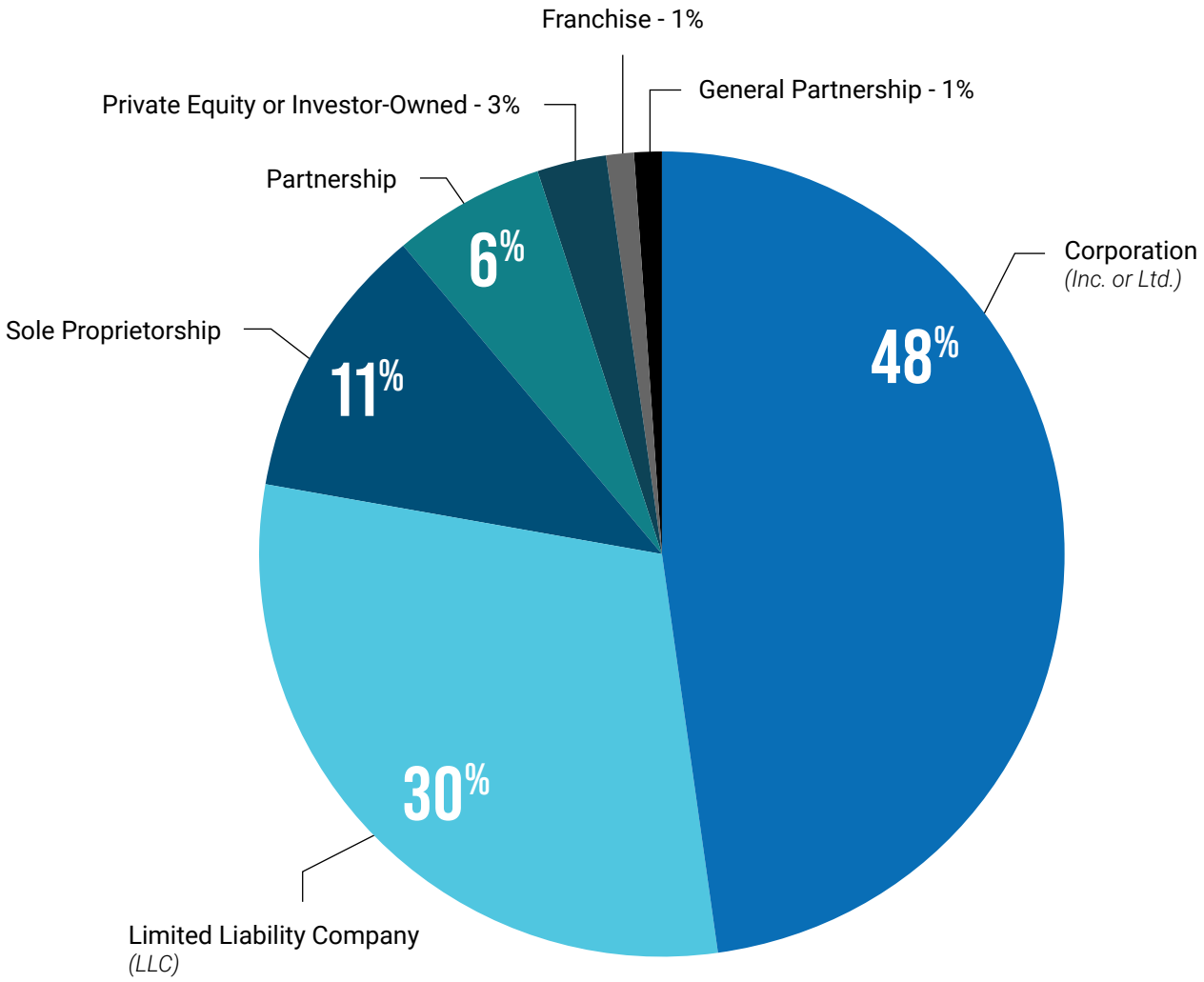
AGE OF COMPANY



Base: Total Respondents (n=353)

COMPANY OWNERSHIP STRUCTURE

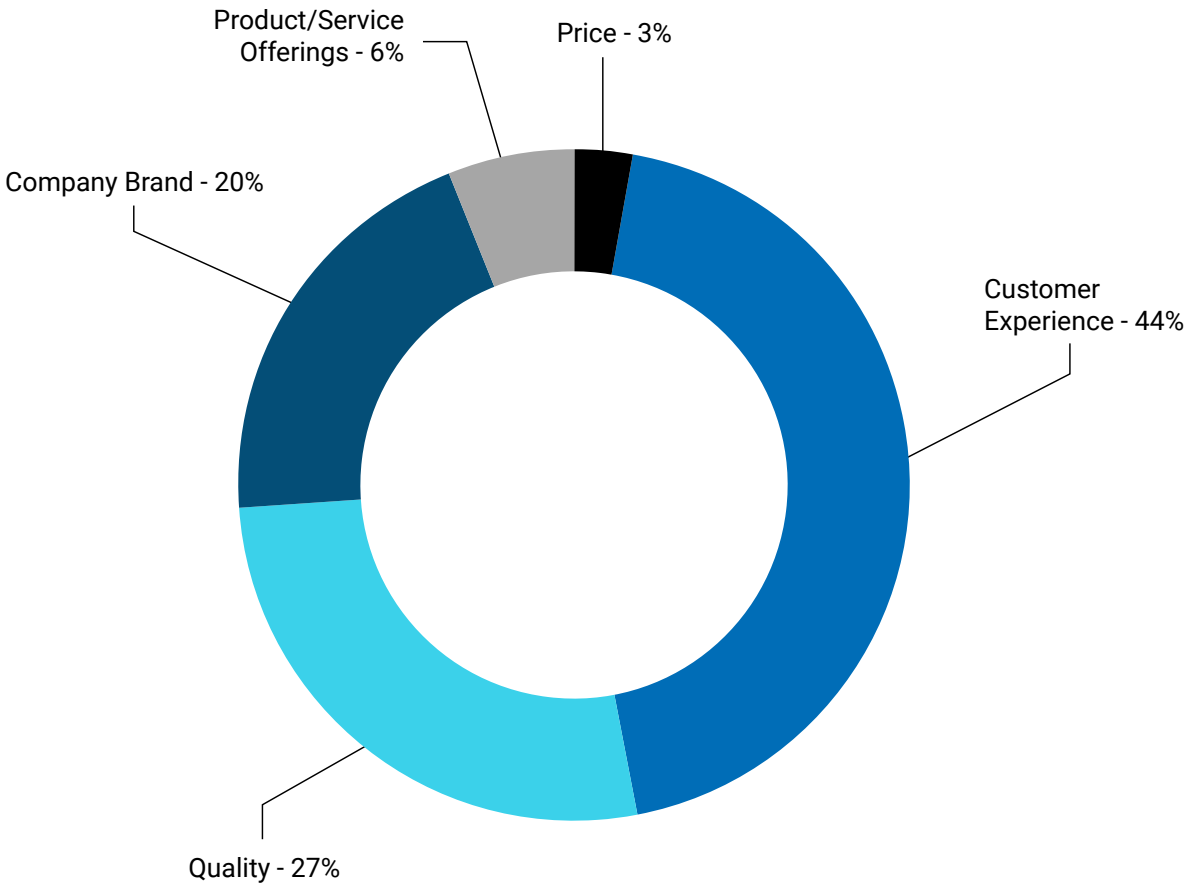
The ownership structure of the industry shows a clear move toward formal, liability-protected business models. This indicates an industry that is increasingly professionalized, risk-aware, and structured for growth, rather than informal or hobby-based operations.



Base: Total Respondents (n=353)

BUSINESS DIFFERENTIATOR

HVAC contractors overwhelmingly believe they win on experience and quality - not price - and that belief is even stronger among women. For an industry that historically battled over “lowest bid,” this is a meaningful shift in mindset. While contractors no longer claim to compete on price, whether they actually price confidently is another conversation.

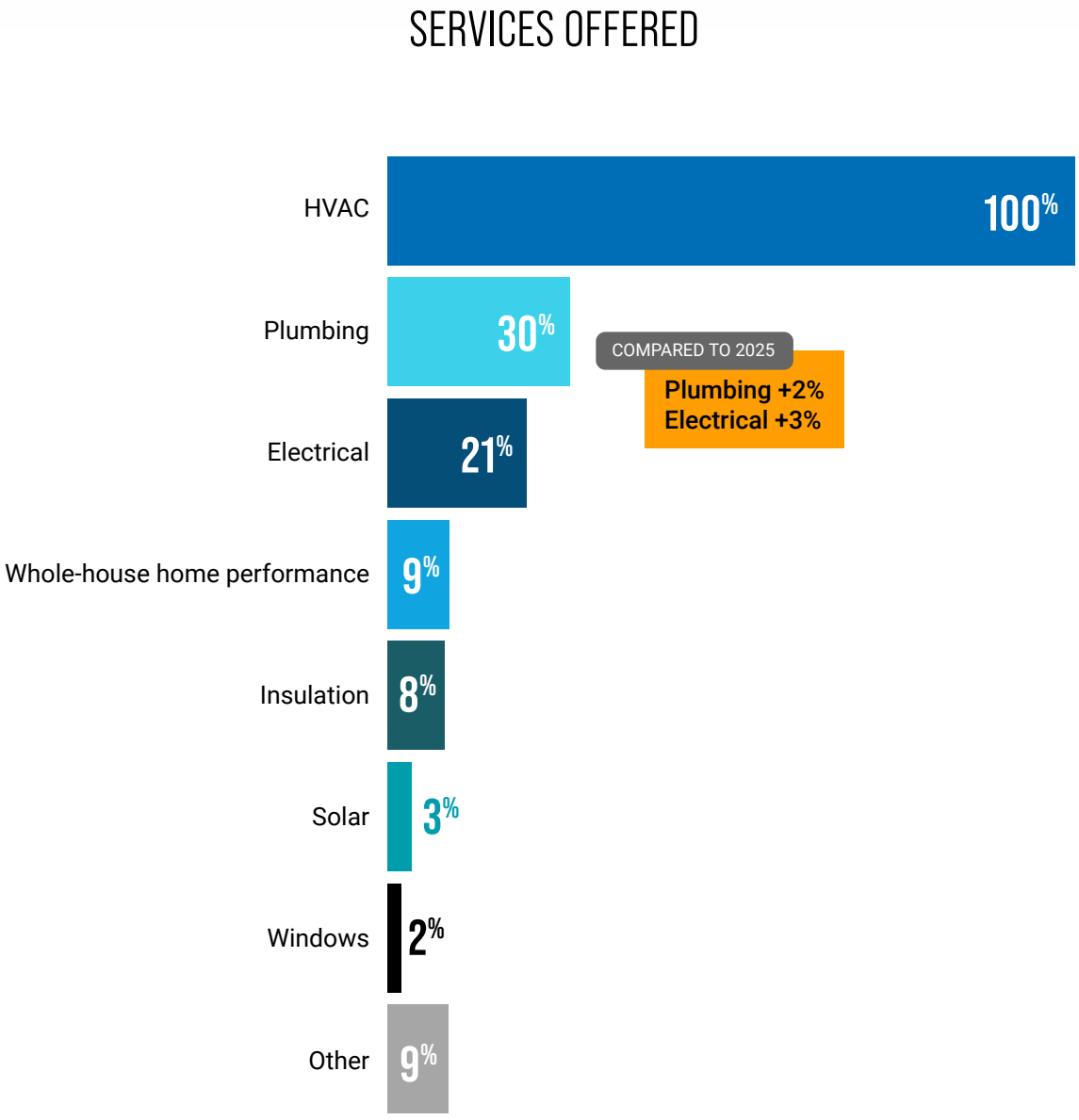


IMPORTANT DIFFERENTIATORS	GENDER	
	MALE	FEMALE
Customer Experience	42%	53%
Quality	25%	36%
Company Brand	23%	8%
Product/Service Offerings	8%	2%
Price	2%	1%

Base: Total Respondents (n=353)

PRODUCTS & SERVICES OFFERED

In addition to HVAC services, respondents most often report providing plumbing and electrical services.

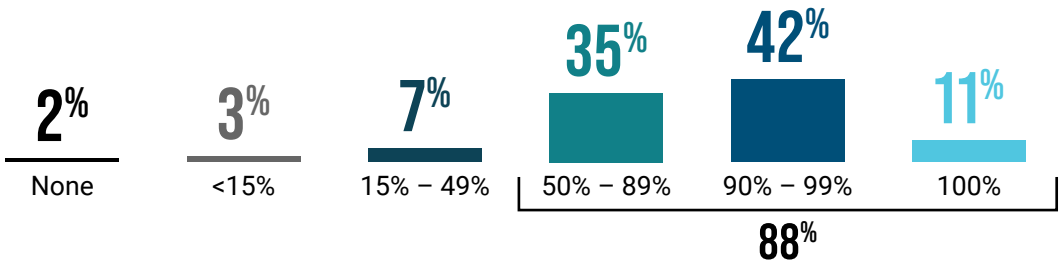


Base: Total Respondents (n=353)

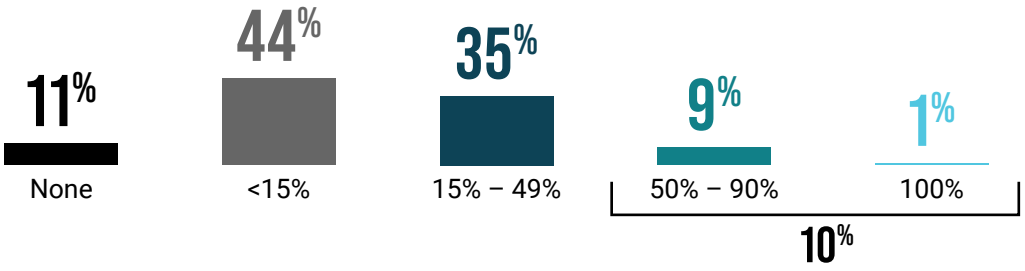
RESIDENTIAL VS COMMERCIAL JOBS

Nearly 90% of respondents report generating more than half of their revenue from residential work. For most firms responding to this survey, commercial is a supplement, not a core growth engine. Small commercial work is a huge opportunity for residential contractors.

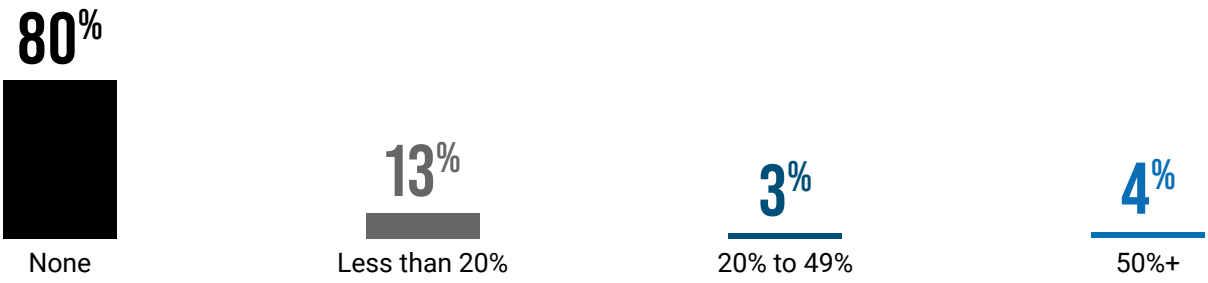
REVENUE GENERATED FROM RESIDENTIAL JOBS:



REVENUE GENERATED FROM SMALL COMMERCIAL JOBS:



REVENUE GENERATED FROM LARGE COMMERCIAL JOBS:

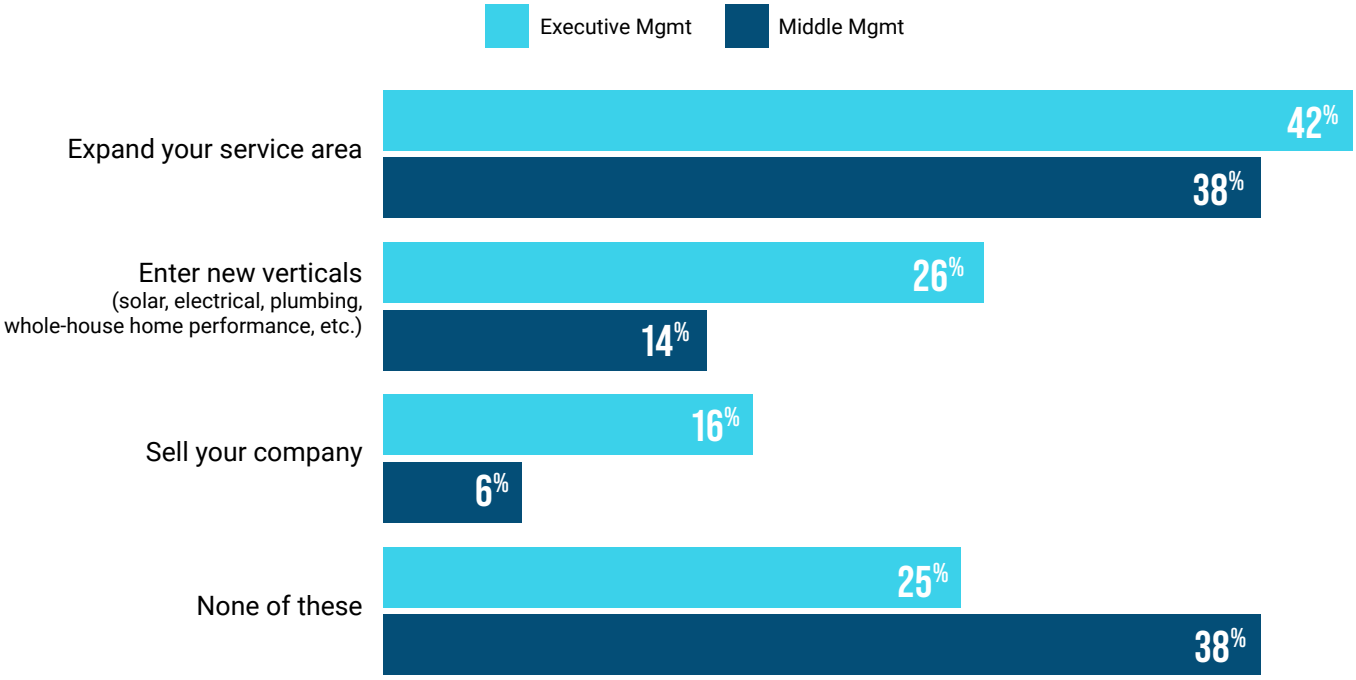


Base: Total Respondents (n=353)

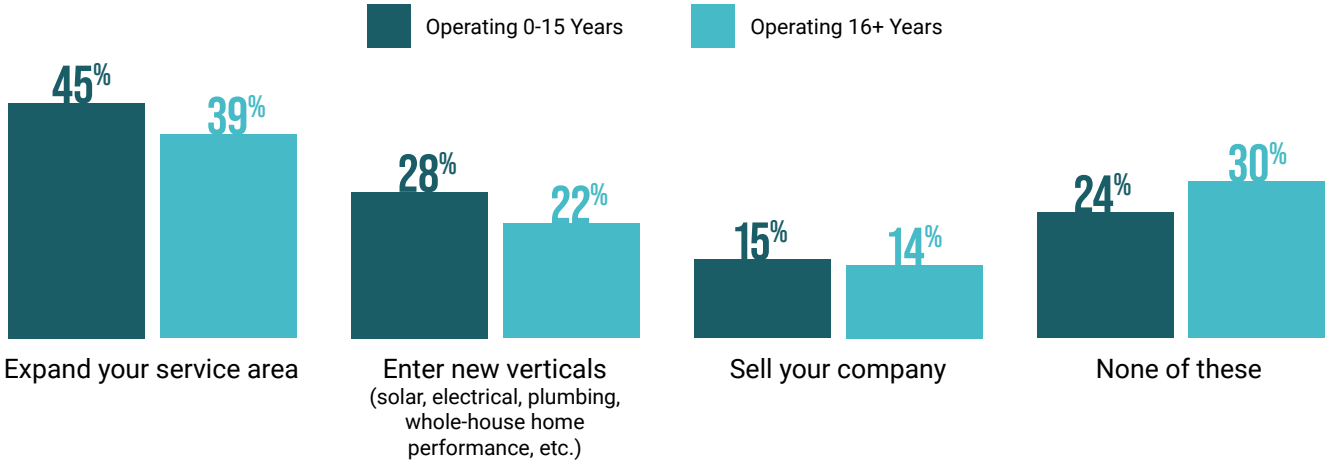
PLANS FOR NEXT 3 YEARS

The dominant mindset over the next three years is growth. That tells us this is not a “hold steady” industry, it’s in a positioning phase. Contractors are looking to get bigger, broader, and more diversified, not shrink or exit. Contractors are positioning for scale, but the level of ambition depends heavily on leadership role and company maturity.

BY ROLE IN COMPANY



BY BUSINESS AGE

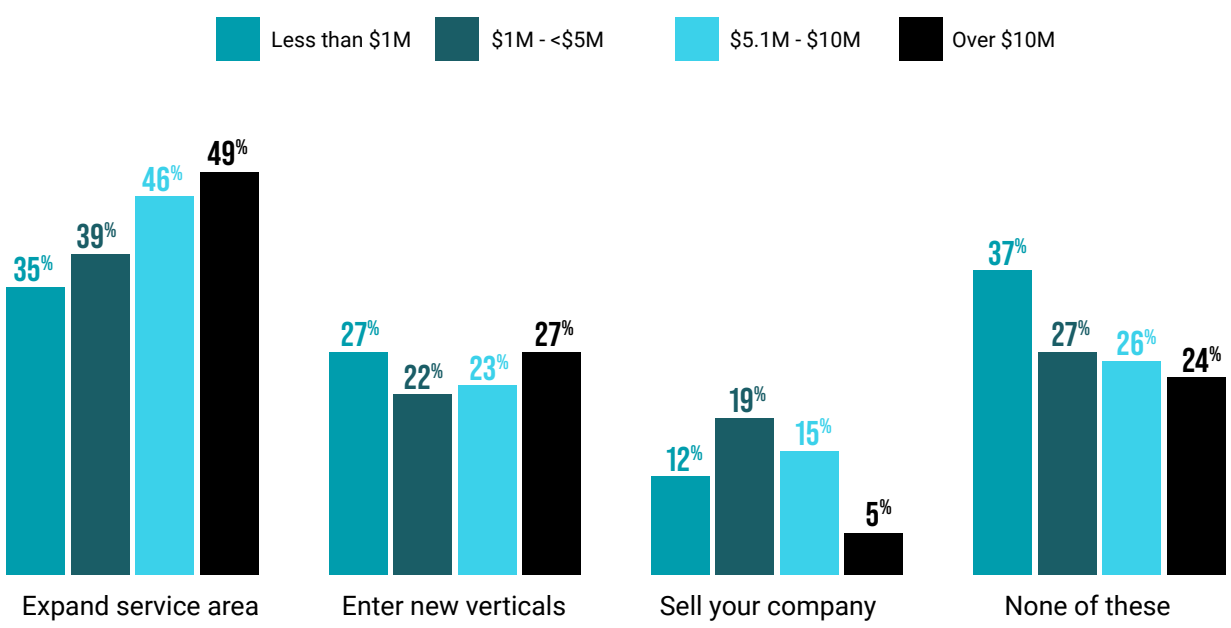


Base: Total Respondents (n=353); Executive Mgmt (n=288); Middle Mgmt (n=65); Operating 0-15 Years (n=127); Operating 16+ Years (n=226)

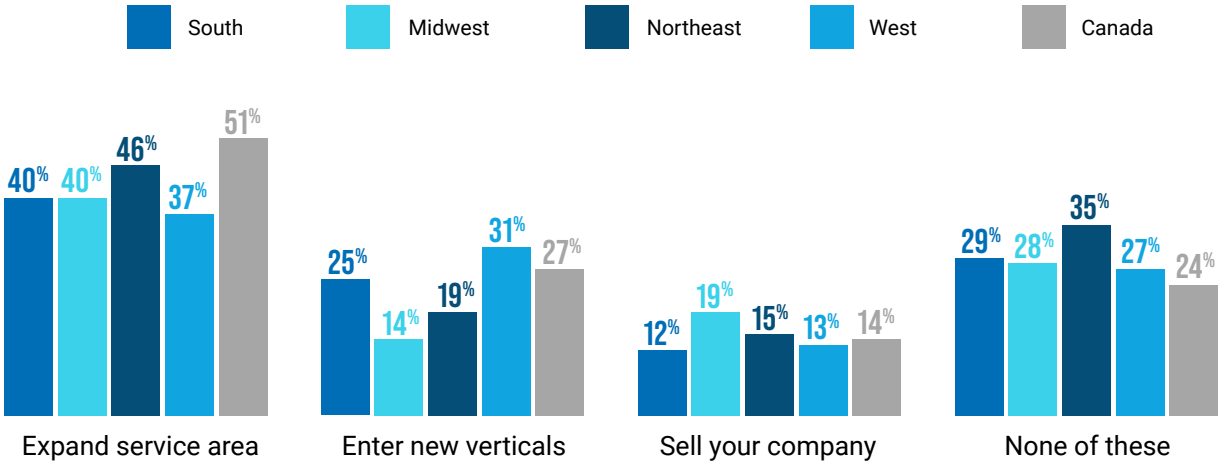
PLANS FOR NEXT 3 YEARS

HVAC contractors with $5.1M in annual revenue and above indicated they are most focused on growth by expanding service areas or entering new markets, while contractors with $1M - $10M in annual revenue show more hesitation. Interest in selling the company is also most prominent with contractors $1M - $10M, suggesting exit planning is more of a factor for mide-size contractors. Regional differences are modest, with overall results mixed.

BY ANNUAL REVENUE



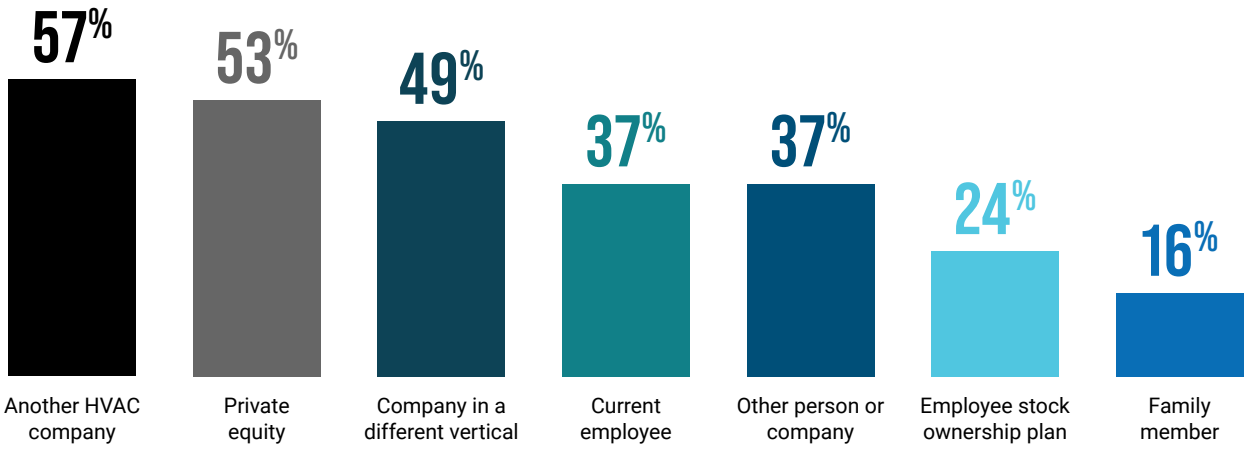
BY REGION



Base: Revenue <$1M (n=51); Revenue $1M-<$5M (n=178); Revenue $5.1M-$10M (n=61); Revenue >$10M (n=63); South (n=100); Midwest (n=78); Northeast (n=26); West (n=90); Canada (n=59)

WHO YOU WOULD SELL TO

Most contractors would rather sell their business to another HVAC company or to private equity than keep it in the family. As companies get bigger, they are much more likely to consider private equity, while smaller companies are more open to selling to another contractor. Very few large companies plan to sell to employees or family, which shows that as businesses grow, owners start thinking more about big financial deals than personal handoffs.

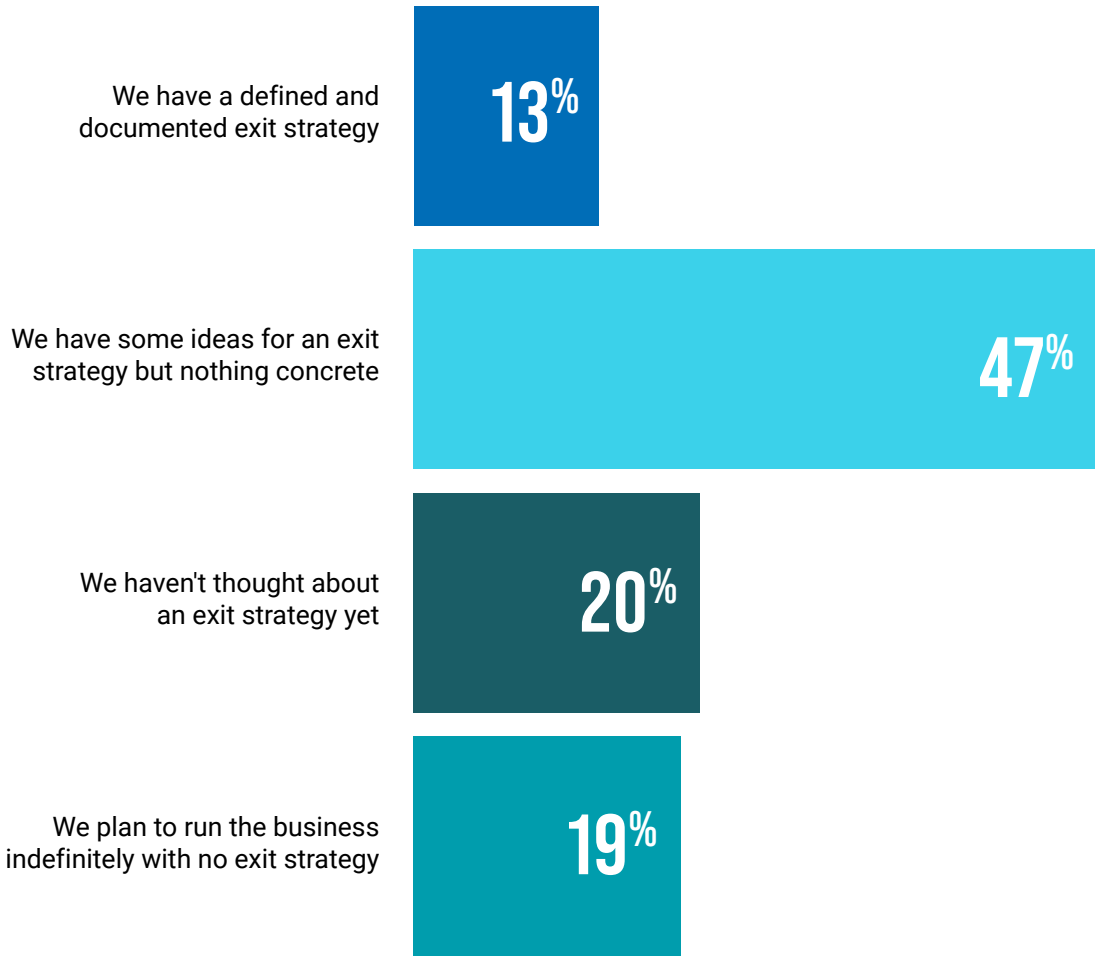


WHO YOU'D CONSIDER SELLING TO	ANNUAL REVENUE			
	<$1M	$1M–$5M	$5M–$10M	>$10M
Another HVAC company	67%	58%	67%	0%
Private equity	50%	45%	78%	67%
Company in a different vertical	50%	52%	44%	33%
Current employee	17%	42%	44%	0%
Other person or company	17%	42%	33%	33%
Employee stock ownership plan	33%	27%	11%	0%
Family member	0%	12%	44%	0%

Base: Total (n=51)

EXIT STRATEGY DEFINED & DOCUMENTED

Many HVAC executives consider exit strategies but rarely document them. A clear plan—whether to sell, merge, pass down, or shift to an advisory role—ensures smoother transitions, protects the company's future, and maximizes value. Formal planning reduces uncertainty and makes stepping away more manageable and less stressful.

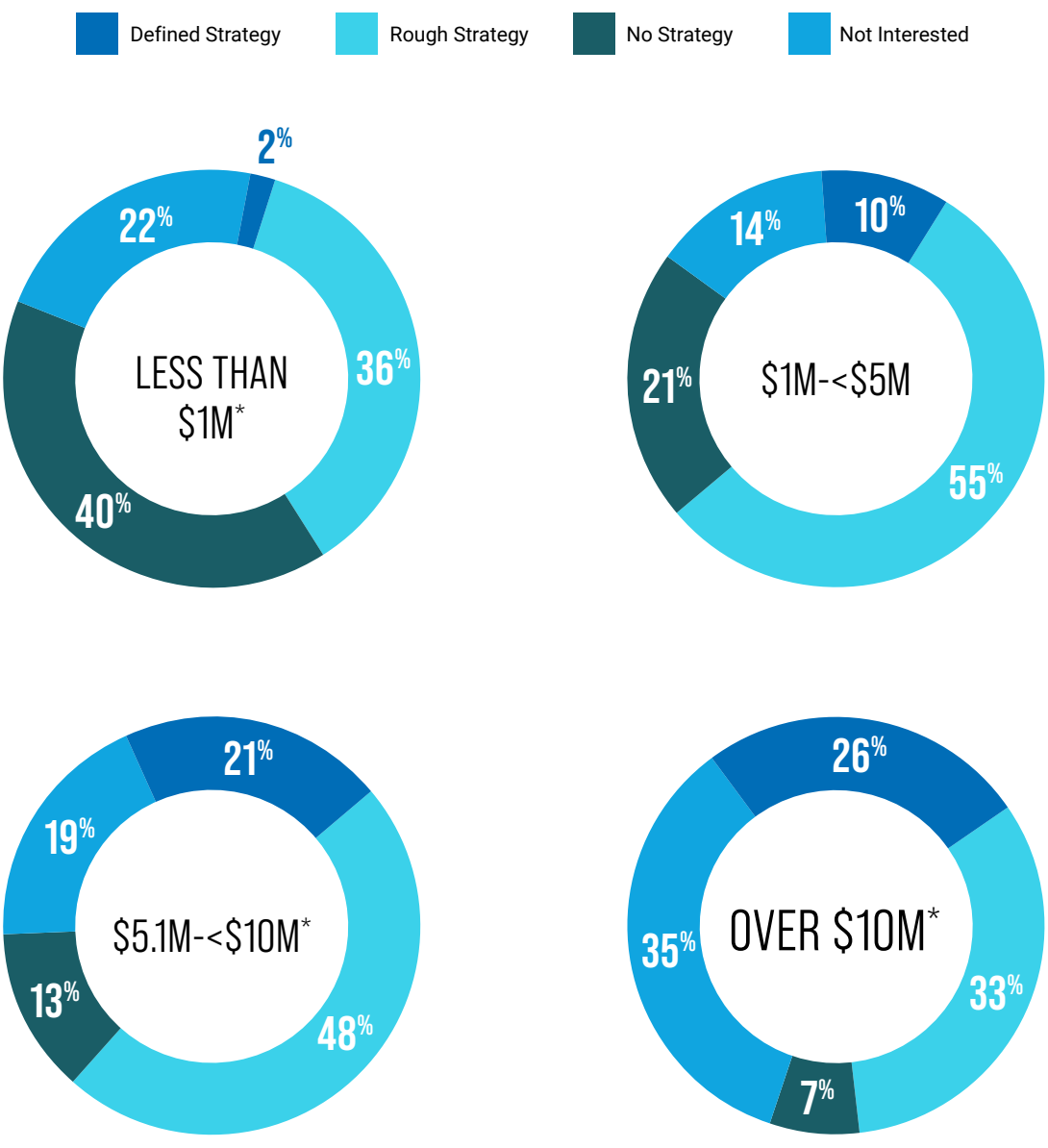


Base: Total Respondents (n=353)

EXIT STRATEGY BY ANNUAL REVENUE

Smaller businesses often focus on day-to-day operations and immediate growth, leaving little time to think about long-term succession or exit planning. Planning early, even in a simple form, helps create a roadmap that can align business growth with personal goals and ensure a smoother transition.

BY ANNUAL REVENUE



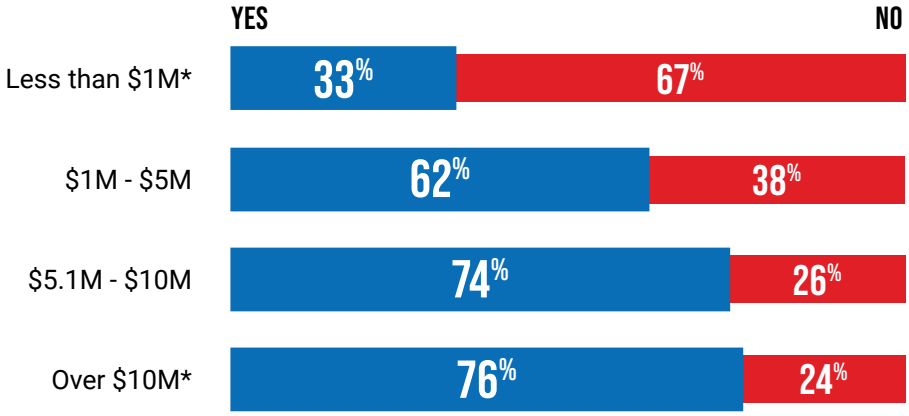
Base: Revenue <$1M (n=45!); Revenue $1M-<$5M (n=152); Revenue $5.1M-$10M (n=48!); Revenue >$10M (n=43!)
* Revenue <$1M (n=45); Revenue $5.1M-$10M (n=48) - Small base size. Interpret results with caution.

PRIVATE EQUITY APPROACHED BY/EXPLORED

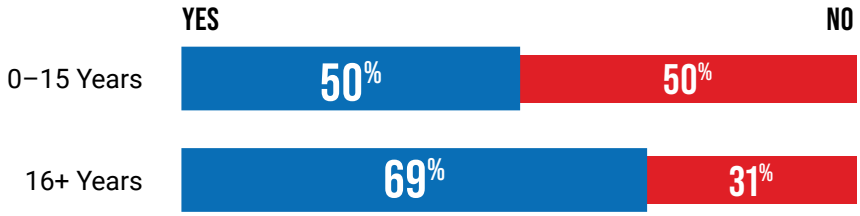
PE investors are actively targeting companies in this industry; nearly two-thirds have been approached. Larger and older firms are most likely to be pursued.



BY ANNUAL REVENUE



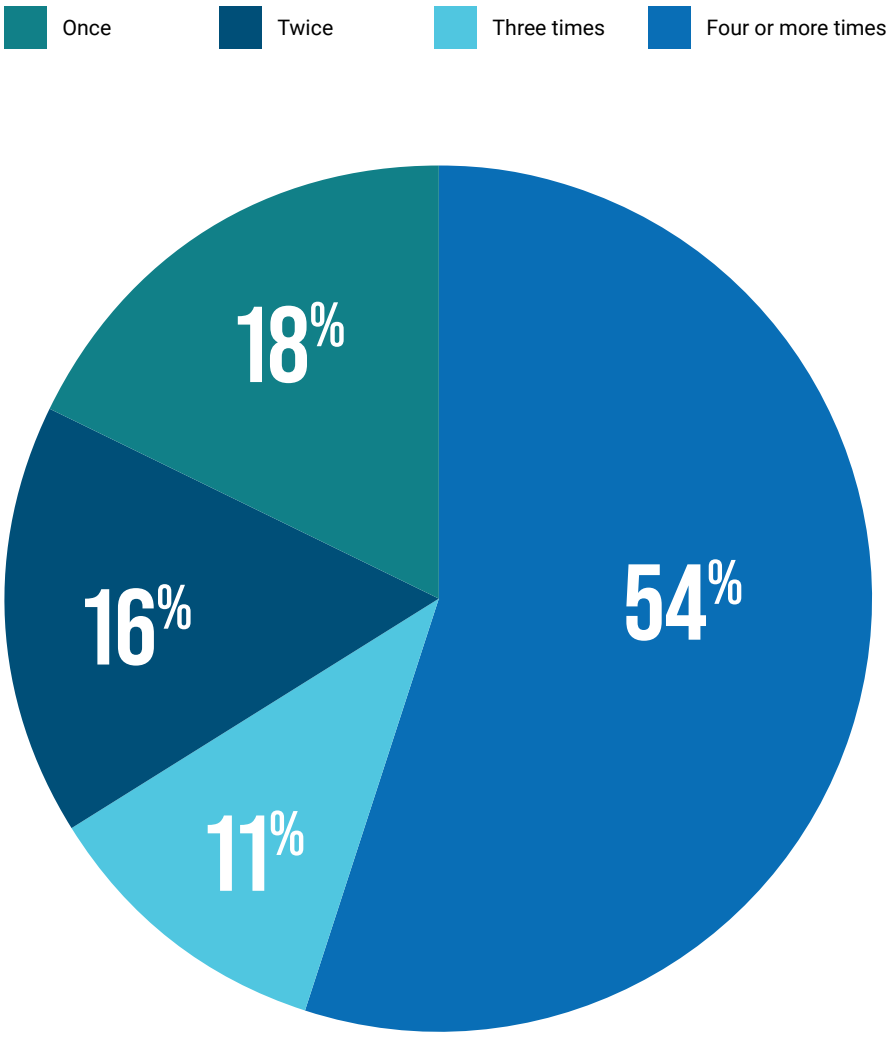
BY COMPANY AGE



Base: Total (n=353); Revenue <$1M (n=51); Revenue $1M-<$5M (n=178); Revenue $5.1M-$10M (n=61); Revenue >$10M (n=63); Company Age 0-15 Years (n=127); Company Age 16+ Years (n=226)

NUMBER OF PRIVATE EQUITY COMPANIES APPROACHED BY

If a company is desirable for PE investors, multiple investors have typically approached them.



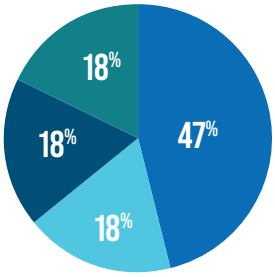
Base: Total (n=221)

PRIVATE EQUITY TIMES APPROACHED BY REVENUE & AGE

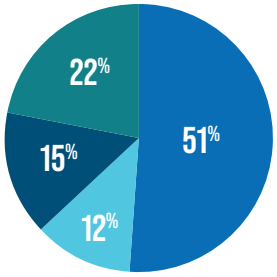
Mid-sized firms by revenue ($5M-$10M) are the most likely to have been approached four or more times. Companies who have been operating for 16+ years are experiencing the most PE inquiries.



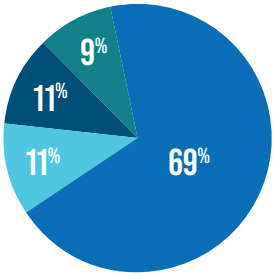
BY ANNUAL REVENUE



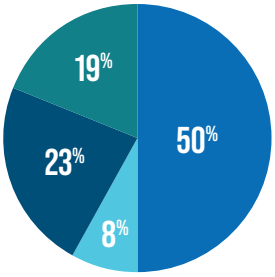
LESS THAN $1M*



$1M - <$5M

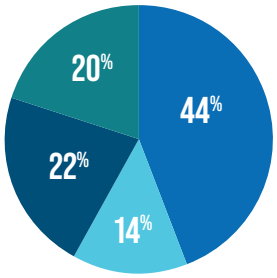


$5.1M - $10M

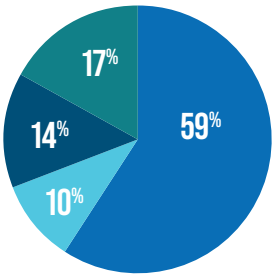


OVER $10M*

BY COMPANY AGE:



0–15 YEARS



16+ YEARS

! Caution: Extremely small base size. Interpret results with caution.
Base: Revenue <$1M (n=17)!; Revenue $1M-<$5M (n=111); Revenue $5.1M-$10M (n=45)!; Revenue >$10M (n=48)!
Base: Company Age 0-15 Years (n=64)!; Company Age 16+ Years (n=157)!

REVENUE & PROFIT

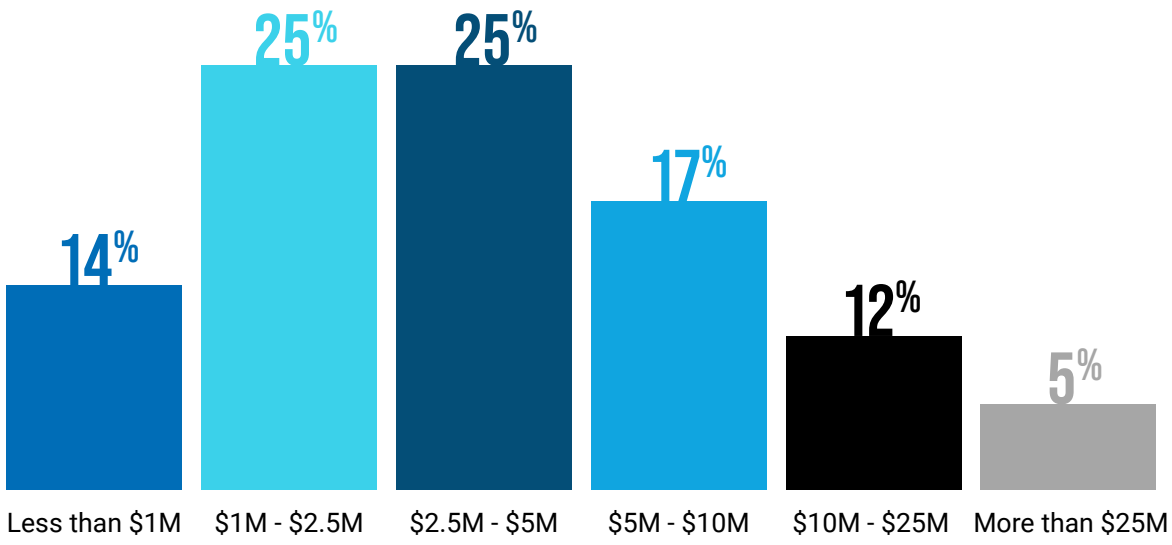


ANNUAL REVENUE

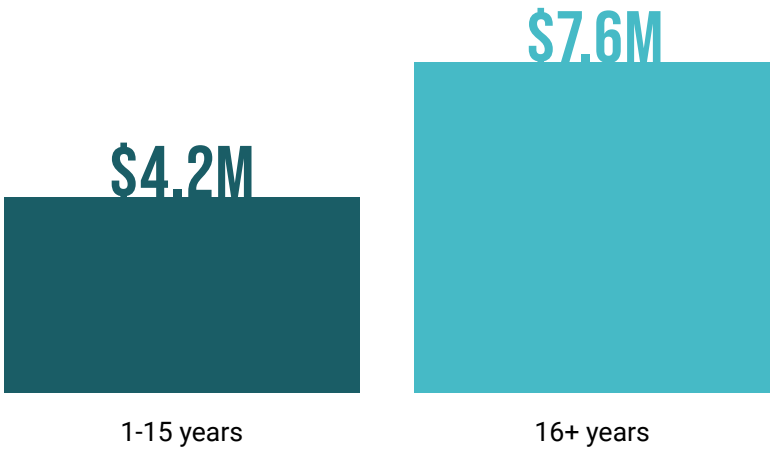
64% of participants represent companies earning less than $5M in annual revenue. Those participants who've been in business longer also represent higher-revenue firms.

ANNUAL REVENUE IN MILLIONS

(Average: $6.2 Million)



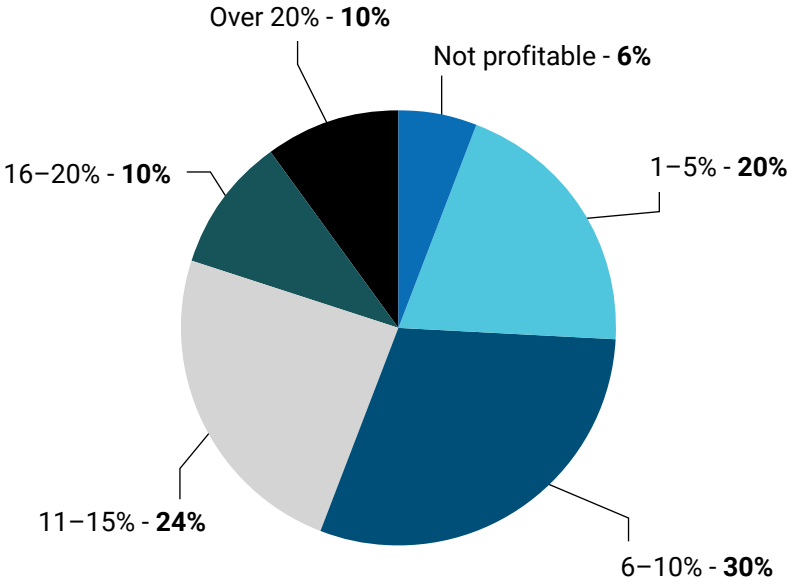
AVERAGE ANNUAL REVENUE BY YEARS IN BUSINESS



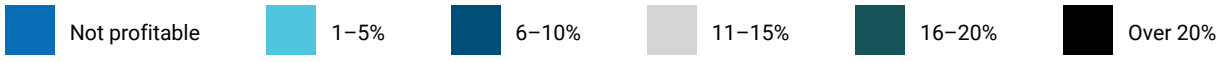
Base: Total Respondents (n=353)

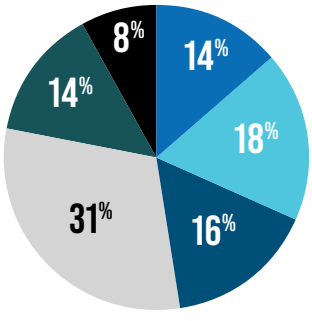
NET PROFIT PAST 12 MONTHS

Most companies are making about 10% profit on average. Bigger companies (based on annual revenue) are less likely to lose money and more likely to earn higher profits than the smallest companies. Younger companies sometimes struggle more, but they are also a little more likely to hit higher profit levels when they get things right.

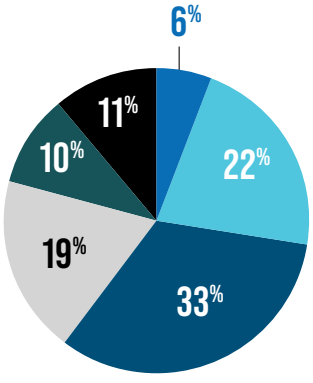


BY ANNUAL REVENUE:

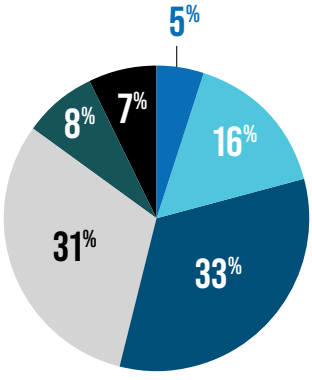




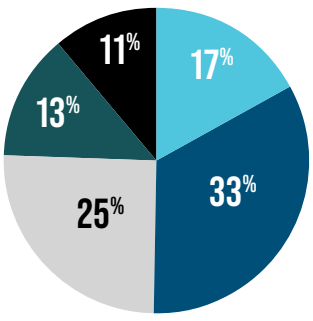
LESS THAN $1M*



$1M - $5M



$5.1M - $10M



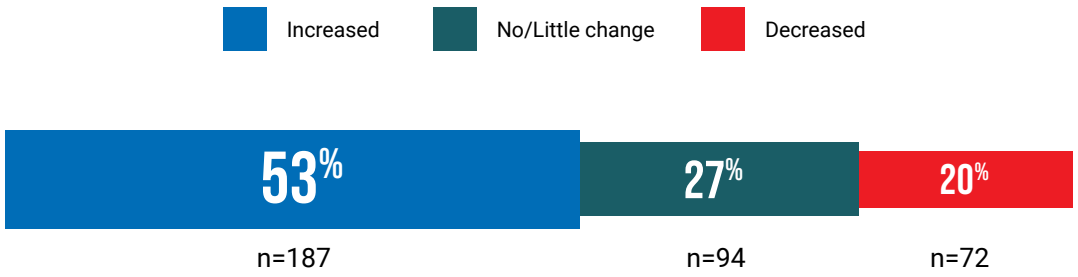
OVER $10M*

Base: Total Respondents (n=353), Revenue <$1M (n=51); Revenue $1M-<$5M (n=178); Revenue $5.1M-$10M (n=61); Revenue >$10M (n=63)

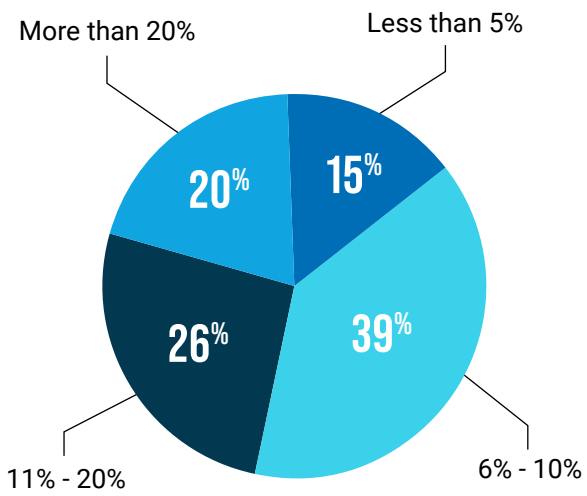
REVENUE CHANGE

Over the past year, revenue “steadiness” has increased somewhat and growth has cooled slightly. While half reported growth, the number is down from 58% last year. Among those with increased revenue, just under half report an increase of more than 10%. The same is true for the magnitude of decrease.

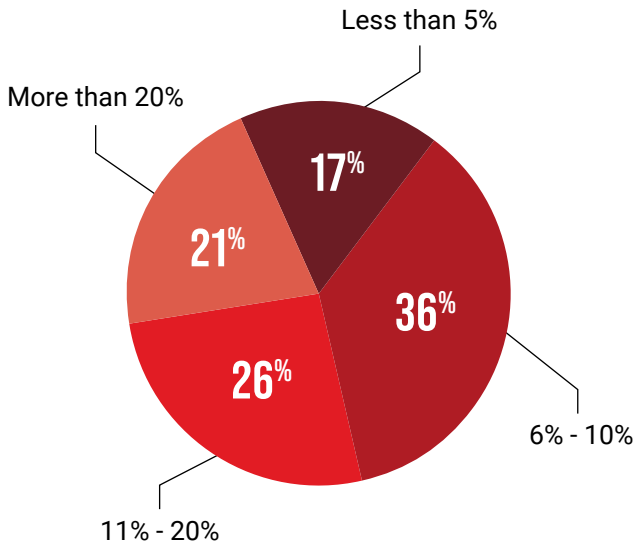
PAST YEAR REVENUE CHANGE



% INCREASE IN REVENUE



% DECREASE IN REVENUE

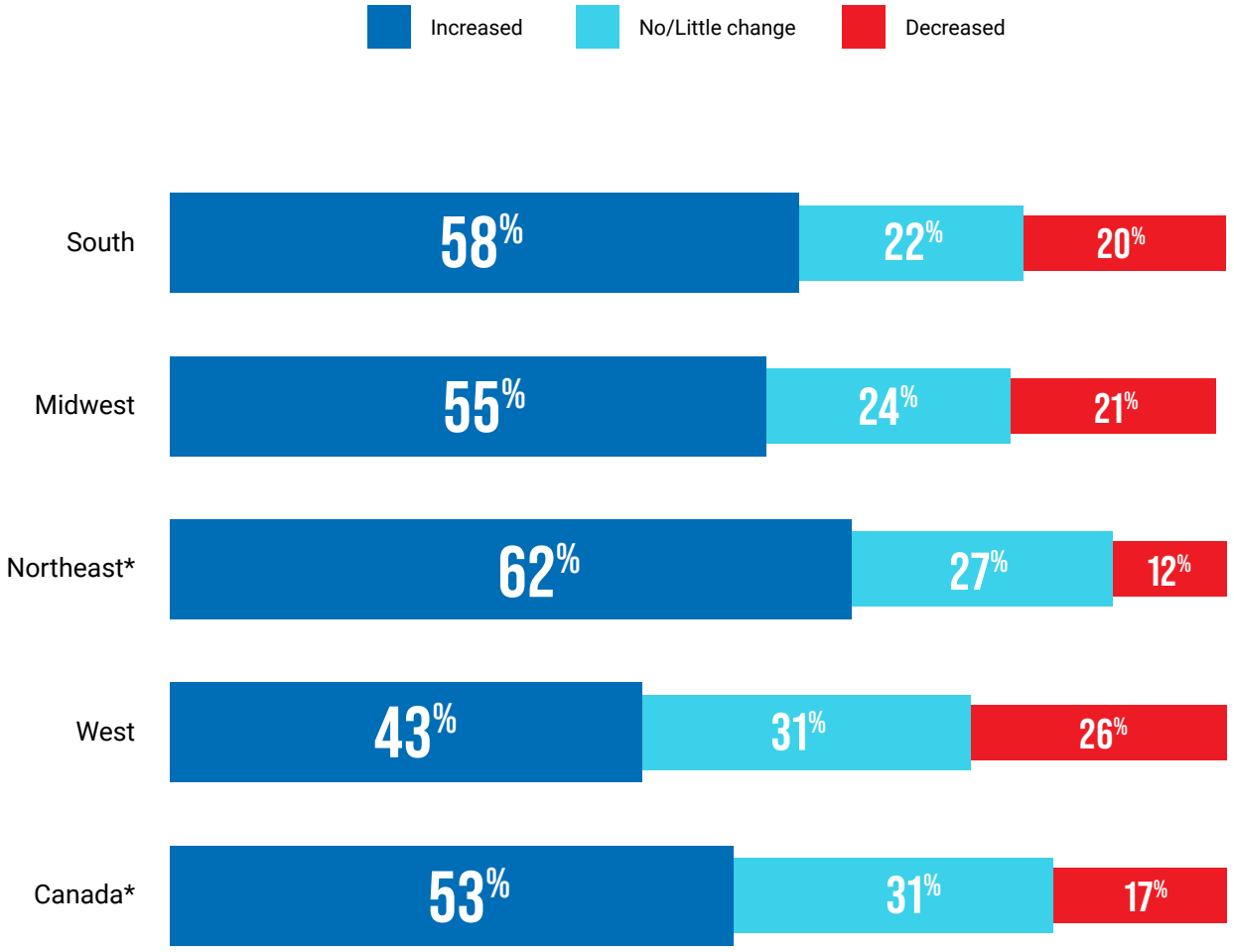


Base: Total Respondents (n=353); Revenue Increased (n=187); Little/No Change (n=94); Revenue Decreased (n=72)

REVENUE CHANGE BY REGION

Revenue shifts are relatively similar across regions, though we see a tendency for more increases in the Northeast and fewer in the West.

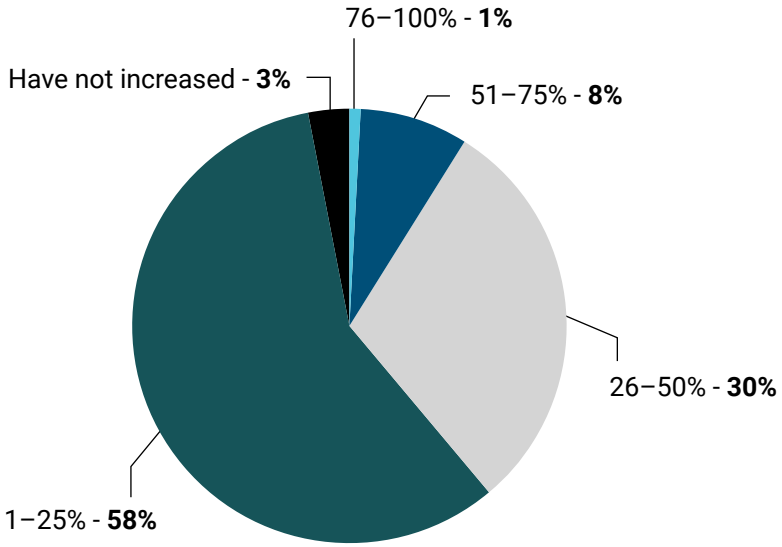
CHANGE IN REVENUE: BY REGION



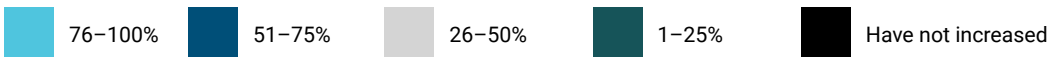
Region Base: South (n=100); Midwest (n=78); Northeast (n=26); West (n=90); Canada (n=59)
* Northeast (n=26); Canada (n=59) - Small base size. Interpret results with caution.

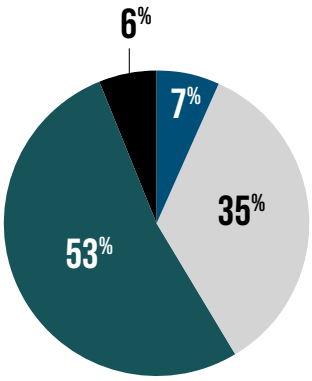
RETAIL PRICE INCREASED PAST 12 MONTHS

Almost every company raised prices this past year. Younger companies were more likely to make bigger jumps between 26% and 50%, while older companies tended to make smaller, incremental increases. This suggests newer businesses may be catching up on pricing, while established companies are making more measured adjustments. More than half of the companies raised their prices somewhere between 1-25%.

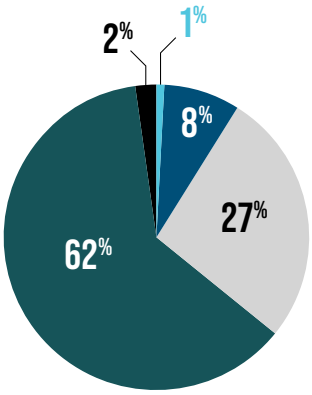


BY COMPANY AGE:





1 – 15 YEARS



16+ YEARS

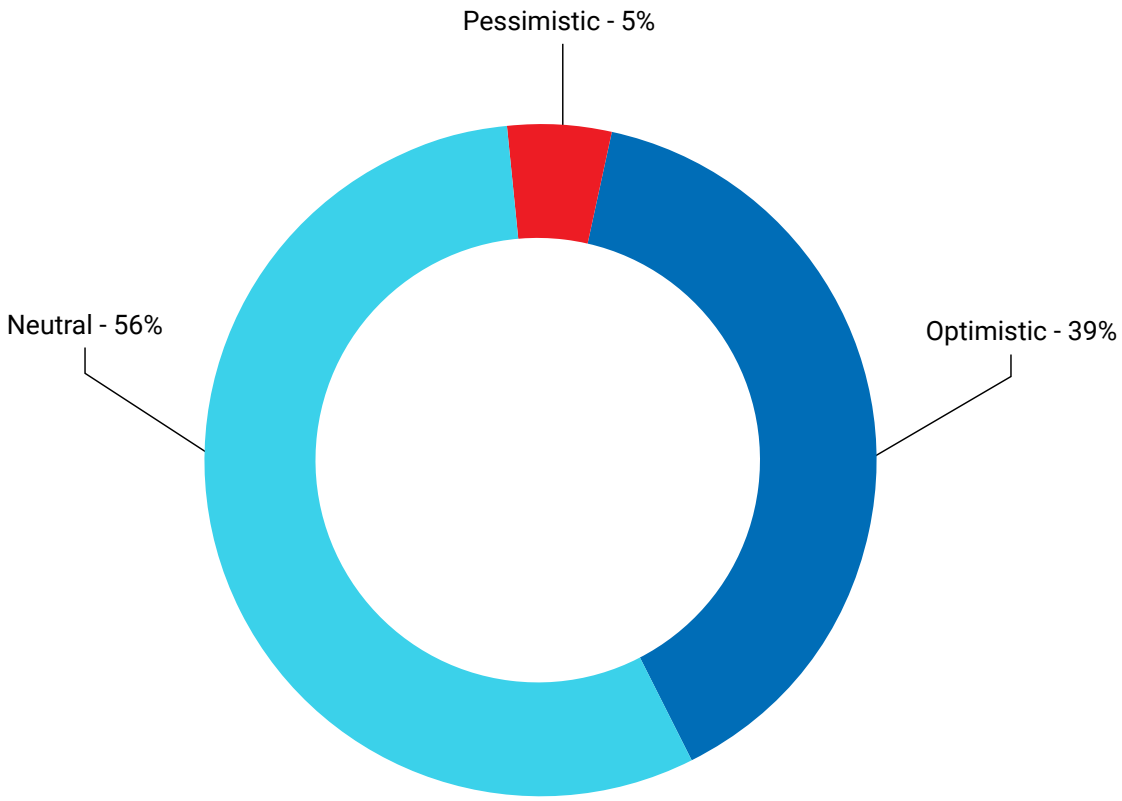
Base: Total Respondents (n=353), Company Age 0-15 Years (n=127); Company Age 16+ Years (n=226)

HVAC INDUSTRY FUTURE



ATTITUDE TOWARD HVAC FUTURE

39% of HVAC leaders are optimistic, citing tech innovation and green opportunities. Meanwhile, 56% are neutral, likely due to regulatory, supply chain, and workforce concerns, reflecting a cautious outlook amid industry evolution. Compared to the 2025 Survey, these numbers have shifted significantly in the direction of “neutral” or uncertain about the future.

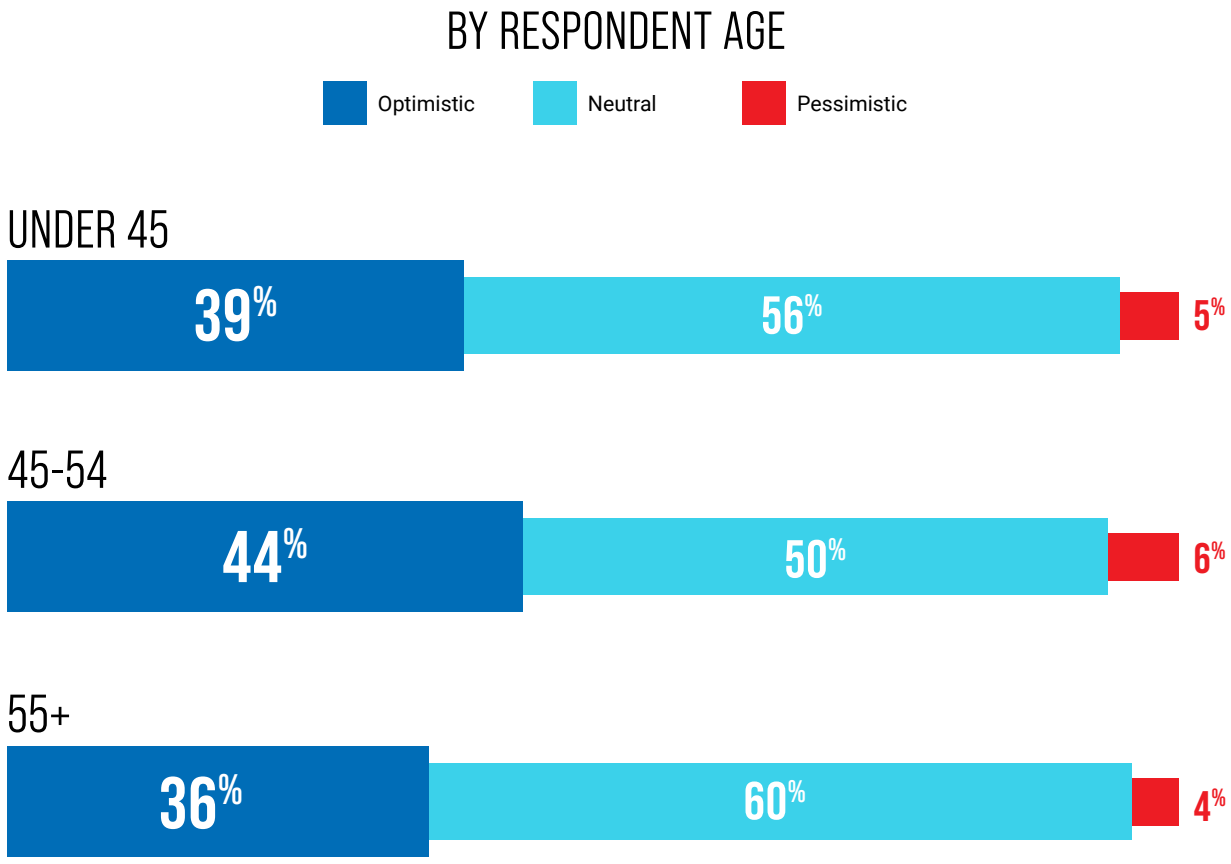


STATE OF THE HVAC INDUSTRY	ROLE IN COMPANY	
	EXECUTIVE	MID MGT
Optimistic	41%	34%
Neutral	55%	60%
Pessimistic	4%	6%

Base: Total Respondents (n=353), Executive (n=288), Mid Management (n=65)

ATTITUDE TOWARD HVAC FUTURE BY RESPONDENT AGE

The data reveals a generational divide: middle aged (45-54) HVAC leaders are more optimistic, likely inspired by tech advancements and sustainability. Leaders 55 and older tend to be more neutral, possibly due to experience with market ups and downs, regulatory shifts, and the complexities of adopting new technologies.



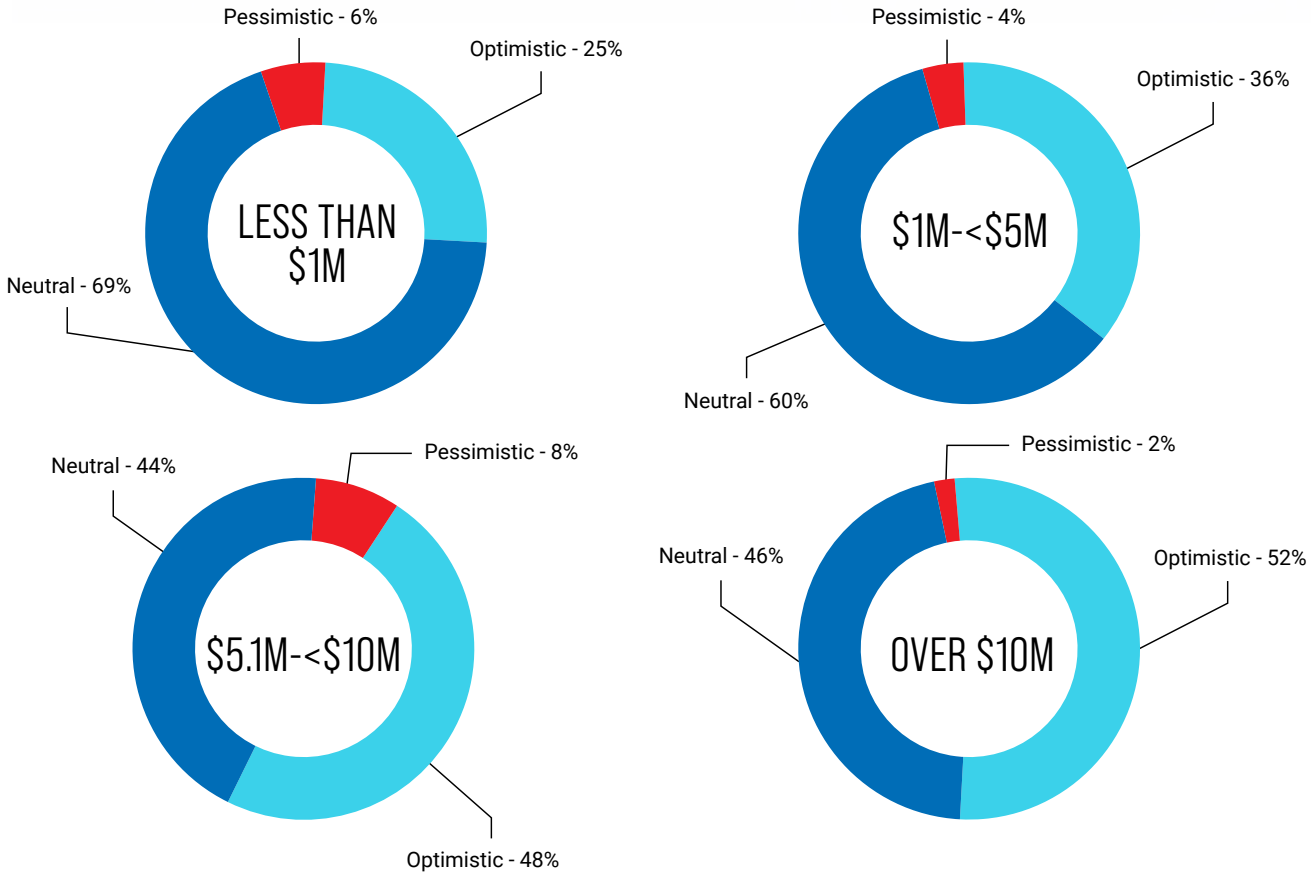
STATE OF THE HVAC INDUSTRY	GENDER	
	MALE	FEMALE
Optimistic	42%	31%
Neutral	54%	62%
Pessimistic	4%	7%

Base: Aged <45 (n=111); Aged 45-54 (n=107); Aged 55+ (n=129), Male (n=270), Female (n=74), Did Not Specify Gender (n=9)

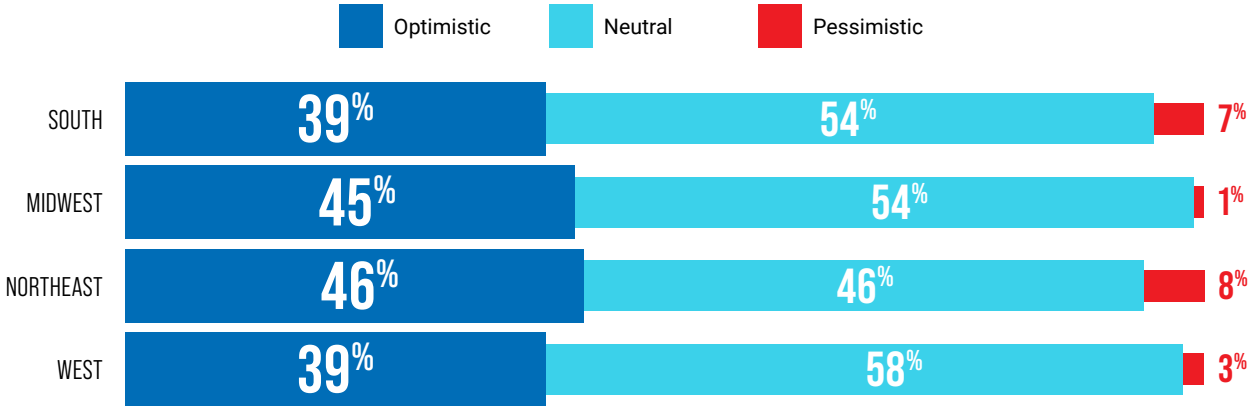
ATTITUDE TOWARD HVAC FUTURE BY ANNUAL REVENUE AND REGION

There is a good deal of optimism across most annual revenue amounts. However, those with less than $5M in revenue are more neutral.

BY ANNUAL REVENUE



BY REGION

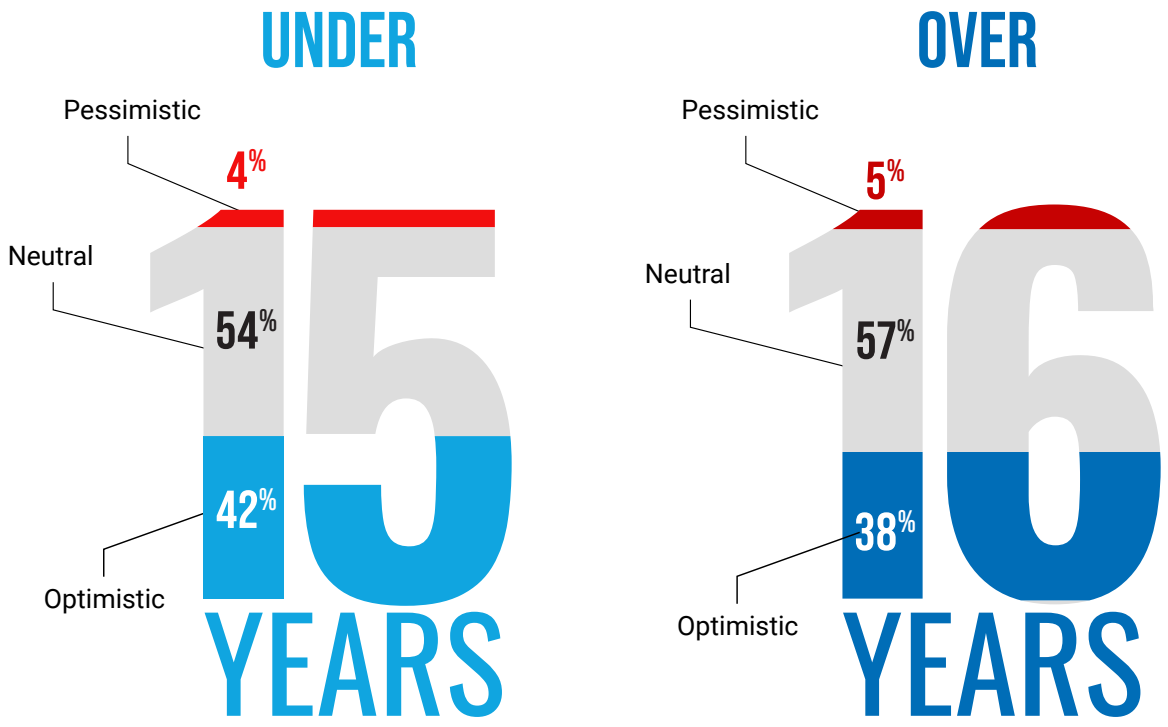


Base: Revenue <$1M (n=51); Revenue $1M-<$5M (n=178); Revenue $5.1M-$10M (n=61); Revenue >$10M (n=63)

ATTITUDE TOWARD HVAC FUTURE BY COMPANY AGE AND JOB TYPES

Younger companies (operating 0-15 years) are slightly less pessimistic about the future of HVAC. Older companies (operating 16+ years) are slightly less optimistic. Multi-trade contractors are marginally less pessimistic about the future, probably due to their diversified product portfolio.

BY COMPANY AGE



STATE OF THE HVAC INDUSTRY	JOB TYPES	
	HVAC ONLY	MULTI-TRADE
Optimistic	37%	42%
Neutral	58%	54%
Pessimistic	5%	4%

Base: Operating 0-15 Years (n=127); Operating 16+ Years (n=226), HVAC Only (n=187), Multi-Trade (n=166)

TOP INDUSTRY THREATS OVERALL BY ANNUAL REVENUE

Labor shortages, overall costs of goods and services, government regulations, and private equity continue to rank as the top threats for most of the industry. Larger companies see private equity as a bigger threat than government regulations.

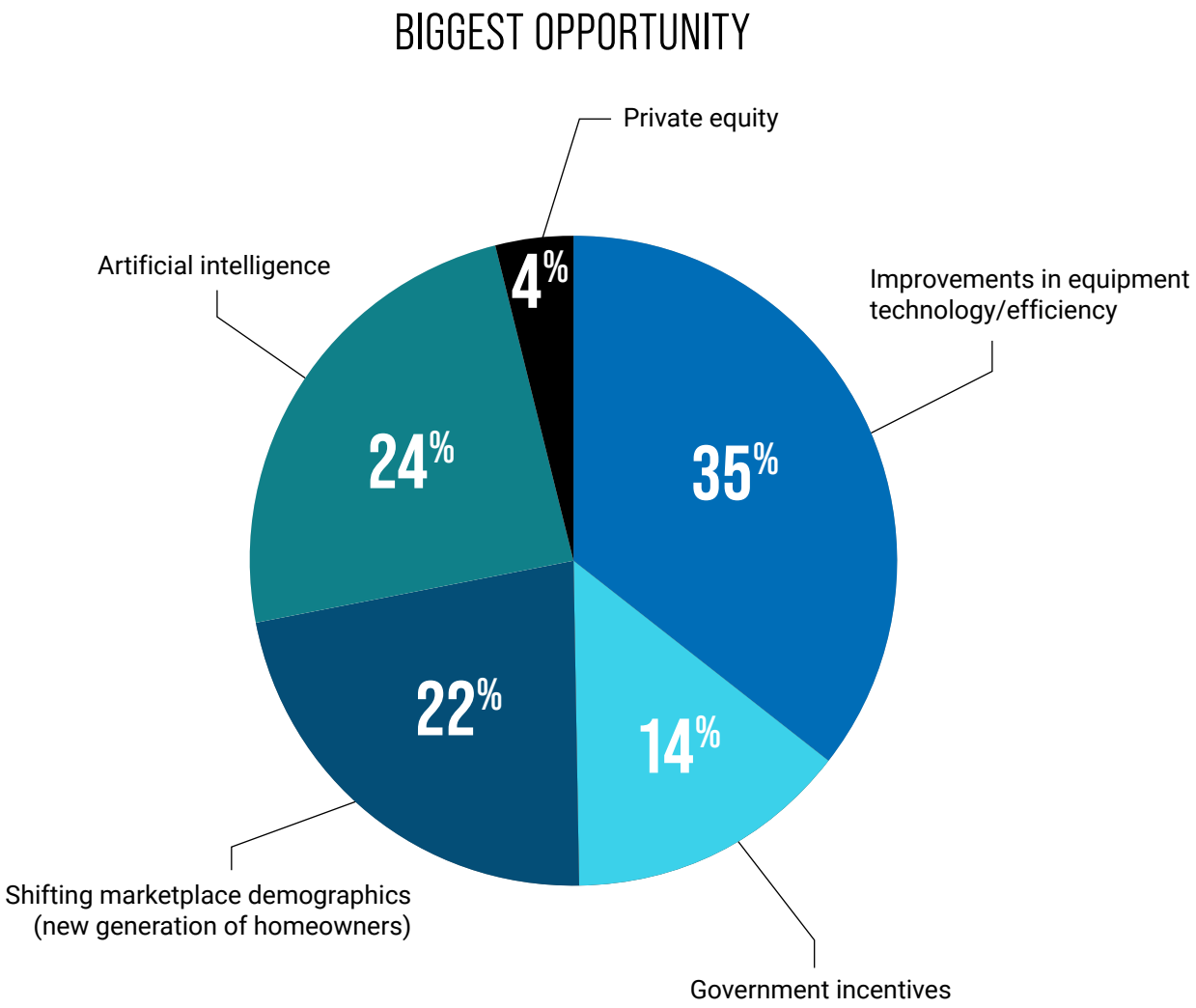
TOP INDUSTRY THREATS BY REVENUE

THREAT RANKING	ALL	LESS THAN $1M	$1M-<$5M	$5.1M-$10M	OVER $10M
Labor shortage	1ST	3RD	1ST	1ST	2ND
Overall cost of goods and services	2ND	1ST	2ND	2ND	1ST
Government regulations	3RD	2ND	3RD	4TH	4TH
Private equity	4TH	6TH	4TH	3RD	3RD
DIY solutions	5TH	4TH	5TH	7TH	8TH
Discontinued tax credits/incentives	6TH	5TH	6TH	8TH	6TH
Supply chain/equipment availability	7TH	8TH	7TH	6TH	5TH
Online conglomerates*	8TH	7TH	8TH	5TH	7TH
Interest rates	9TH	9TH	9TH	9TH	9TH
Artificial intelligence	10TH	10TH	10TH	10TH	10TH

*Online conglomerates like Amazon and Google
Base: Total Respondents (n=353); Revenue <$1M (n=51); Revenue $1M-<$5M (n=178); Revenue $5.1M-$10M (n=61); Revenue >$10M (n=63)

BIGGEST INDUSTRY OPPORTUNITIES

Overall, improvements in equipment technology/efficiency is considered the biggest opportunity, with AI coming in second this year. These opinions are similar across all management levels.



Base: Total Respondents (n=353)

BIGGEST INDUSTRY OPPORTUNITIES BY ANNUAL REVENUE AND OPTIMISM LEVEL

Most HVAC companies view equipment technology improvements as the top growth opportunity. However, larger firms (over $10M revenue) prioritize artificial intelligence, signaling a stronger focus on advanced tech to boost innovation and efficiency. This highlights a strategic shift among big players toward AI-driven growth.

BIGGEST INDUSTRY OPPORTUNITIES BY ANNUAL REVENUE

OPPORTUNITY RANKING	ALL	LESS THAN $1M	$1M-<$5M	$5.1M-$10M	OVER $10M
Improvements in equipment tech	1ST	1ST	1ST	1ST	2ND
Artificial intelligence	2ND	4TH	3RD	2ND	1ST
Shifting marketplace demographics	3RD	2ND	2ND	3RD	3RD
Government incentives	4TH	3RD	4TH	4TH	4TH
Private equity	5TH	5TH	5TH	5TH	5TH

BY OPTIMISM LEVEL

BIGGEST FUTURE HVAC OPPORTUNITIES	OPTIMISTIC	NEUTRAL	PESSIMISTIC
Improvements in equipment technology/efficiency	36%	35%	41%
Artificial intelligence	32%	20%	12%
Shifting marketplace demographics	18%	25%	29%
Government incentives	9%	17%	18%
Private equity	6%	4%	0%

Base: Total Respondents (n=353); Revenue <$1M (n=51); Revenue $1M-<$5M (n=178); Revenue $5.1M-$10M (n=61); Revenue >$10M (n=63);
Optimism Levels: Optimistic (n=139), Neutral (n=197), Pessimistic (n=17)

BIGGEST CHALLENGES

Executive and middle management agree that finding and retaining employees and generating leads are the top two challenges in HVAC. Interesting to note the different viewpoints of executive management and middle management in ranking the other five challenges. This indicates a need for aligning priorities on the team. When viewing these challenges through the annual revenue lens, it's clear that priorities change as the business grows.

CHALLENGES RANKING	OVERALL	EXECUTIVE MANAGEMENT	MIDDLE MANAGEMENT
Finding and retaining employees	1ST	1ST	2ND
Generating leads	2ND	2ND	1ST
Optimizing business operations	3RD	3RD	6TH
Closing sales	4TH	5TH	4TH
Managing financials	5TH	6TH	7TH
Supply chain/Equipment availability	6TH	4TH	3RD
Communication	7TH	7TH	5TH

Base: Total Respondents (n=353); Executive Mgmt (n=288); Middle Mgmt (n=65)

BIGGEST CHALLENGES BY ANNUAL REVENUE

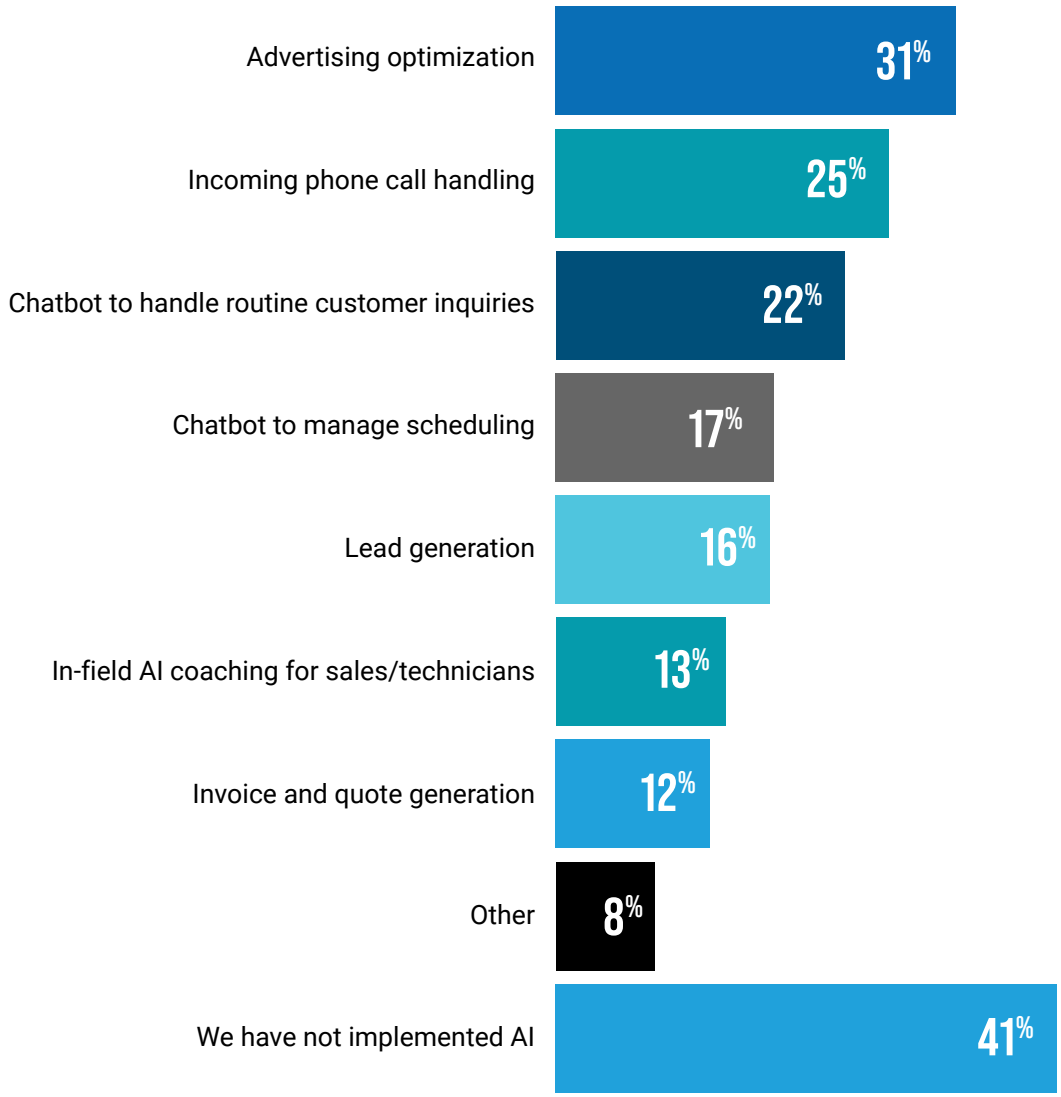
HVAC industry challenges vary by company size with definite patterns. Smaller businesses (less than $5M) rank challenges the same with one exception – businesses under $1M struggle most with generating leads likely due to lack of marketing funds and market longevity. All other business categories face hiring and retention issues, reflecting the need for a reliable workforce to support growth during their scaling phase. Larger businesses (over $5M) rank the challenges identically.

CHALLENGES RANKING	ALL	LESS THAN $1M	$1M-<$5M	$5.1M-$10M	OVER $10M
Finding and retaining employees	1ST	2ND	1ST	1ST	1ST
Generating leads	2ND	1ST	2ND	2ND	2ND
Optimizing business operations	3RD	3RD	3RD	3RD	3RD
Closing sales	4TH	5TH	5TH	4TH	4TH
Managing financials	5TH	4TH	4TH	7TH	7TH
Supply chain/Equipment availability	6TH	6TH	6TH	6TH	6TH
Communication	7TH	7TH	7TH	5TH	5TH

Base: Total Respondents (n=353); Revenue <$1M (n=51); Revenue $1M-<$5M (n=178); Revenue $5.1M-$10M (n=61); Revenue >$10M (n=63)

AI IMPLEMENTATION

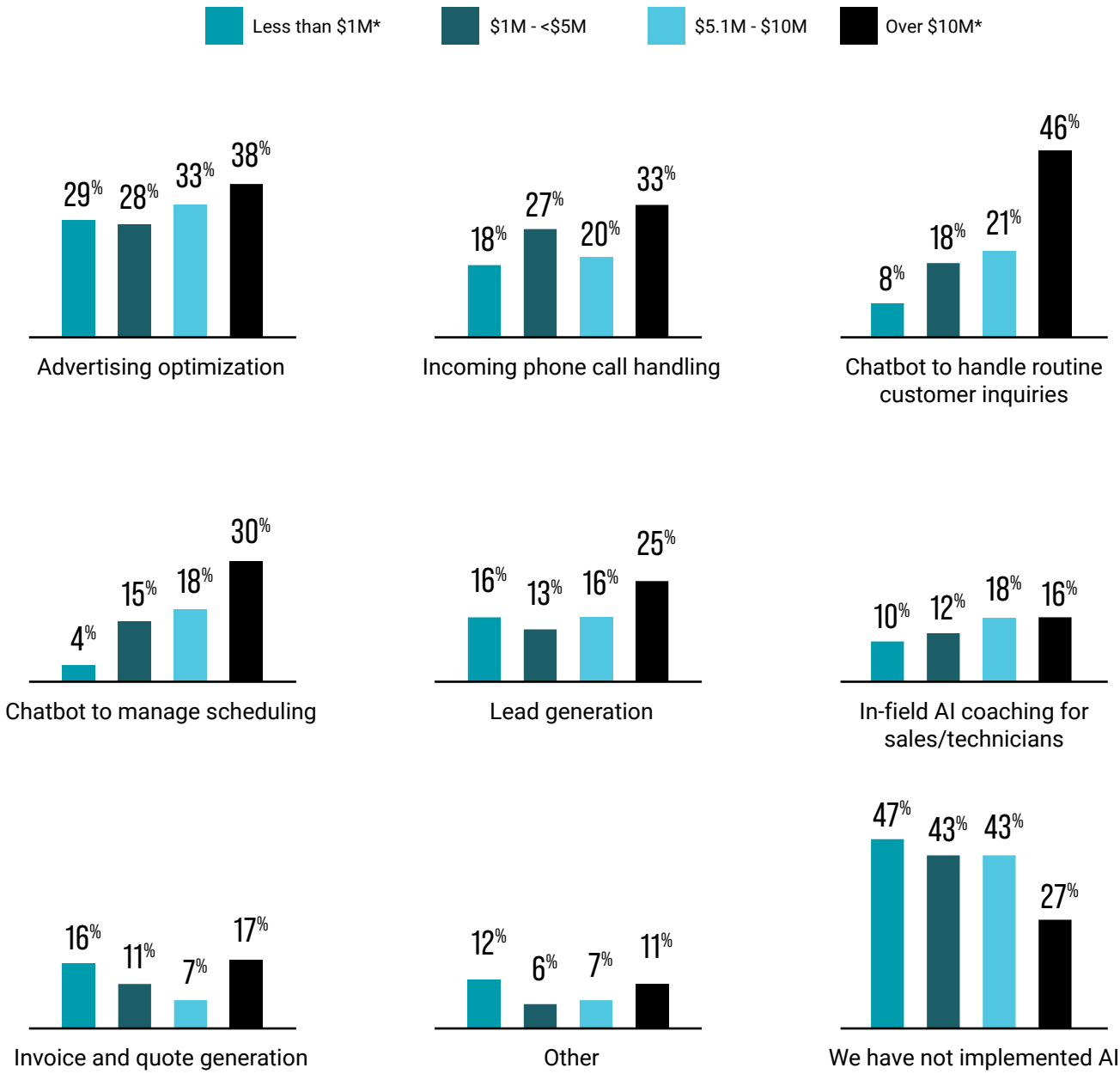
AI is no longer knocking on the HVAC industry's door, it's already inside quietly reshaping how contractors generate leads, capture calls, and compete. The majority of HVAC businesses are using AI with the lead use case being advertising optimization.



Base: Total Respondents (n=353)

AI IMPLEMENTATION BY ANNUAL REVENUE

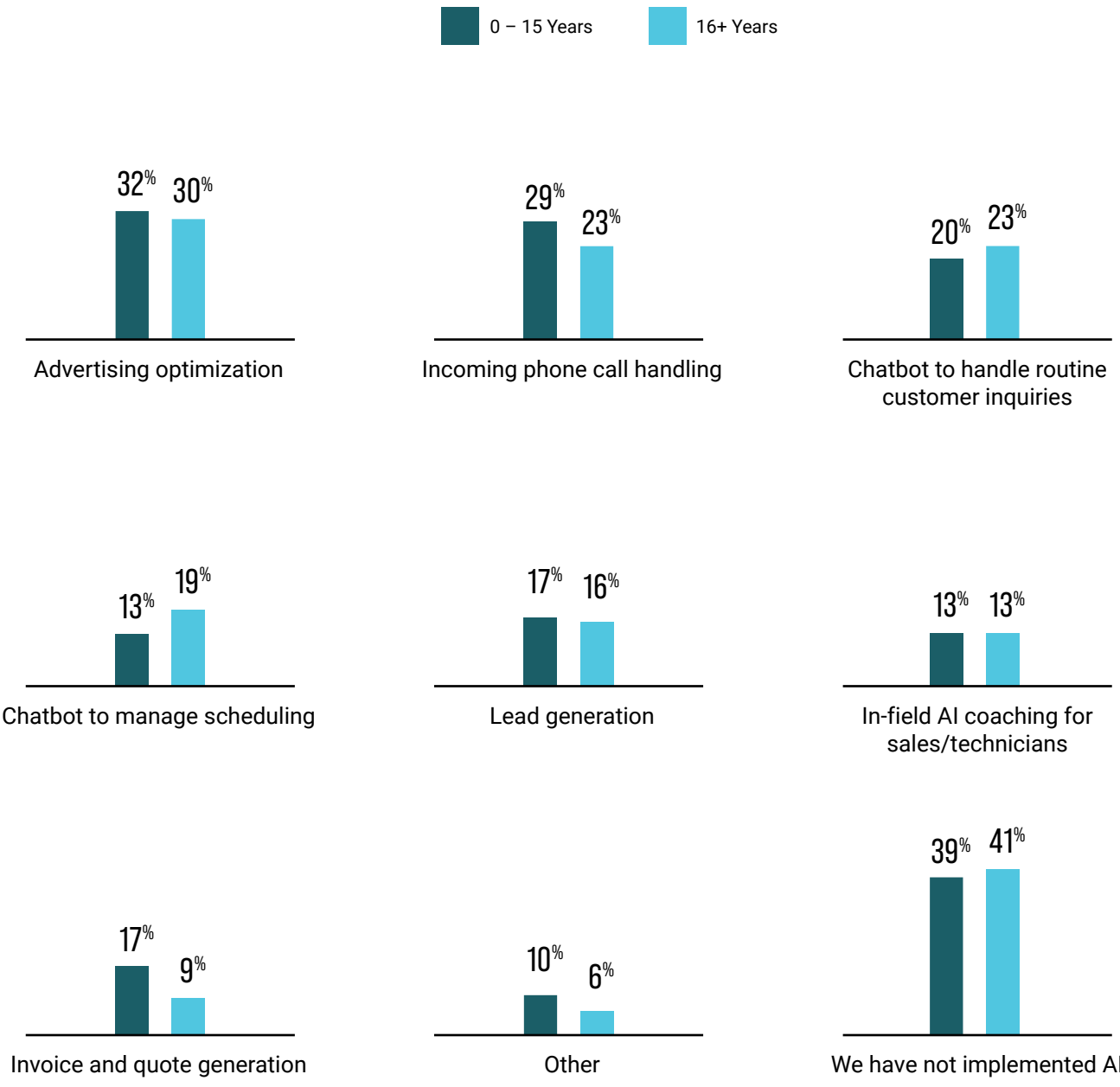
The most differentiated AI use across revenue bands is implementation of chatbots. Companies at the $10M level are more than twice as likely than smaller firms to use chatbots for customer inquiries and scheduling tasks.



Base: Revenue <$1M (n=51); Revenue $1M-<$5M (n=178); Revenue $5.1M-$10M (n=61); Revenue >$10M (n=63)

AI IMPLEMENTATION BY COMPANY AGE

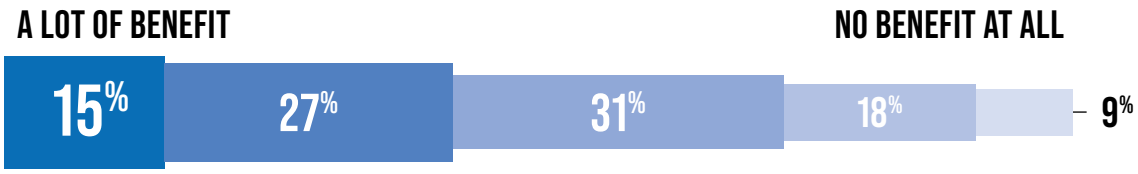
AI adoption in HVAC is not a generational divide because both newer and seasoned contractors are adopting at similar rates. Younger firms are using AI to accelerate growth while established businesses are using it to manage scale.



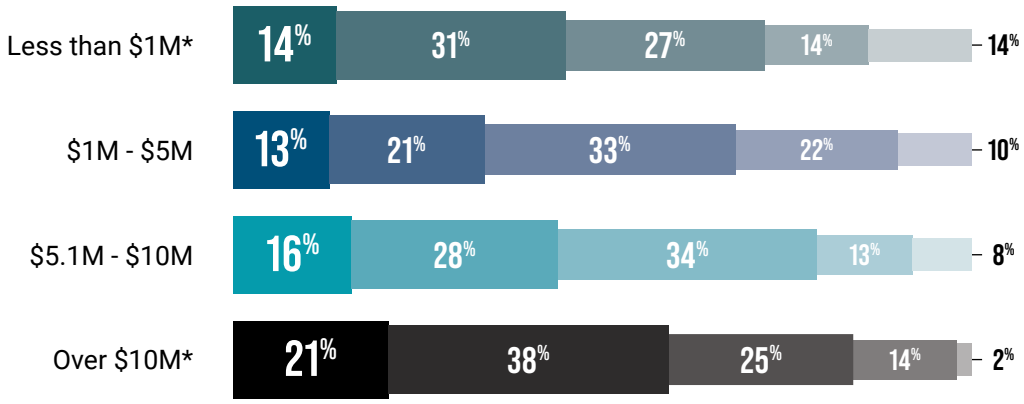
Base: Company Age 0-15 Years (n=127); Company Age 16+ Years (n=226)

AI SYSTEM DIAGNOSTICS BENEFITS

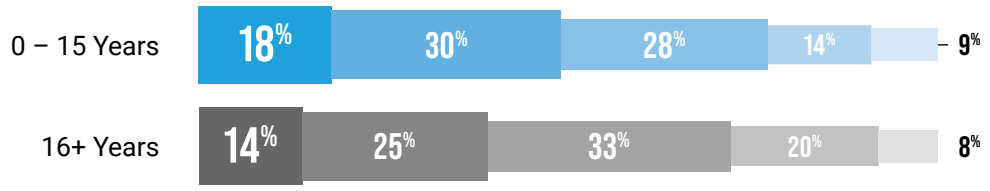
On balance, contractors are on the fence about having AI notify a technician of a potential system problem. Larger and younger companies are more likely than smaller and older ones to see the value in this technology.



BY ANNUAL REVENUE



BY COMPANY AGE

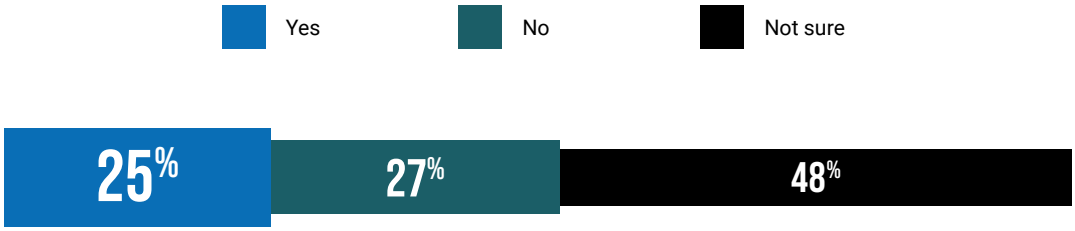


Base: Total (n=353); Revenue <$1M (n=51); Revenue $1M-<$5M (n=178); Revenue $5.1M-$10M (n=61); Revenue >$10M (n=63); Company Age 0-15 Years (n=127); Company Age 16+ Years (n=226)

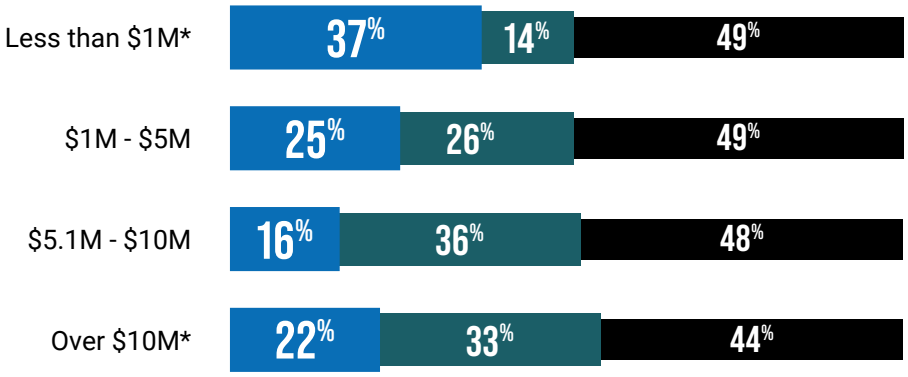
AI SYSTEM DIAGNOSTICS DEMANDS MORE STAFF

The HVAC industry is not yet confident about what AI diagnostics means for staffing. Nearly half of all respondents across every revenue tier say they are not sure whether AI diagnostics will require additional staff. That level of uncertainty is striking. This is not resistance, it's ambiguity.

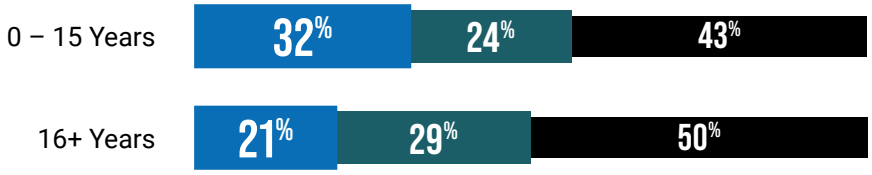
TOTAL



BY ANNUAL REVENUE



BY COMPANY AGE



Base: Total (n=353); Revenue <$1M (n=51); Revenue $1M-<$5M (n=178); Revenue $5.1M-$10M (n=61); Revenue >$10M (n=63); Company Age 0-15 Years (n=127); Company Age 16+ Years (n=226)

OPERATIONS

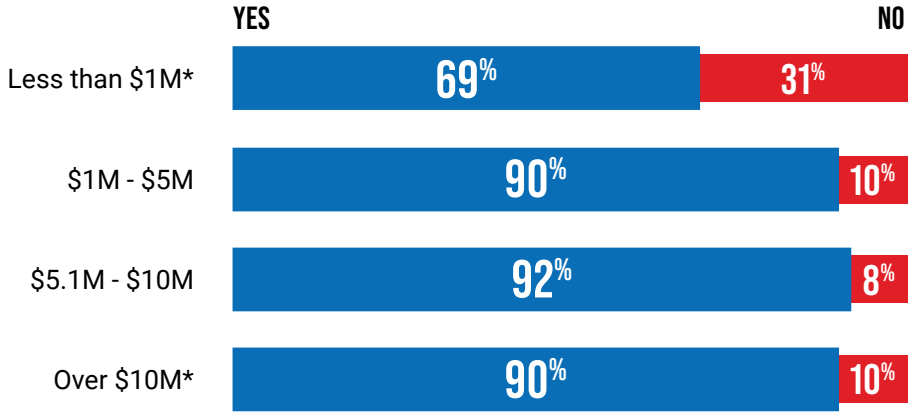


MAINTENANCE/MEMBERSHIP PLANS

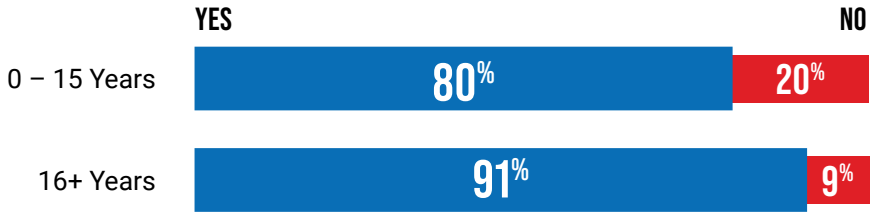
Most companies offer maintenance plans. Bigger and older companies are much more likely to have them, while smaller and newer companies are the ones most likely to not have them. This shows that maintenance plans are common in larger businesses as they help companies grow and stay steady.



BY ANNUAL REVENUE



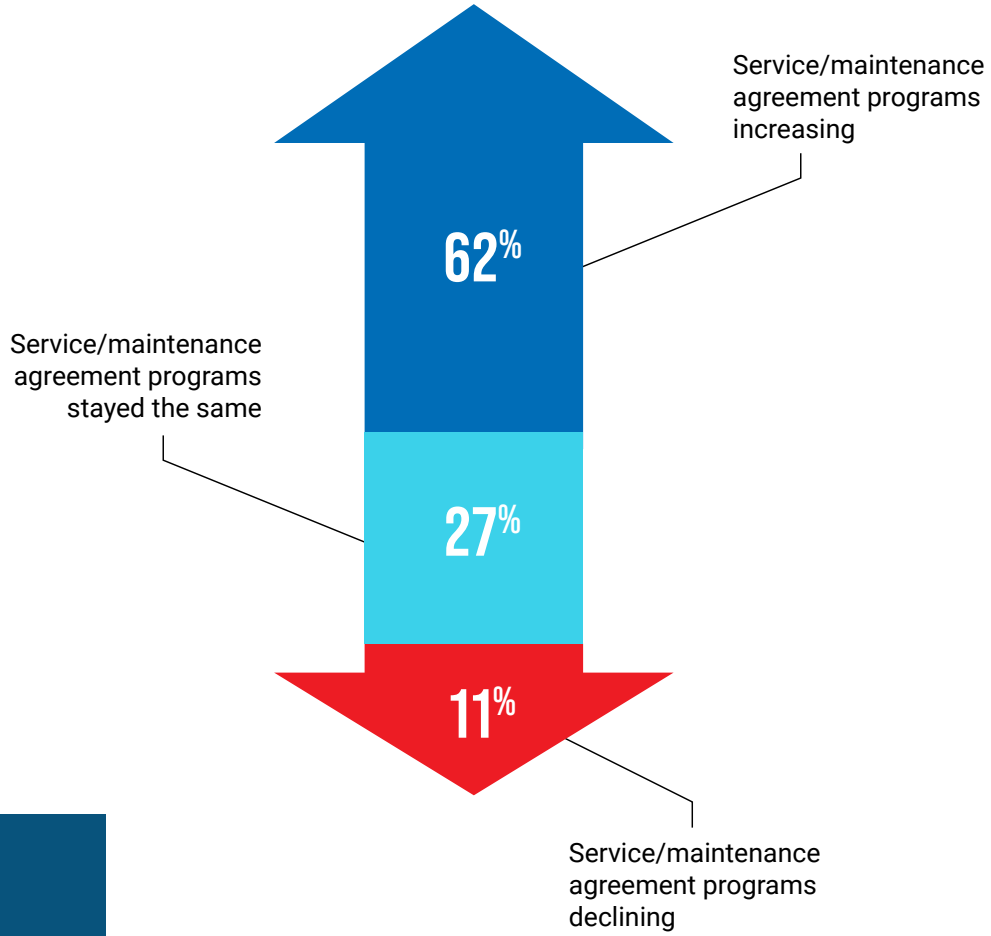
BY COMPANY AGE



Base: Revenue <$1M (n=51); Revenue $1M-<$5M (n=178); Revenue $5.1M-$10M (n=61); Revenue >$10M (n=63); Company Age 0-15 Years (n=127); Company Age 16+ Years (n=226)

CHANGE IN SERVICE/MAINTENANCE PROGRAM ENROLLMENT

89% of respondents report that their service/maintenance agreement enrollments have stayed the same or increased over the past year. This is great news for contractors that are trying to build a predictably successful business that grows in value.



31%

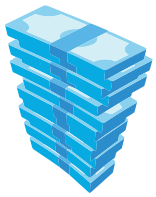
of <$1M smallest contractors don't offer maintenance agreements, likely due to manpower issues.

Base: Total Respondents (n=353)

ANNUAL REVENUE FROM MAINTENANCE PLANS

Maintenance plans are revenue generators with an average of just under $200K being added to the top line. More than one in 10 contractors bring in over $500K with this offer. A well-structured maintenance plan is not just about the service offering, it's a business model stabilizer, a valuation multiplier, a marketing engine, and a stress reducer.

LESS THAN $25K



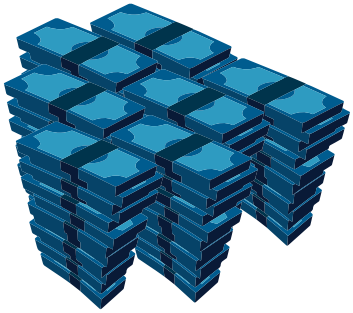
20%

$25K - $100K



31%

$100K - $500K



34%

OVER $500K



14%

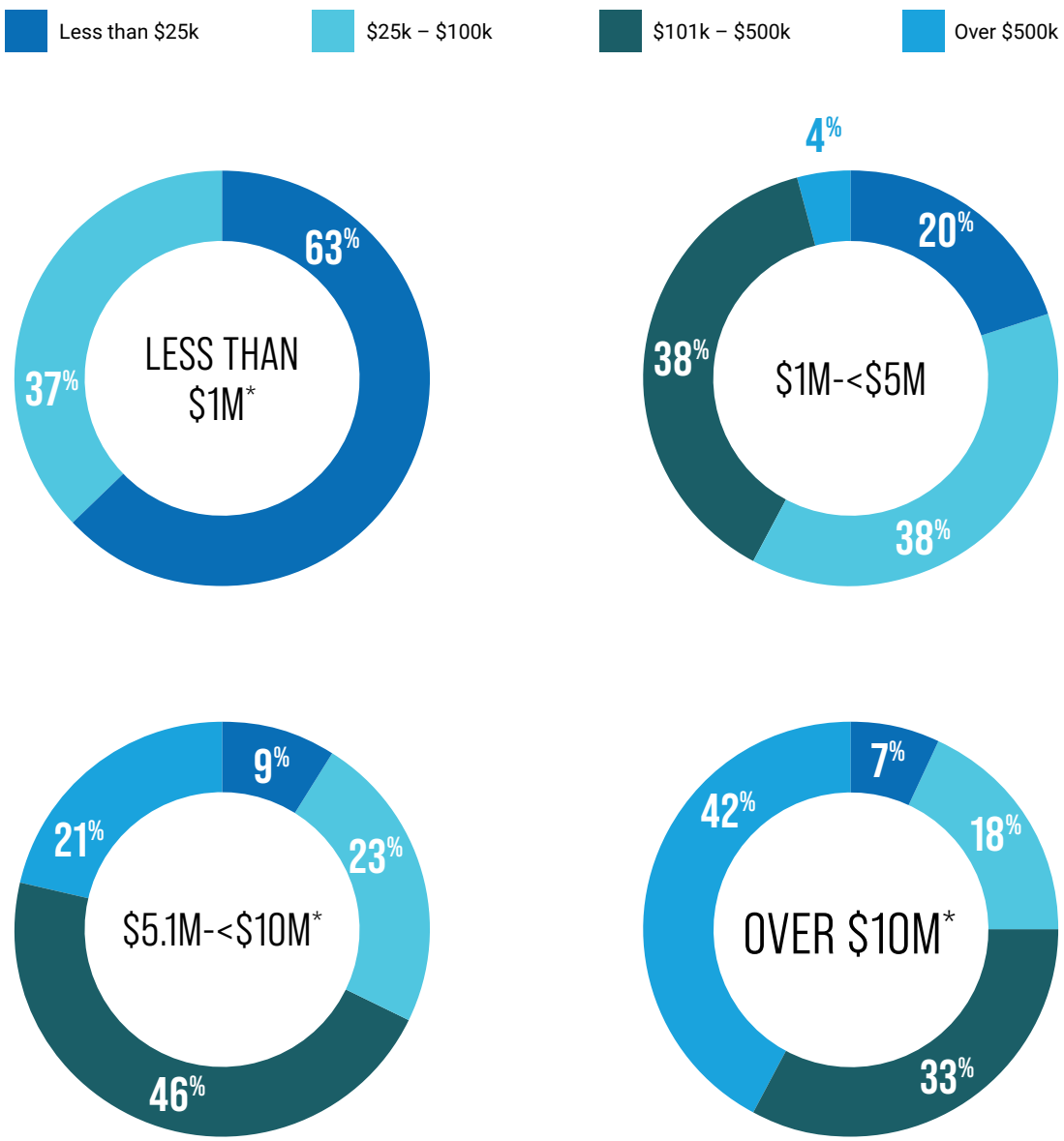
AVERAGE = $196K/YEAR

Base: Offer Maintenance Plan/Membership (n=308)

ANNUAL REVENUE FROM MAINTENANCE PLANS

Maintenance agreements are the financial shock absorbers of an HVAC business. They convert unpredictable demand into predictable revenue and turn one-time customers into long-term assets.

BY ANNUAL REVENUE

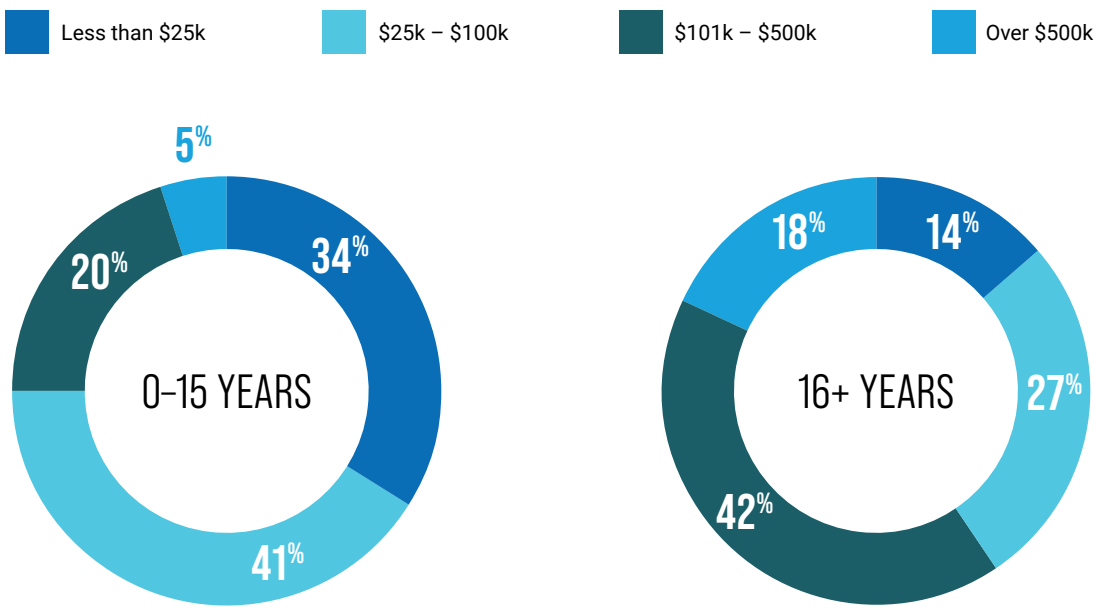


! Caution: Extremely small base size. Interpret results with caution.
Base: Revenue <$1M (n=35)!; Revenue $1M-<$5M (n=160); Revenue $5.1M-$10M (n=56); Revenue >$10M (n=57)

ANNUAL REVENUE FROM MAINTENANCE PLANS

Companies that have been in business longer gain more revenue from maintenance plans and memberships. Maintenance plan revenue strongly correlates with optimism. As maintenance plan revenue increases, optimism increases. As maintenance plan revenue decreases, pessimism rises sharply.

BY COMPANY AGE

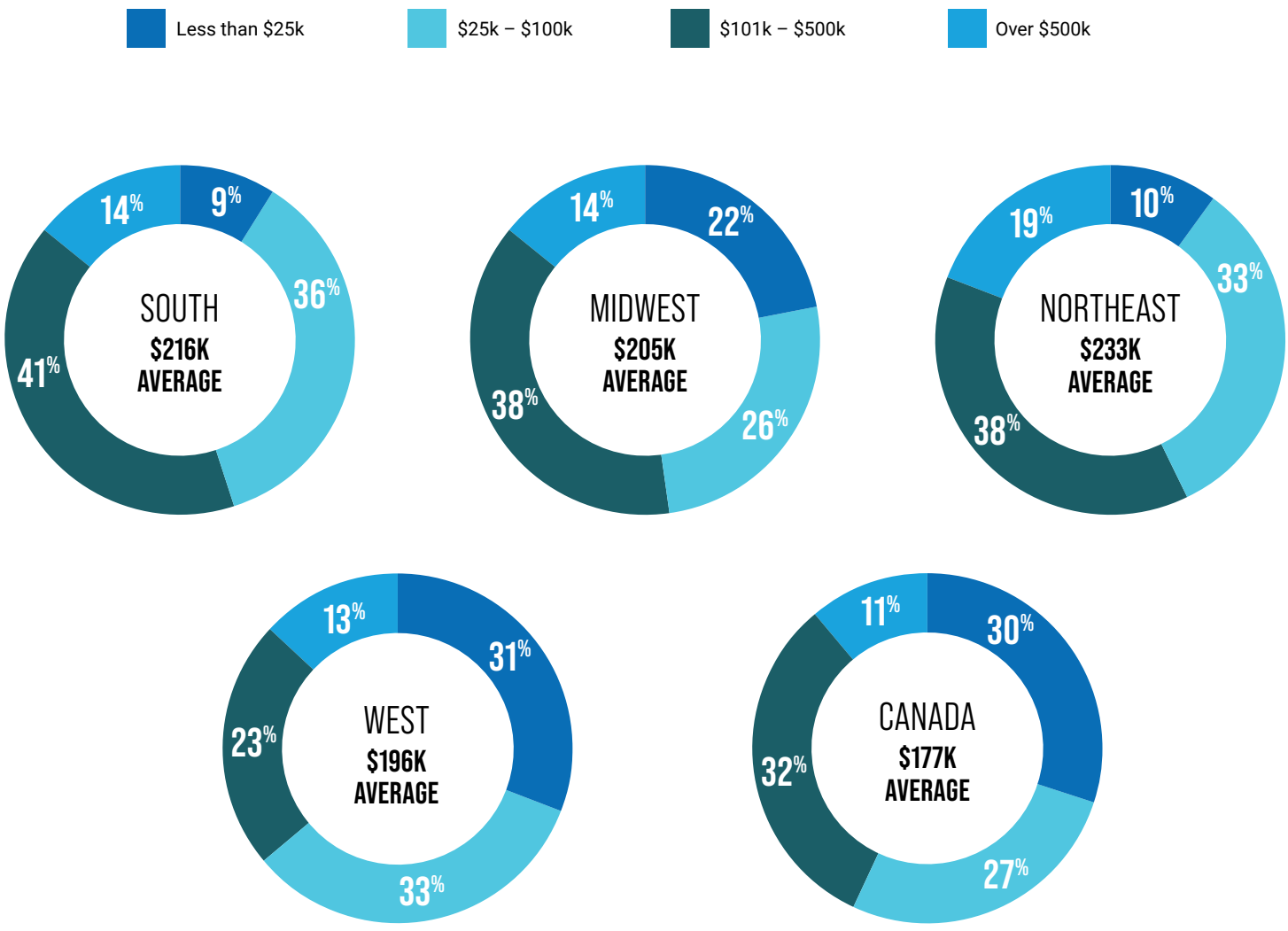


Base: Company Age 0-15 Years (n=102); Company Age 16+ Years (n=206)

ANNUAL REVENUE FROM MAINTENANCE PLANS

Maintenance plans transform an HVAC business from weather-driven to relationship-driven. The true value of a maintenance program isn't the annual fee, it's the predictable revenue, higher close rates, and long-term customer retention it unlocks.

BY COMPANY REGION



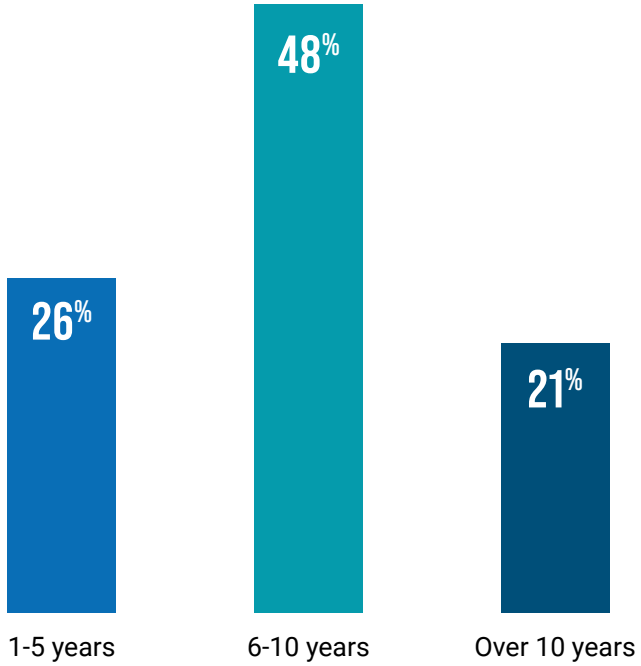
Base: South (n=95), Midwest (n=73), Northeast (n=21), West (n=75), Canada (n=44)

EXTENDED WARRANTIES OFFERED

The vast majority of HVAC businesses are offering extended warranties on their installs. Extended warranties reinforces trust, increases perceived value, and strengthens long-term customer relationships.



LENGTH OF EXTENDED WARRANTY COVERAGE

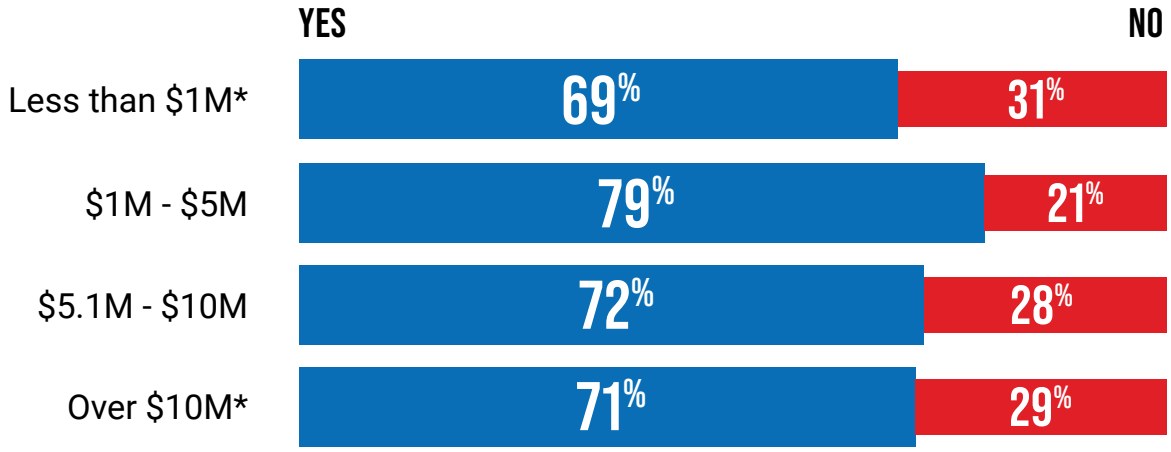


Base: Total Respondents (n=353)

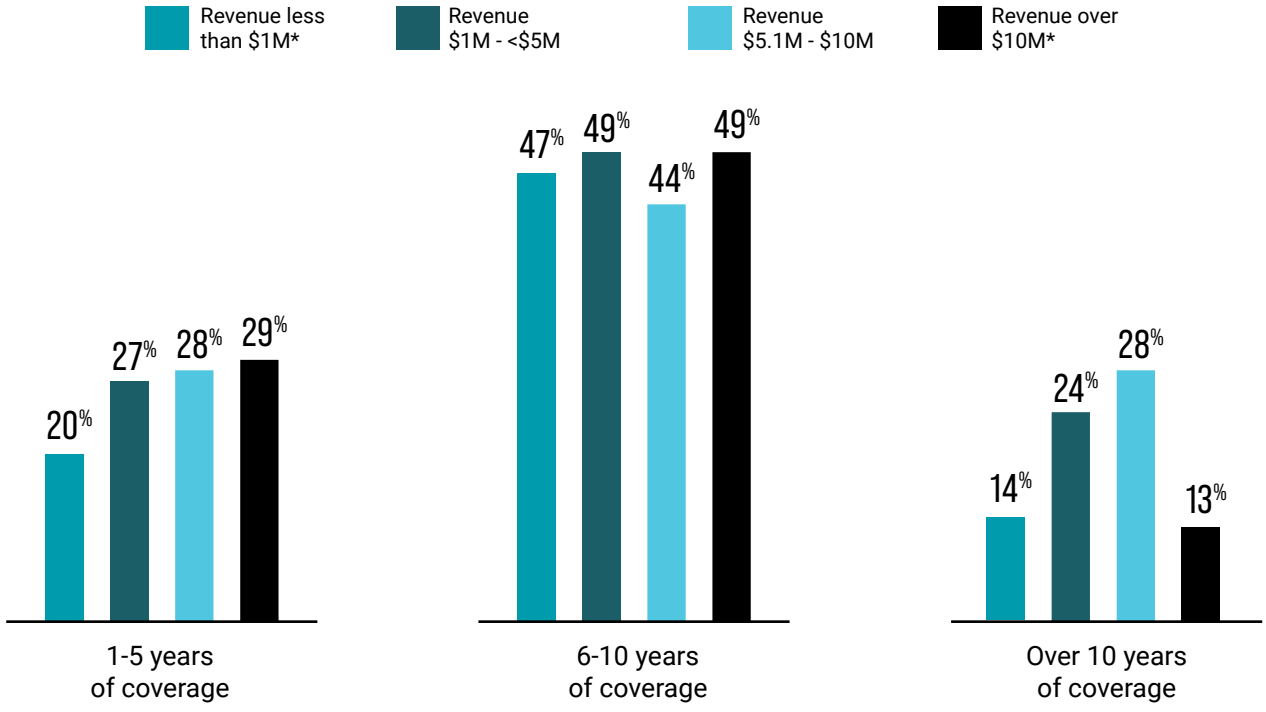
EXTENDED WARRANTIES BY ANNUAL REVENUE

Extended warranties are standard growth levers across all revenue tiers. As contractors scale, extended warranties evolve from a simple add-on into a strategic tool for differentiation, value perception, and long-term customer retention.

BY ANNUAL REVENUE



LENGTH OF EXTENDED WARRANTY COVERAGE BY ANNUAL REVENUE

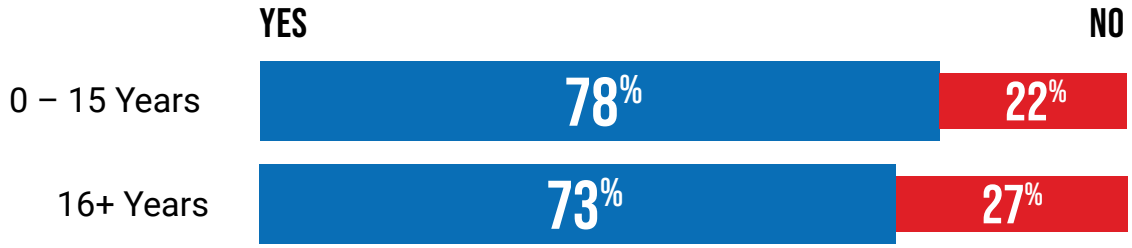


! Caution: Extremely small base size. Interpret results with caution.
Base: Revenue <$1M (n=51); Revenue $1M-<$5M (n=178); Revenue $5.1M-$10M (n=61); Revenue >$10M (n=63)

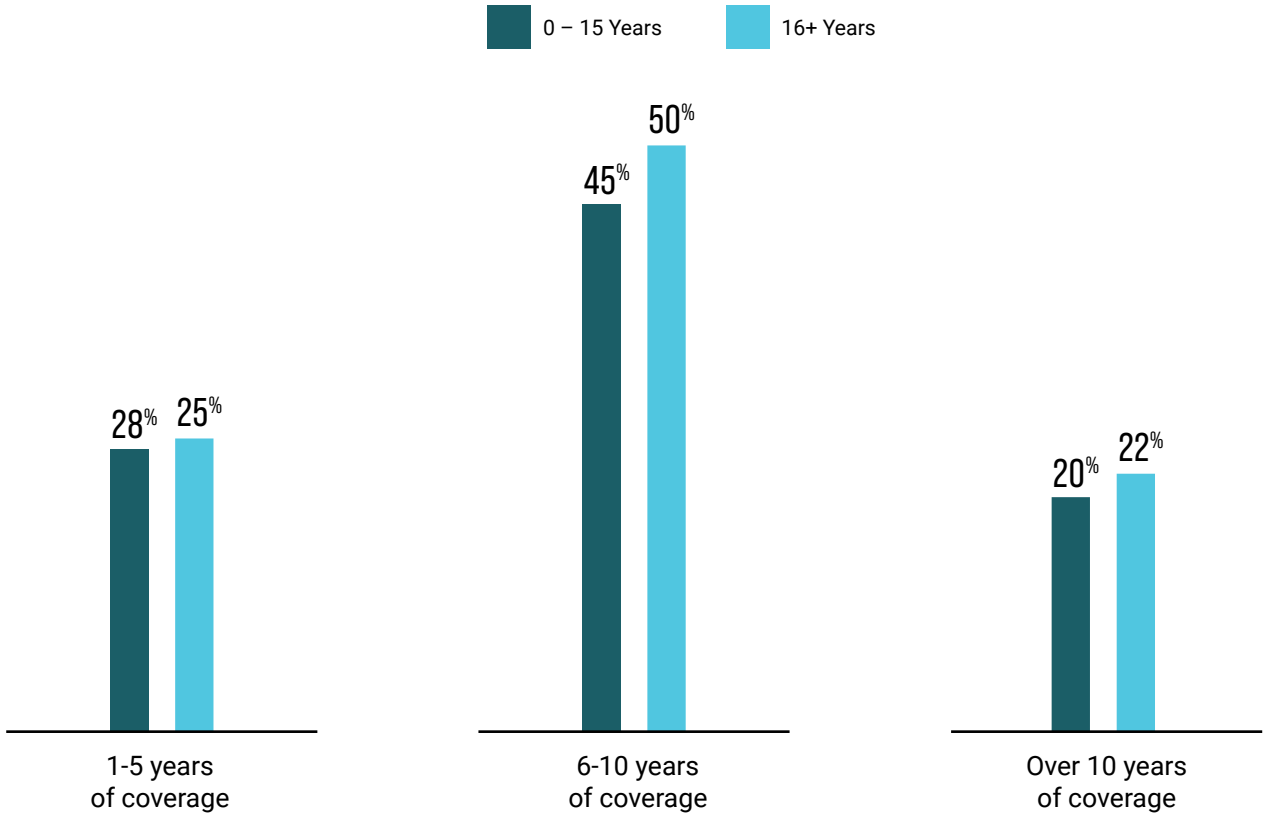
EXTENDED WARRANTIES BY COMPANY AGE

Extended warranties are firmly embedded across contractor business lifecycles. Data from more experienced contractors reinforces the strategic value of long-term protection as a trust-building and differentiation tool.

BY COMPANY AGE



LENGTH OF EXTENDED WARRANTY COVERAGE BY COMPANY AGE



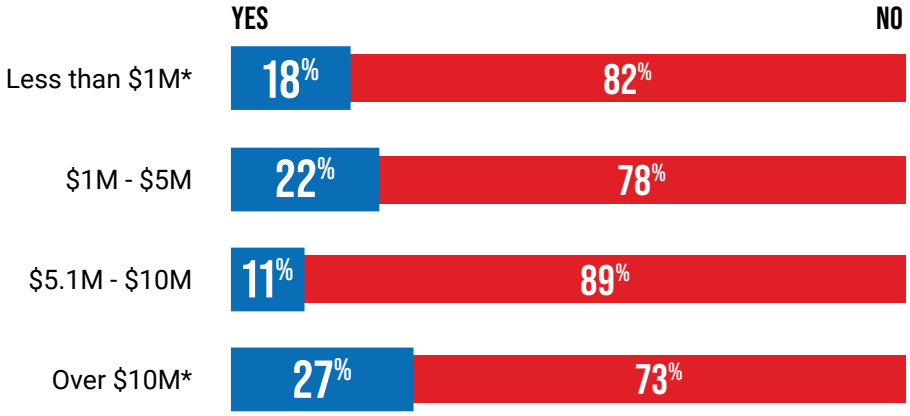
Base: Company Age 0-15 Years (n=127); Company Age 16+ Years (n=226)

HOME WARRANTY PARTNERSHIPS

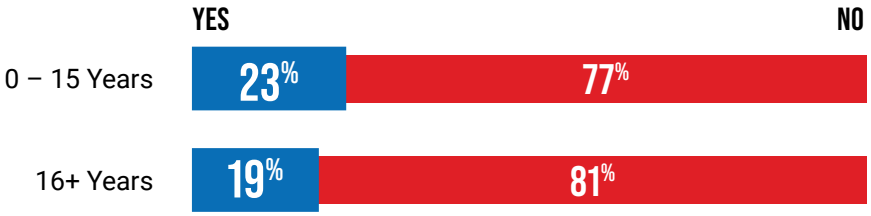
Partnerships with home warranty companies remain a minority strategy across the industry. The slightly higher participation among newer firms suggests that early-stage contractors may view home warranty relationships as a volume or lead-generation tool, while more established companies appear more selective, prioritizing margin control and brand positioning over warranty-driven work.



BY ANNUAL REVENUE



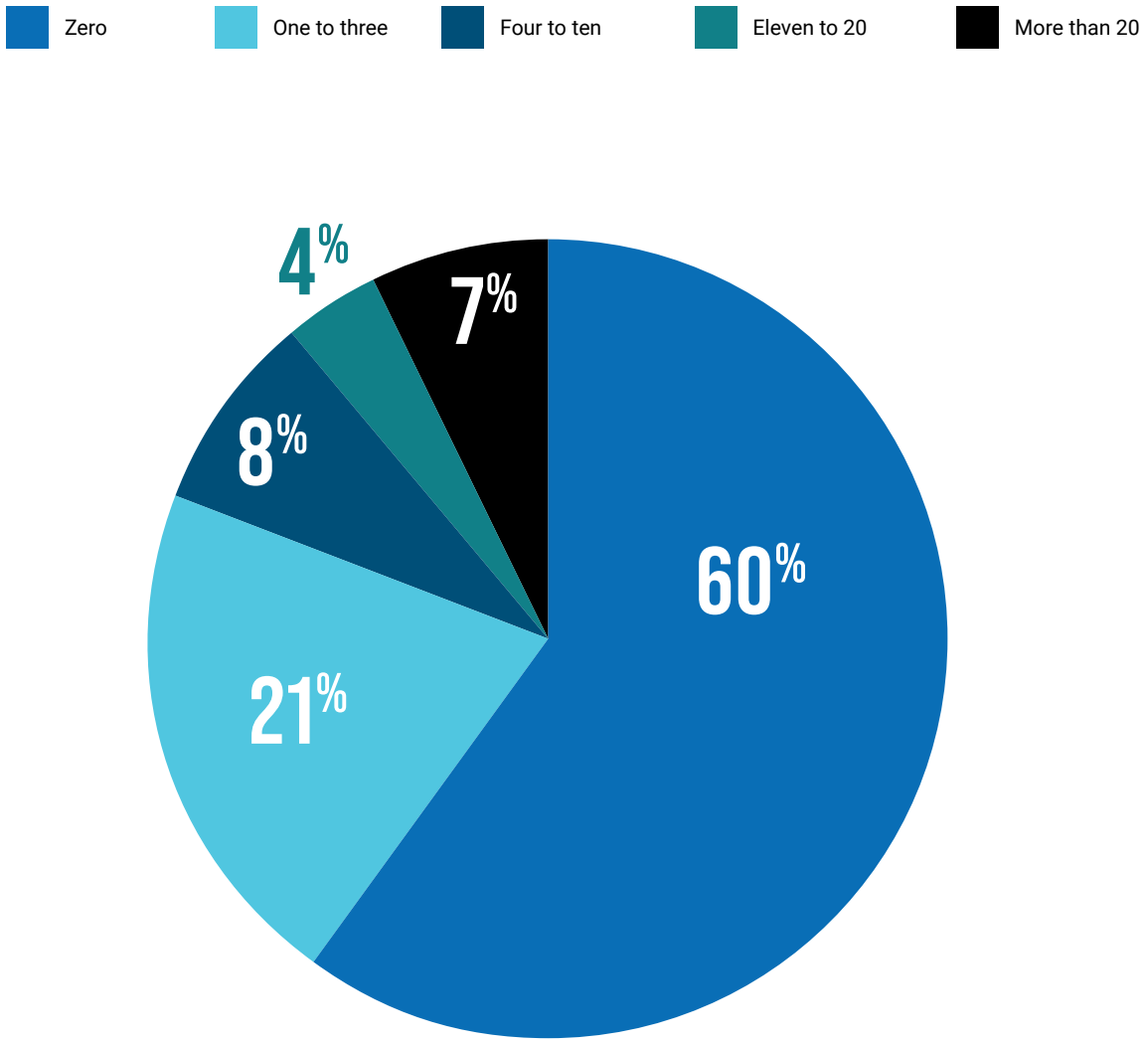
BY COMPANY AGE



Base: Total (n=353); Revenue <$1M (n=51); Revenue $1M-<$5M (n=178); Revenue $5.1M-$10M (n=61); Revenue >$10M (n=63); Company Age 0-15 Years (n=127); Company Age 16+ Years (n=226)

HOME WARRANTY LEADS PER MONTH

Home warranty companies are not a primary lead engine for most contractors. While a small minority generate meaningful volume, home warranty relationships function as a supplemental opportunity rather than a core growth strategy.



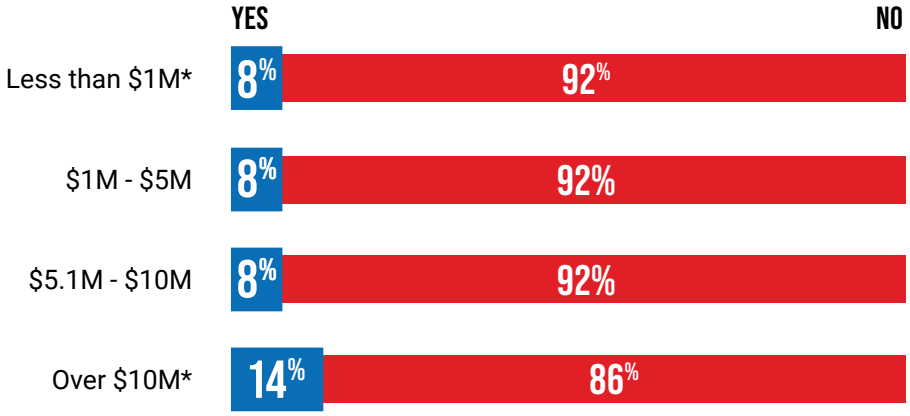
Base: Total Respondents (n=72)

OFFER HVAC RENTALS

HVAC equipment rentals are still a small part of the industry. Most contractors do not use rentals as a main way to grow. Instead, it is something larger companies use as a special strategy to stand out and create new ways to make money and attract customers.



BY ANNUAL REVENUE



BY COMPANY AGE

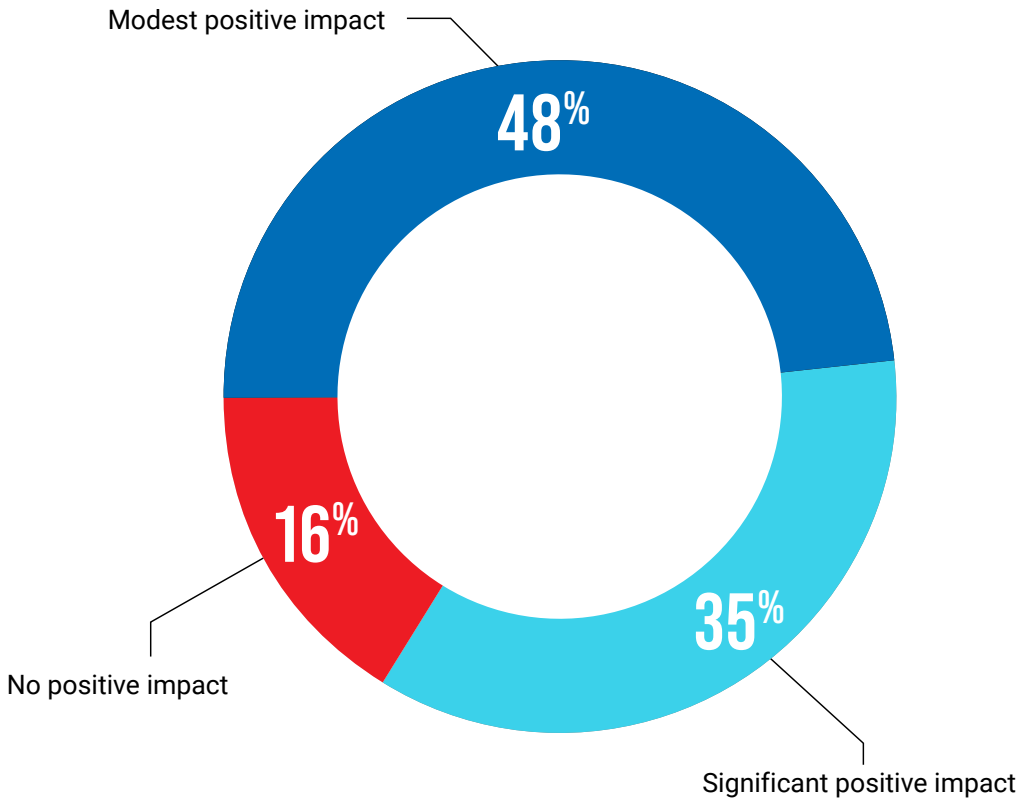


Base: Total (n=353); Revenue <$1M (n=51); Revenue $1M-<$5M (n=178); Revenue $5.1M-$10M (n=61); Revenue >$10M (n=63); Company Age 0-15 Years (n=127); Company Age 16+ Years (n=226))
! Caution: Extremely small base size. Interpret results with caution.

UTILITY REBATE PROGRAMS

About 8 in 10 HVAC contractors participate in utility and government rebate programs. These programs help reduce customer costs, making upgrades more attractive and giving contractors a competitive edge. Most expect rebates to positively impact 2026 sales, viewing them as key drivers for closing deals and increasing revenue.

SALES IMPACT OF 2026 REBATE PROGRAMS

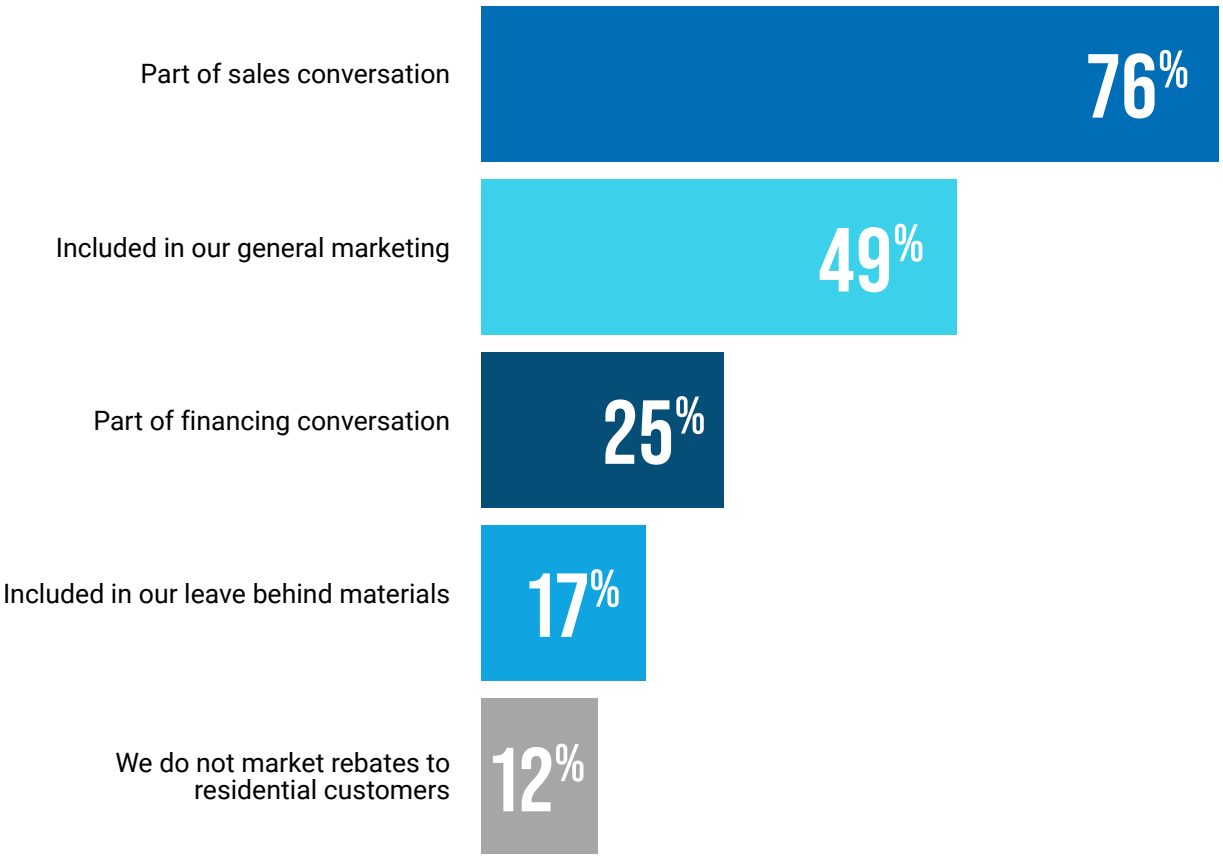


UTILITY OR GOVERNMENT REBATE PROGRAM PARTICIPATION
for Heat Pump/High-Efficiency HVAC Equipment **78%**

Base: Total Respondents (n=353)

REBATE MARKETING

Discussing rebates during sales conversations highlights immediate savings, making energy-efficient upgrades more appealing. It allows contractors to personalize offers based on each customer's situation. Broad marketing—through social media, emails, or website banners—builds awareness early, and combining both strategies keeps rebates top of mind throughout the customer journey.



Base: Total Respondents (n=353)

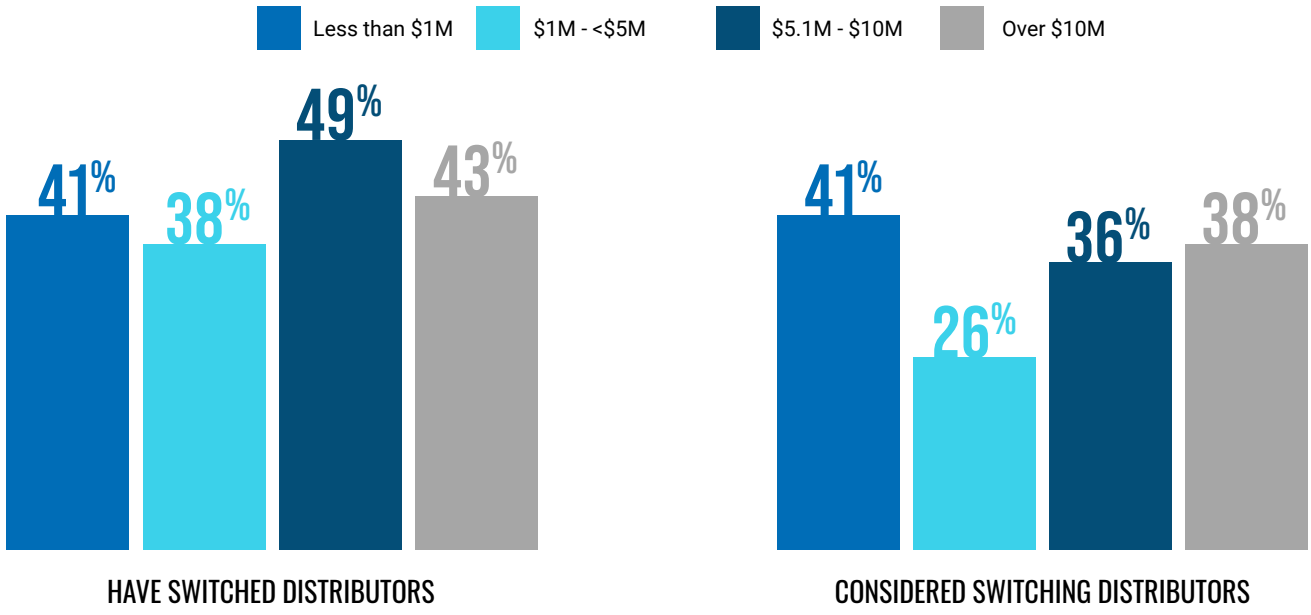
DISTRIBUTORS & BRANDS



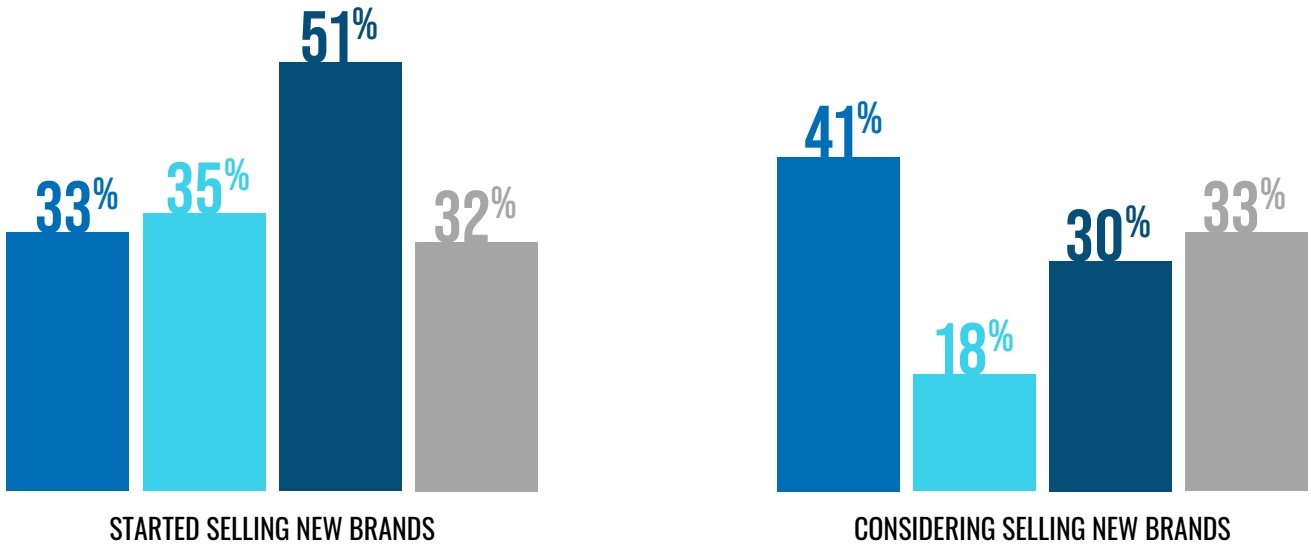
DISTRIBUTOR/ EQUIPMENT BRAND SWITCHING OVER THE PAST YEAR BY ANNUAL REVENUE

Smaller HVAC companies (under $1M) are more likely to switch distributors or equipment brands for better pricing, service, or unique products. Mid-sized firms ($5M–$10M) focus on scaling efficiently, valuing supply reliability and partnerships. Larger companies tend to stick with established relationships unless a strong reason prompts change.

DISTRIBUTOR SWITCHING BEHAVIOR BY ANNUAL REVENUE



EQUIPMENT BRAND SWITCHING BEHAVIOR BY ANNUAL REVENUE

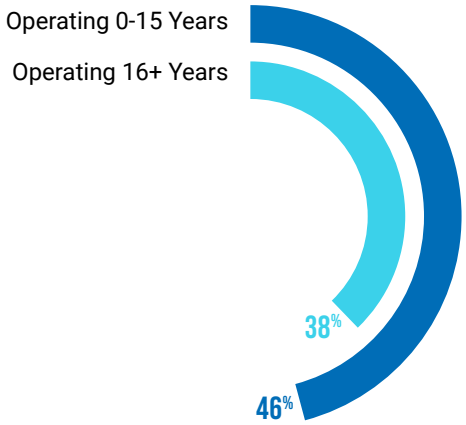


Base: Revenue <$1M (n=51); Revenue $1M-<$5M (n=178); Revenue $5.1M-$10M (n=61); Revenue >$10M (n=63)

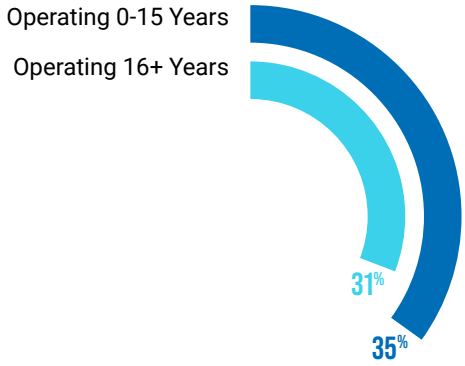
DISTRIBUTOR/EQUIPMENT BRAND SWITCHING OVER THE PAST YEAR BY COMPANY AGE

Younger HVAC companies are more open to switching distributors or equipment brands to stay competitive, driven by pricing, technology, or customer preferences. In contrast, older firms (16+ years) prioritize stability and long-term relationships, often avoiding change to protect proven processes and trusted partnerships that have contributed to their success.

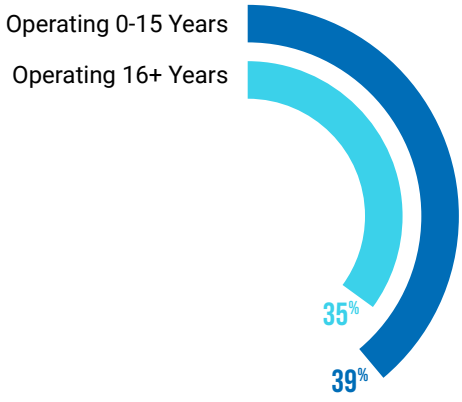
HAVE SWITCHED DISTRIBUTORS



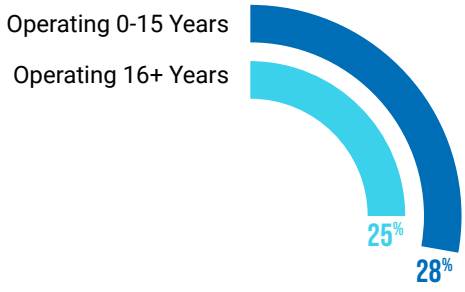
CONSIDERED SWITCHING DISTRIBUTORS



STARTED SELLING NEW BRANDS



CONSIDERING SELLING NEW BRANDS



Base: Company Age 0-15 Years (n=127); Company Age 16+ Years (n=226)

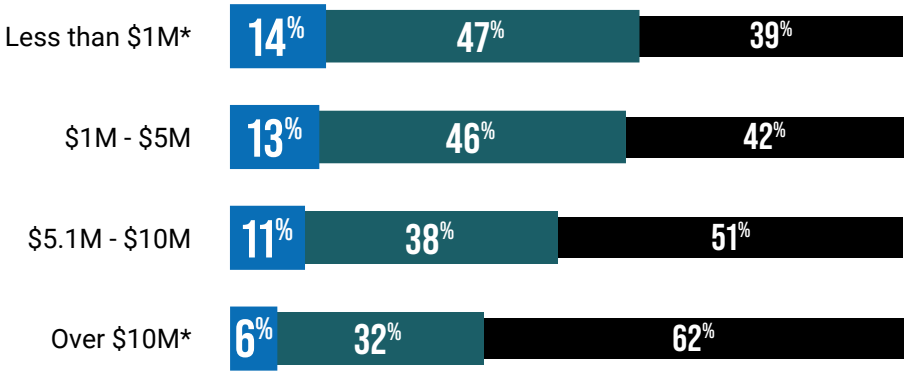
NUMBER OF DISTRIBUTORS USED

The serialized equipment supply chain is diversified. The larger and more mature the contractor, the more diversified it becomes. HVAC is a multi-distributor marketplace which has significant implications for manufacturers, distributors, and financing partners. The winners in 2026 and beyond will not be those who assume loyalty, but those who continuously earn it.

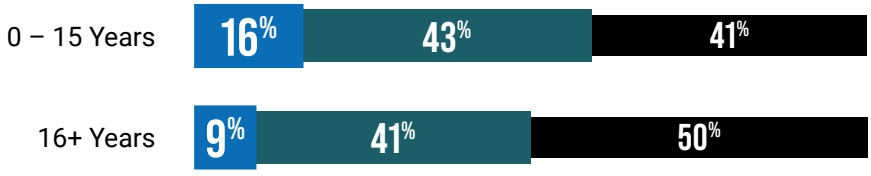
TOTAL



BY ANNUAL REVENUE



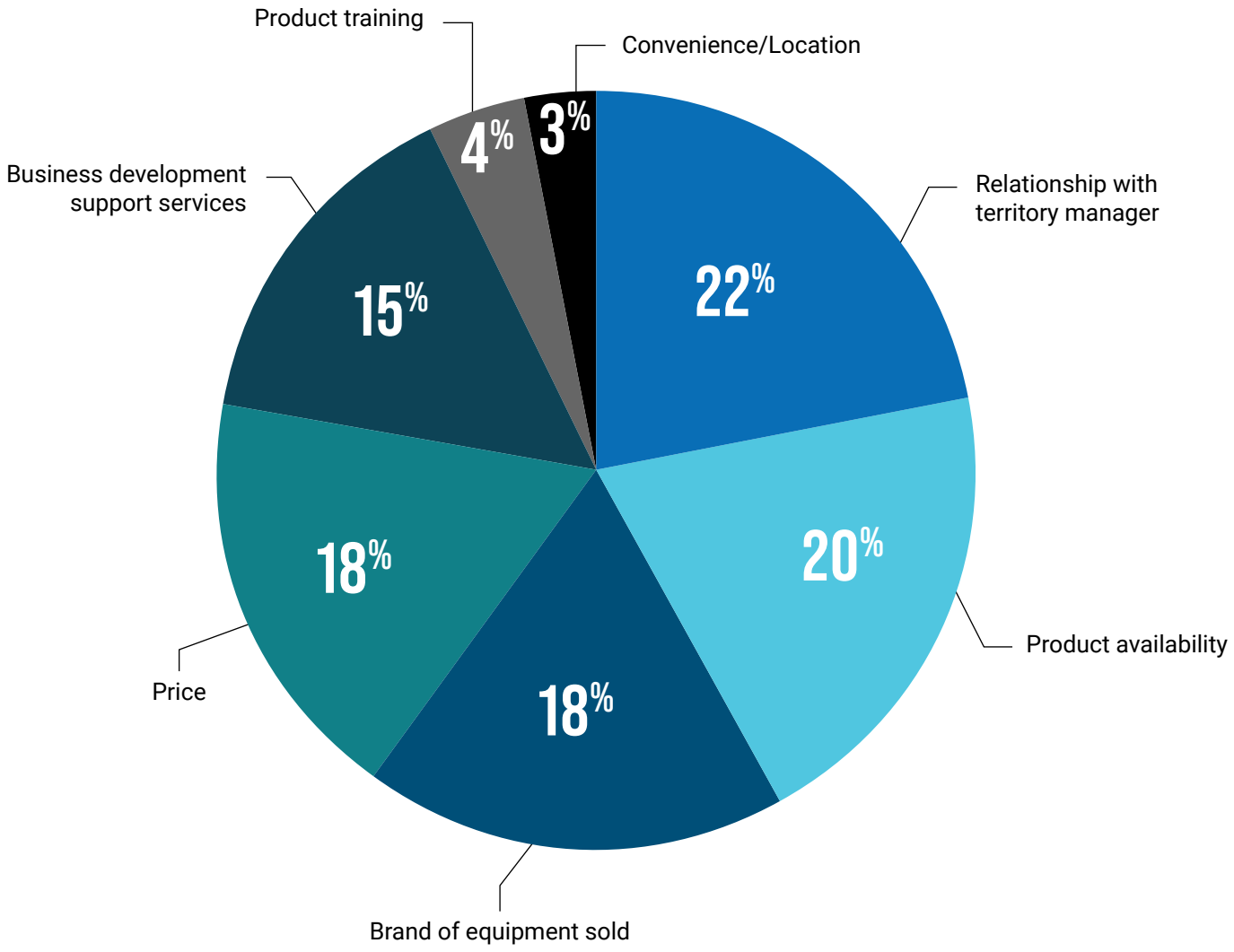
BY COMPANY AGE



Base: Total (n=353); Revenue <$1M (n=51); Revenue $1M-<$5M (n=178); Revenue $5.1M-$10M (n=61); Revenue >$10M (n=63); Company Age 0-15 Years (n=127); Company Age 16+ Years (n=226)

DISTRIBUTOR SELECTION IMPORTANCE

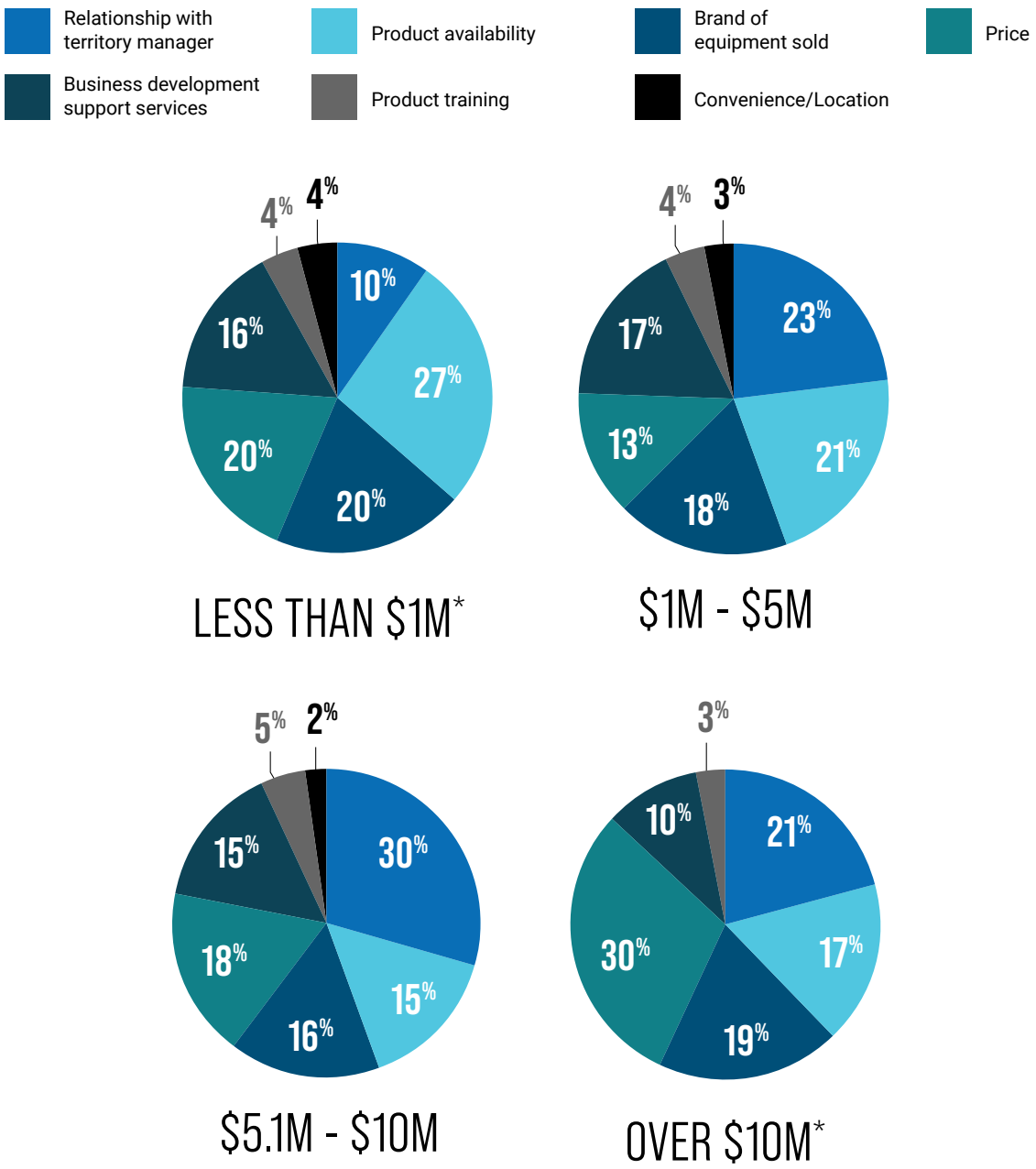
Distributor choice is relationship-driven first, supply-driven second, and price-driven third. Despite all the industry talk about margin pressure and pricing wars, contractors are telling us something very clear: they choose distributors primarily based on people and performance, not price.



Base: Total Respondents (n=353)

DISTRIBUTOR SELECTION IMPORTANCE BY ANNUAL REVENUE

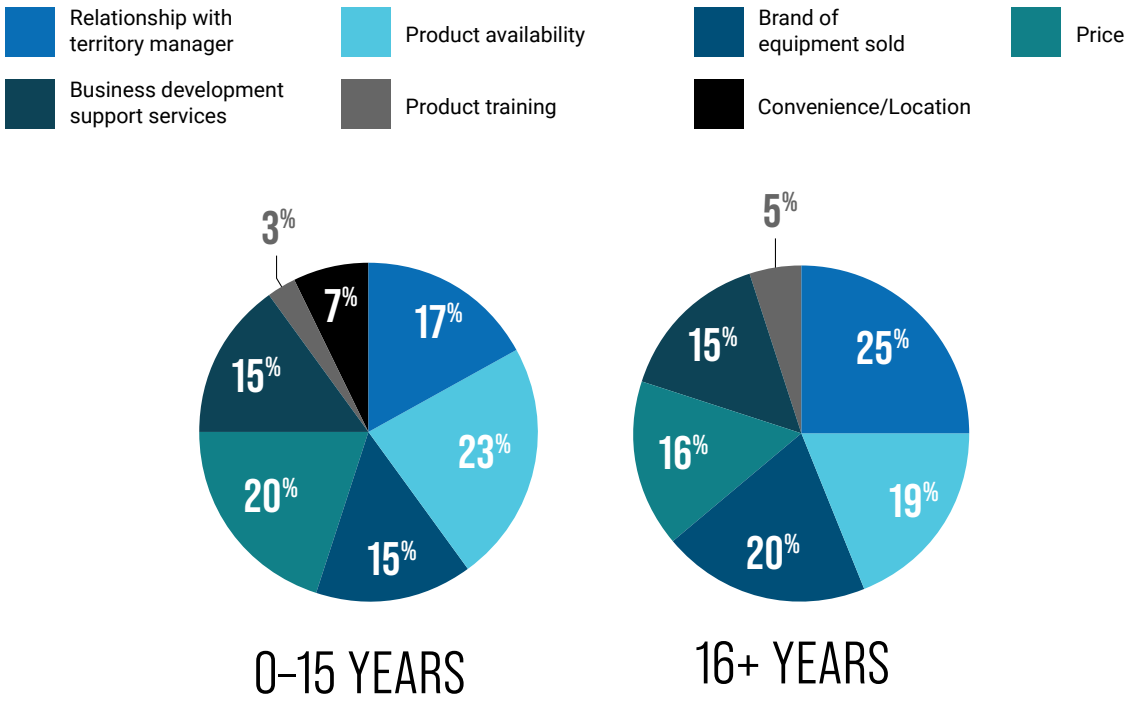
Distributor strategy must adjust by contractor size. You win small contractors on availability and brand access. Mid-size growth contractors rely on relationship and support. Large contractors are swayed based on pricing structure and negotiated programs. A single playbook will not work to engage contractors across all revenue tiers.



Base: Revenue <$1M (n=51); Revenue $1M-<$5M (n=178); Revenue $5.1M-$10M (n=61); Revenue >$10M (n=63)

DISTRIBUTOR SELECTION IMPORTANCE BY COMPANY AGE

Less experienced contractors emphasize operational factors because they're still learning the value of strategic relationships, while veteran contractors value the territory manager most. They've experienced supply shocks, brand failures, and distributor turnover so they know the importance of having someone inside the distributor who will always answers the call.



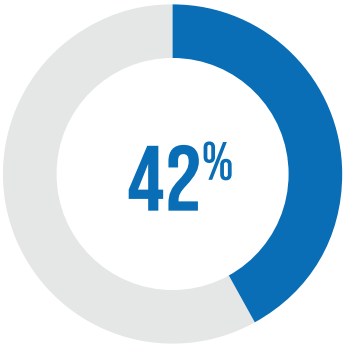
KEY TAKEAWAY

Relationship appreciation increases with experience. Newer contractors optimize transactions while industry veterans optimize partnerships.

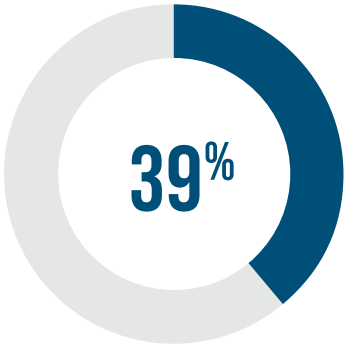
Base: Company Age 0-15 Years (n=127); Company Age 16+ Years (n=226)

REASONS FOR SELLING NEW BRANDS

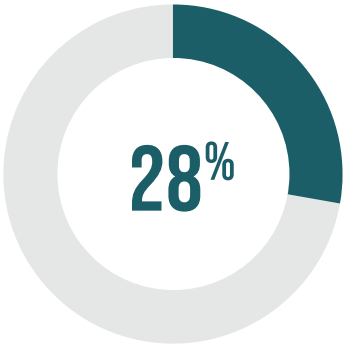
Contractors adopt new brands for operational and financial reasons, not marketing support. The largest contractors switch brands for supply stability, not incentives. Overall, new HVAC brand adoption is driven by supply assurance and margin protection first. Strategic growth programs may enhance loyalty, but they rarely trigger the switch.



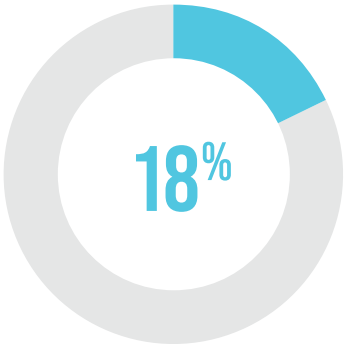
Product availability



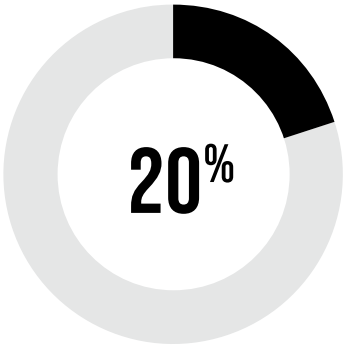
Product price



Product quality



Business development support services



Some other reason

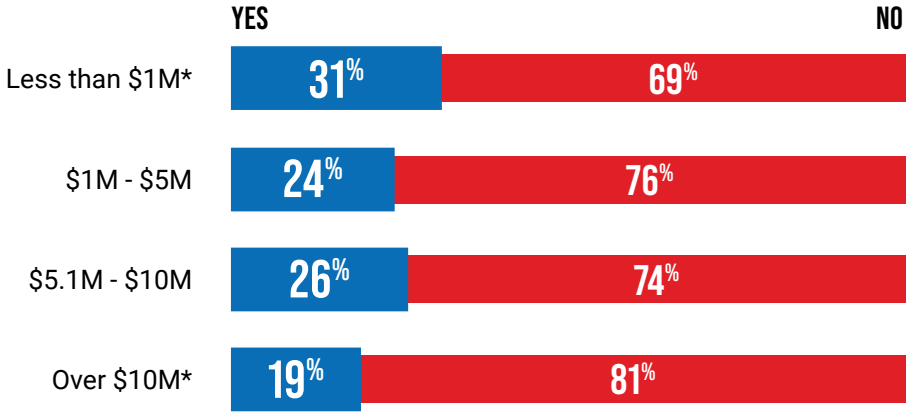
Base: Total Respondents (n=130)

STOPPED SELLING SPECIFIC BRANDS

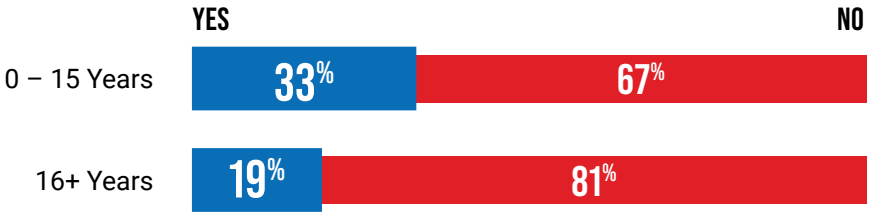
Brand portfolios are relatively stable, but younger and smaller contractors are far more likely to make changes. Only 24% of contractors stopped selling an equipment brand in the past year which means three out of four contractors maintained brand loyalty. This signals that brand relationships in HVAC are generally durable.



BY ANNUAL REVENUE



BY COMPANY AGE



Base: Total Respondents (n=353); Revenue <$1M (n=51); Revenue $1M-<$5M (n=178); Revenue $5.1M-$10M (n=61); Revenue >$10M (n=63); Company Age 0-15 Years (n=127); Company Age 16+ Years (n=226)

CONSUMER FINANCING



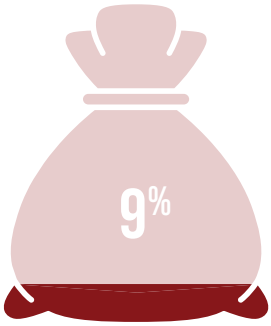
ACTIVE CUSTOMER FINANCING SOLUTION

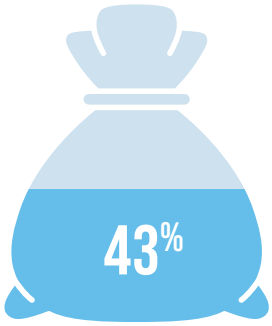
With 91% of contractors able to offer residential financing solutions, this is no longer a differentiator, it's table stakes. Financing in residential HVAC has moved from "nice to have" to "required to compete." More than half the market is not using commercial financing. That is not just a statistic, it's opportunity. Commercial financing isn't simply a payment option, it's a sales accelerator and competitive advantage for higher-ticket projects.

DO HAVE AN ACTIVE RESIDENTIAL FINANCING SOLUTION



DO NOT HAVE AN ACTIVE RESIDENTIAL FINANCING SOLUTION





DO HAVE AN ACTIVE COMMERCIAL FINANCING SOLUTION

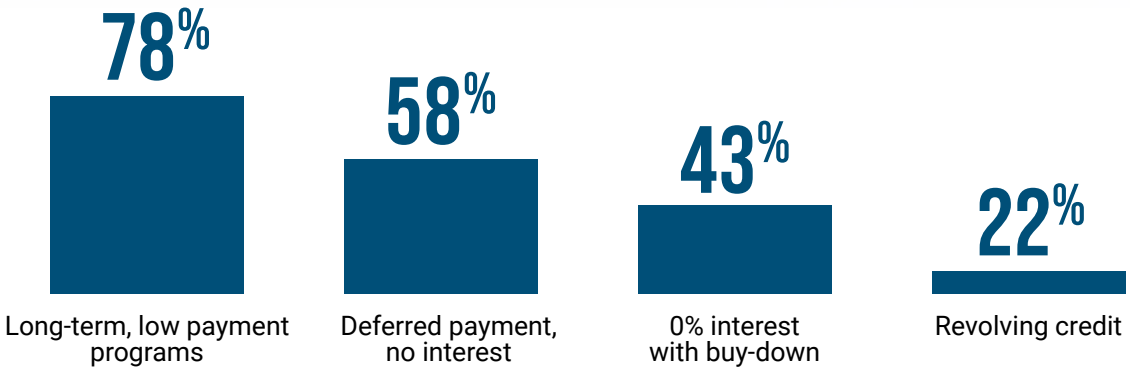


DO NOT HAVE AN ACTIVE COMMERCIAL FINANCING SOLUTION

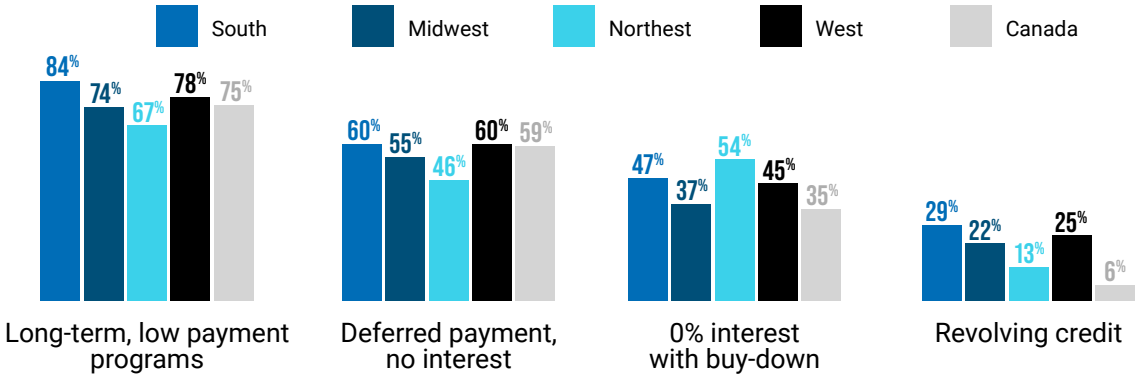
Base: Total Respondents (n=353); South, (n=100); Midwest (n=78); Northeast (n=26)!; West (n=90); Canada (n=59)

MOST OFFERED FINANCING OPTIONS

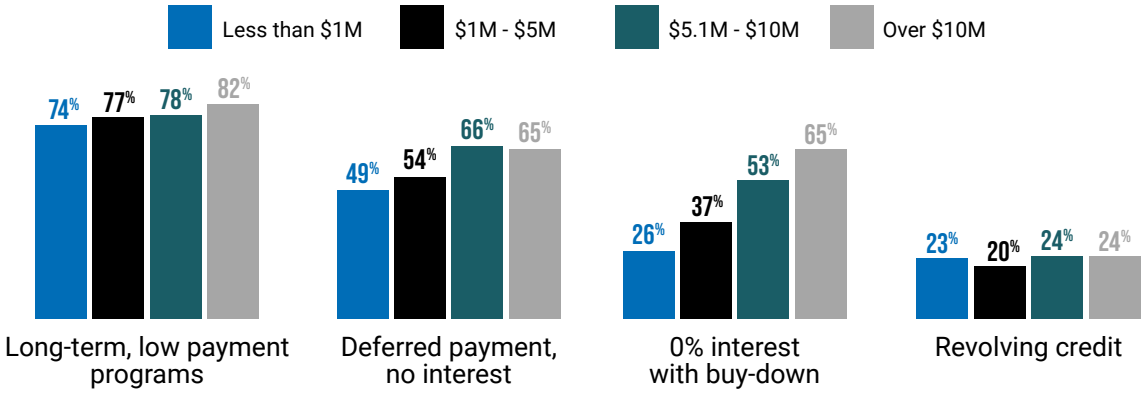
Residential financing has matured from a checkbox to a competitive weapon. The leaders in the market are structuring financing to increase close rates, support premium upgrades, expand affordability positioning, and control the sales conversation. The more sophisticated the financing mix, the larger the contractor. Financing is no longer administrative, it's strategic.



FINANCING OPTIONS OFFERED BY REGION



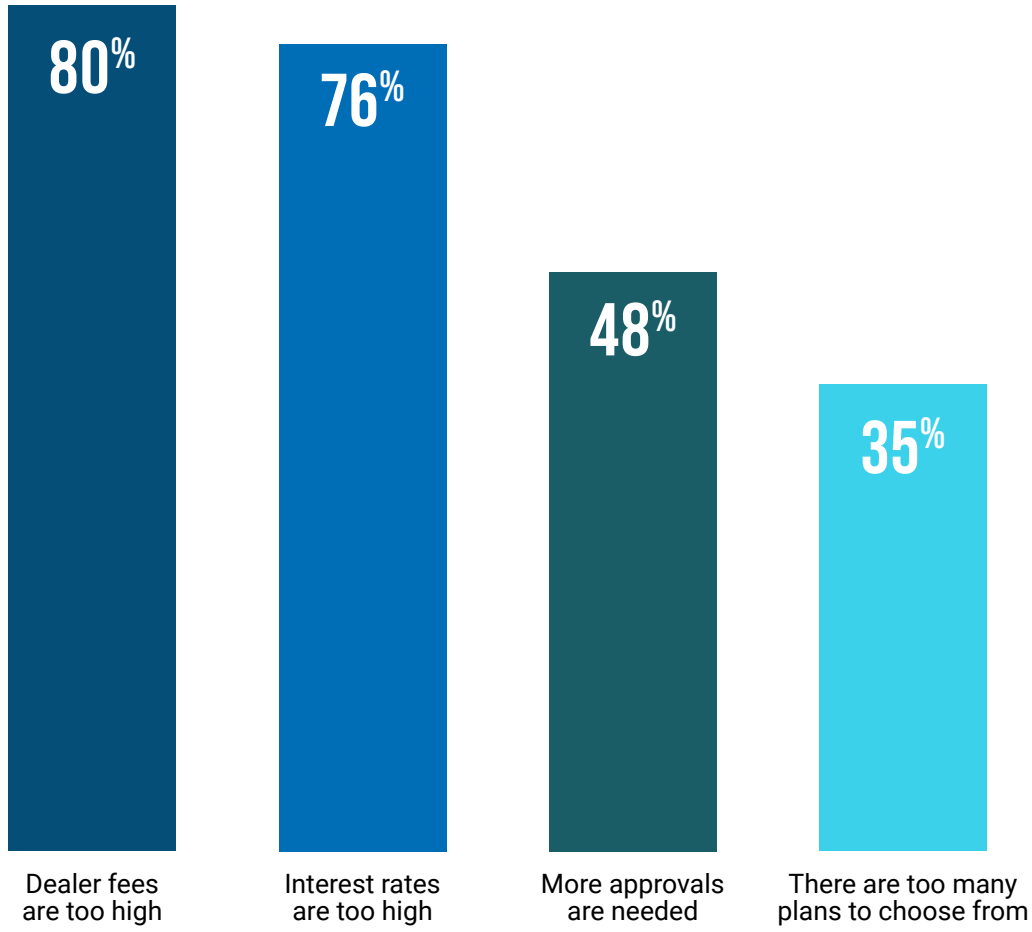
FINANCING OPTIONS OFFERED BY ANNUAL REVENUE



Base: Offers Financing Solutions-Total Respondents (n=320); South, (n=95); Midwest (n=73); Northeast (n=24); West (n=77); Canada (n=51)
Revenue <$1M (n=43)!; Revenue $1M-<$5M (n=164); Revenue $5.1M-$10M (n=58); Revenue >$10M (n=55)

FINANCING ISSUES

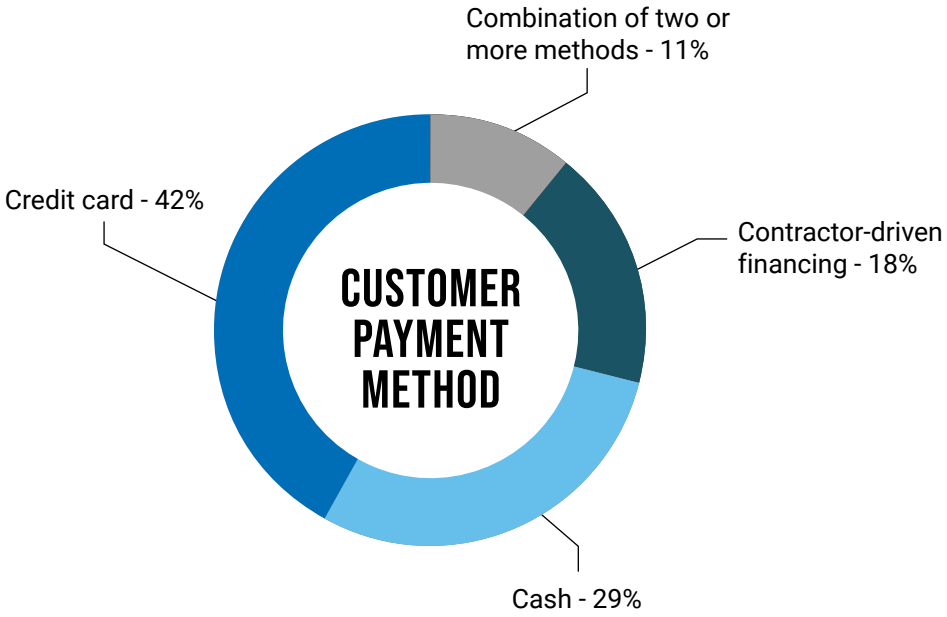
Residential financing is indispensable, but contractors believe the economics are misaligned. They need financing to close deals, but they feel dealer fees and interest structures are eating into profitability. The industry has fully adopted financing operationally, but it has not fully accepted its cost model.



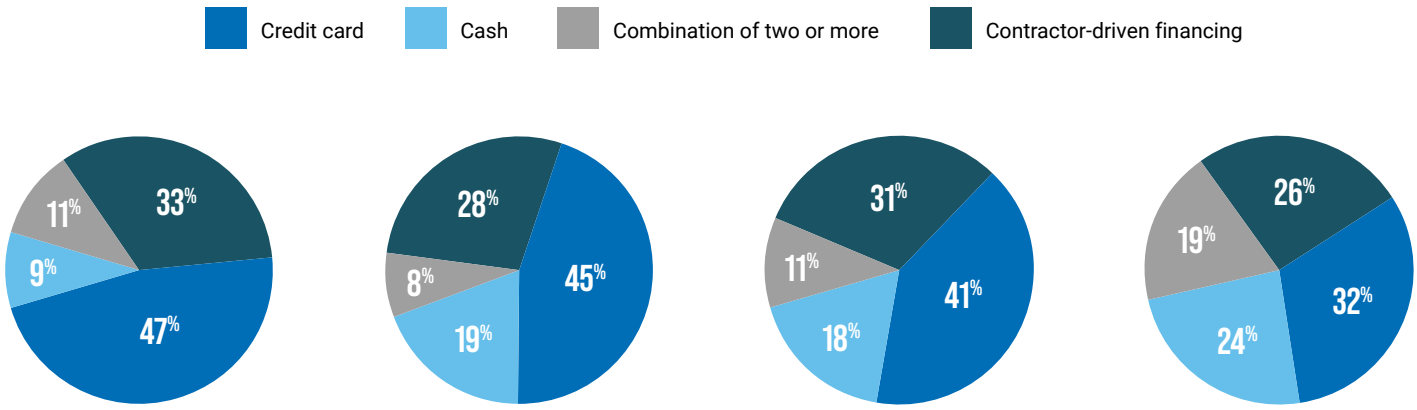
Base: Total Respondents (n=353)

CUSTOMER PAYMENT METHOD

Contractors may be over-relying on credit cards instead of converting those jobs into structured financing programs that improve ticket size and payment framing. Earlier data showed 91% of contractors offer residential financing, yet contractor-driven financing accounts for only 18% of total payments. That gap is significant. Financing is available, but it's not being maximized.



CUSTOMER PAYMENT METHOD BY CONTRACTOR'S ANNUAL REVENUE



LESS THAN $1M | $1M - <$5M | $5.1M - $10M | OVER $10M

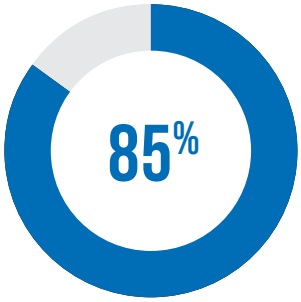
Base: Total Respondents (n=353); Revenue <$1M (n=51); Revenue $1M-<$5M (n=178); Revenue $5.1M-$10M (n=61); Revenue >$10M (n=63)

MARKETING

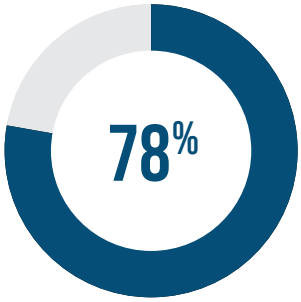


MARKETING MODALITIES UTILIZED

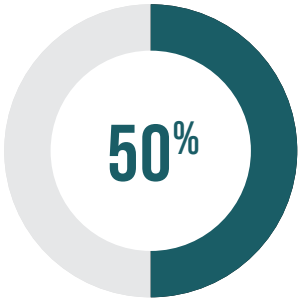
HVAC contractors are not chasing trends, they're maintaining proven channels. The industry remains highly local, visibility-focused, and relationship-based. The competitive opportunity is not necessarily adopting new channels, it's all about executing existing channels better. Better social content. Better fleet design. Smarter direct mail targeting. Integrated campaigns. The tools are stable and execution is the battleground.



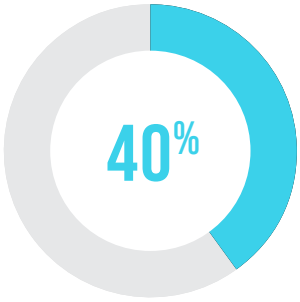
Social media



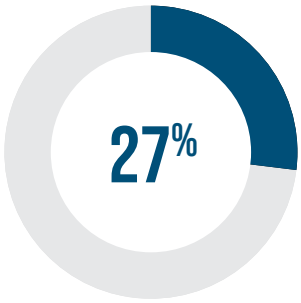
Fleet vehicles with company information



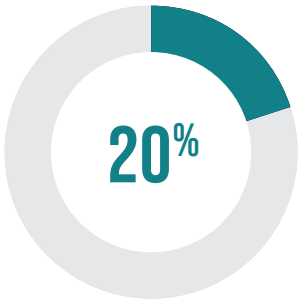
Direct mail



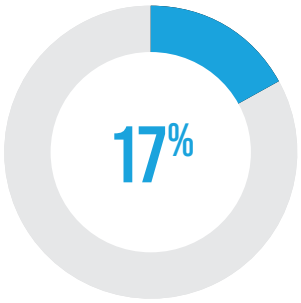
Radio (local stations or streaming)



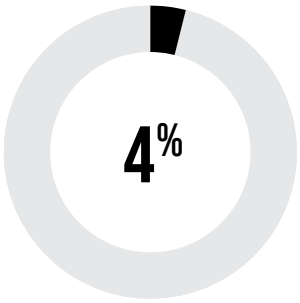
Outdoor/billboards



Other



Television



None

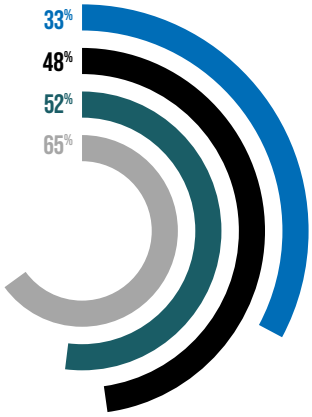
Base: Total Respondents (n=353)

MARKETING MODALITIES BY ANNUAL REVENUE

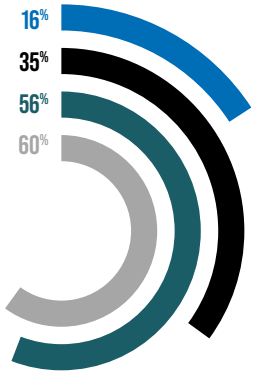
The contractors growing fastest are not just better operators - they are more aggressive marketers. Growth requires broader visibility, brand reinforcement, multi-channel presence, and budget discipline. If a contractor wants to move from <$1M to $5M+, marketing complexity and spend must increase. Marketing is not a side function in growth-stage HVAC businesses, it's a scaling engine.



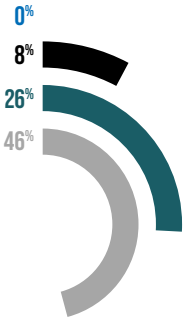
DIRECT MAIL



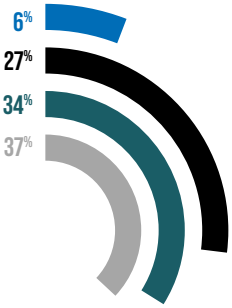
RADIO/STREAMING



TELEVISION



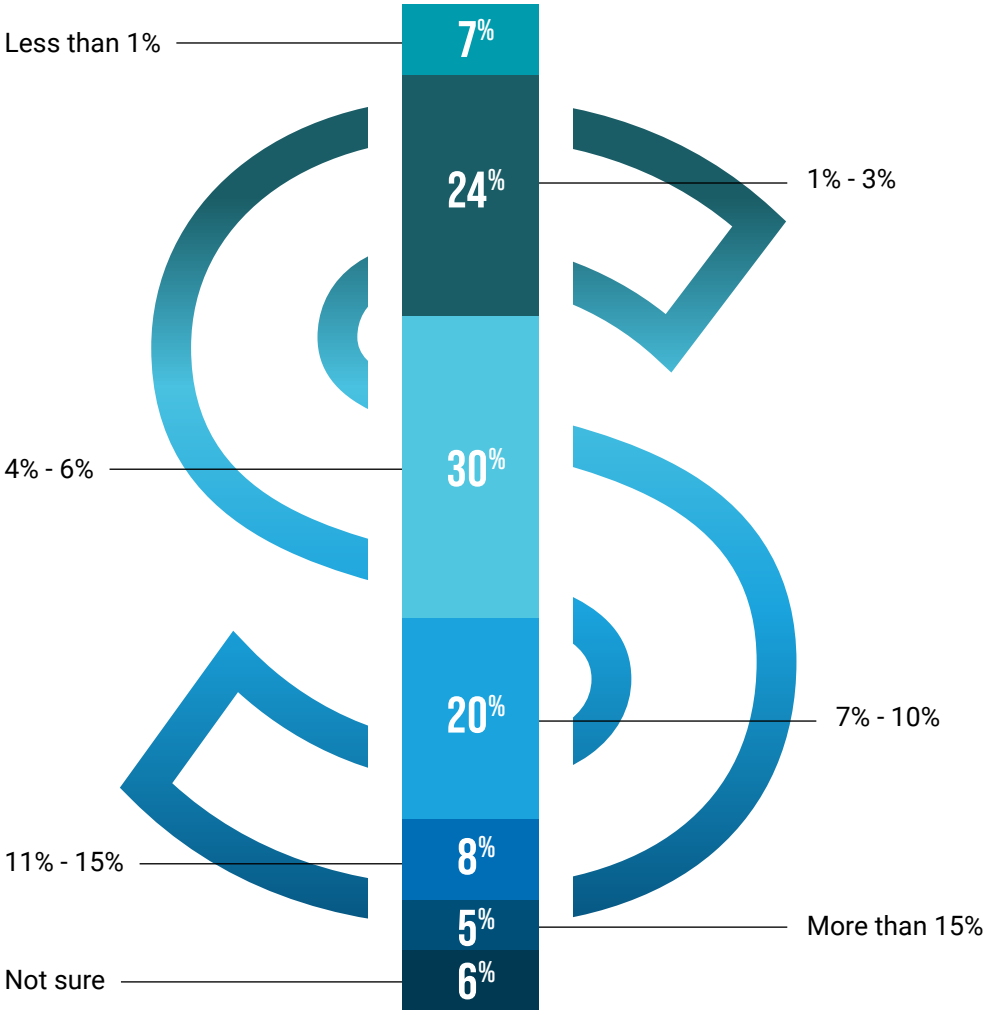
OUTDOOR/BILLBOARDS



Base: Revenue <$1M (n=51); Revenue $1M-<$5M (n=178); Revenue $5.1M-$10M (n=61); Revenue >$10M (n=63)

PERCENT OF REVENUE FOR MARKETING

Marketing spend in HVAC is predictable, stable, and structured. If a contractor wants to scale meaningfully, allocating funds below 3% of revenue is likely insufficient. The competitive range is 4%–10% and the aggressive growth tier sits above that. Growth requires budget discipline. Marketing is no longer optional, it's a managed investment category.

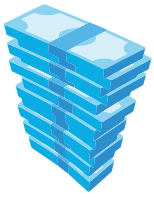


Base: Total Respondents Using Marketing (n=337)

PERCENT OF REVENUE FOR MARKETING BY ANNUAL REVENUE

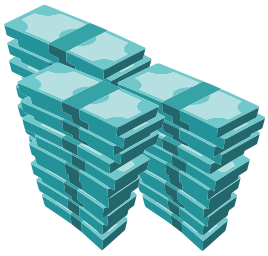
The industry benchmark for marketing investment is clear: 5%-6% of revenue is the structural norm. If a contractor is materially below that, growth may stall. If they are above 10%, they are likely in aggressive expansion mode. Consistent, disciplined marketing investment, not erratic spending, underpins scalable HVAC growth.

REVENUE LESS THAN $1M*



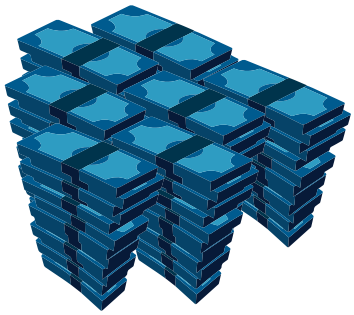
5.9%
On Average

REVENUE $1M - $5M



6.1%
On Average

REVENUE $5.1M - $10M



5.0%
On Average

REVENUE OVER $10M



5.7%
On Average

Base: Revenue <$1M (n=43); Revenue $1M-<$5M (n=173); Revenue $5.1M-$10M (n=58); Revenue >$10M (n=63)
* Revenue <$1M (n=43) - Small base size. Interpret results with caution.

PERCENT OF REVENUE FOR MARKETING BY COMPANY AGE

If a contractor wants to grow aggressively, their marketing spend likely needs to resemble the 0–15 year profile; closer to 7%–10%, not 1%–3%. Marketing investment is a deliberate growth lever in early and mid-stage companies. As companies mature, they shift from growth investment to maintenance discipline. Marketing percentage, therefore, is not just a budget decision, it's a signal of strategic intent.

0 - 15 YEARS

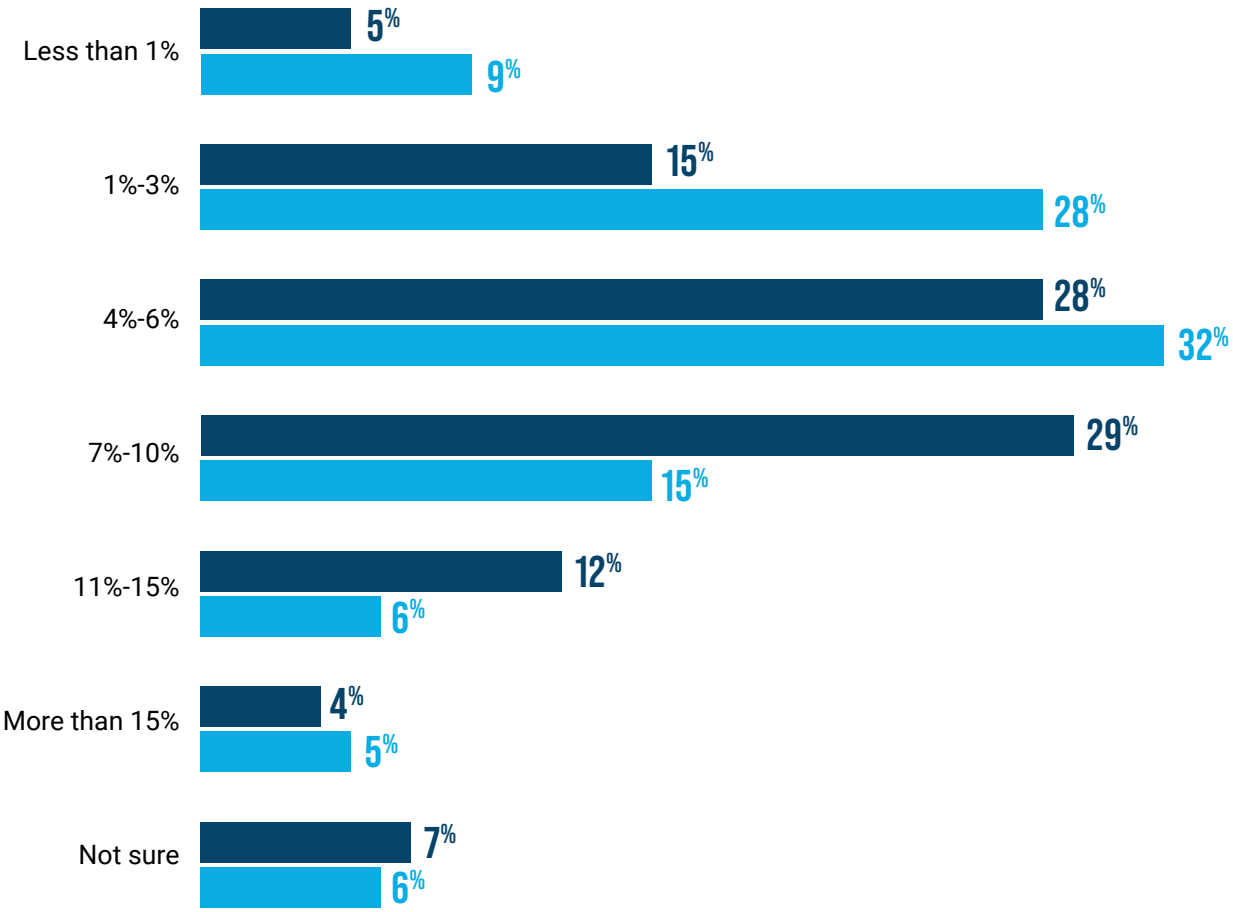
6.8%

On Average

16+ YEARS

5.3%

On Average

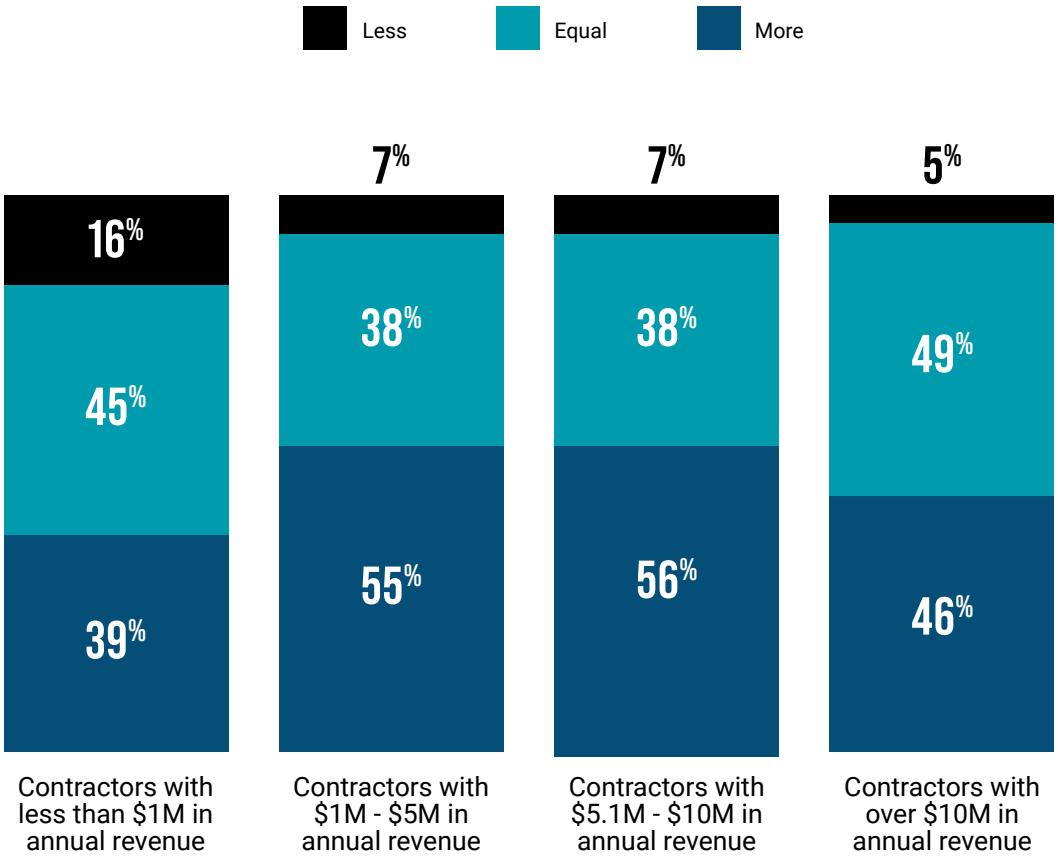


Base: Selected 1+ Marketing Sources---Company Age 0-15 Years (n=118); Company Age 16+ Years (n=219)

MARKETING EXPENSES BY YEAR

Marketing behavior reflects financial maturity. Small contractors react to short-term conditions. Mid-sized contractors invest consistently and grow deliberately. Large contractors manage marketing as a steady-state system. The strongest growth momentum appears in the $1M-$10M range.

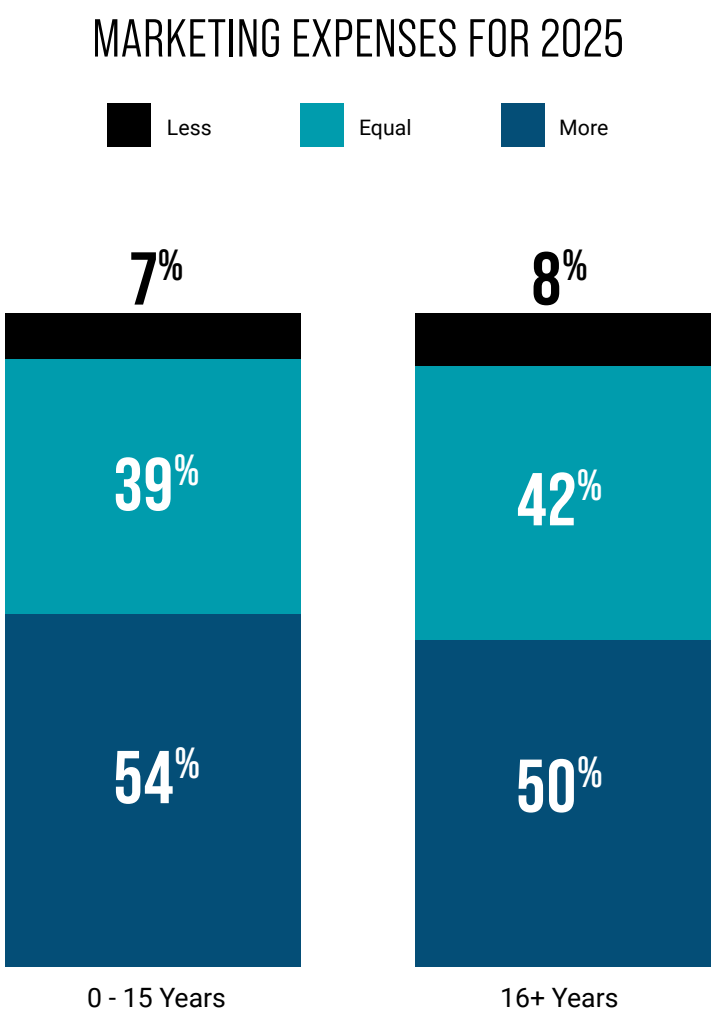
CURRENT YEAR MARKETING EXPENSES RELATIVE TO PRIOR YEAR



Base: Revenue <$1M (n=51); Revenue $1M-<$5M (n=178); Revenue $5.1M-$10M (n=61); Revenue >$10M (n=63)

MARKETING EXPENSES BY COMPANY AGE

Company age influences forward-looking risk appetite more than historical spending behavior. Everyone increased marketing recently, but younger companies are more likely to continue accelerating while older companies are more likely to plateau.

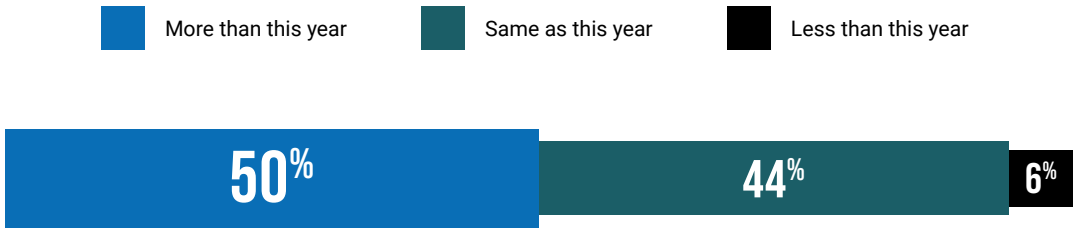


Base: Company Age 0-15 Years (n=127); Company Age 16+ Years (n=226)

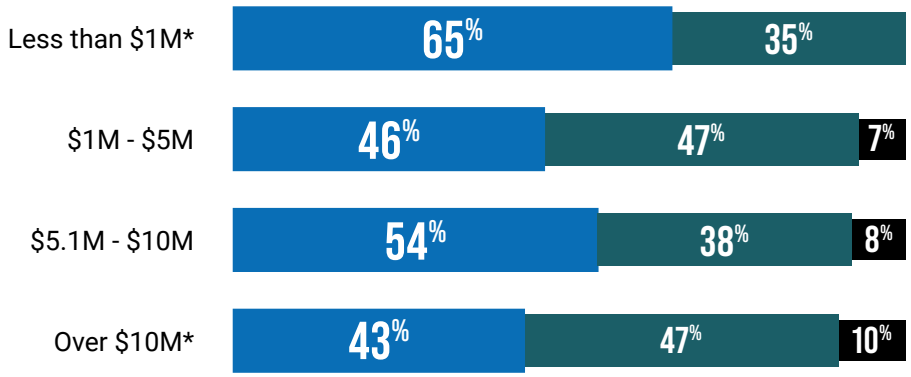
MARKETING INVESTMENT PROJECTED FOR THE NEXT YEAR

Marketing budgets are steady to growing, with 50% of contractors planning to spend more over the next year and 44% holding flat. Younger and smaller companies are the most aggressive in increasing spend, while larger and older firms are more likely to maintain current levels. Overall, very few contractors plan to cut marketing, signaling continued investment in growth.

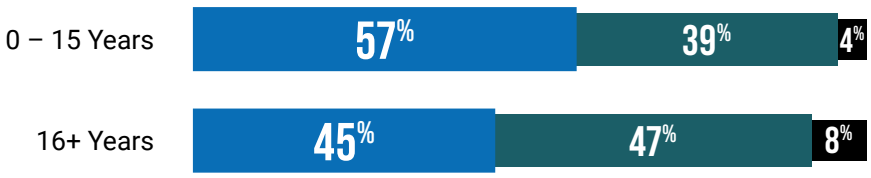
TOTAL



BY ANNUAL REVENUE



BY COMPANY AGE

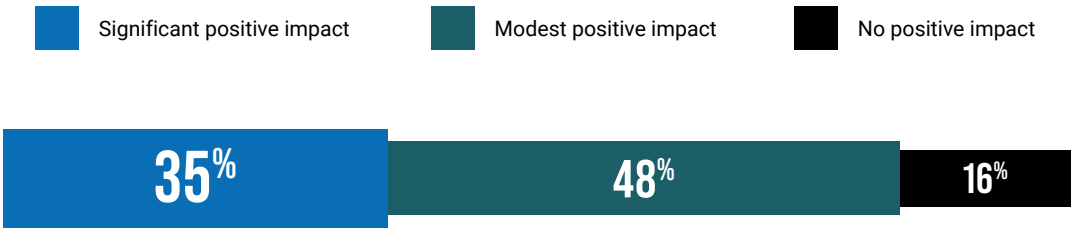


Base: Total Respondents (n=353); Revenue <$1M (n=51); Revenue $1M-<$5M (n=178); Revenue $5.1M-$10M (n=61); Revenue >$10M (n=63); Company Age 0-15 Years (n=127); Company Age 16+ Years (n=226)

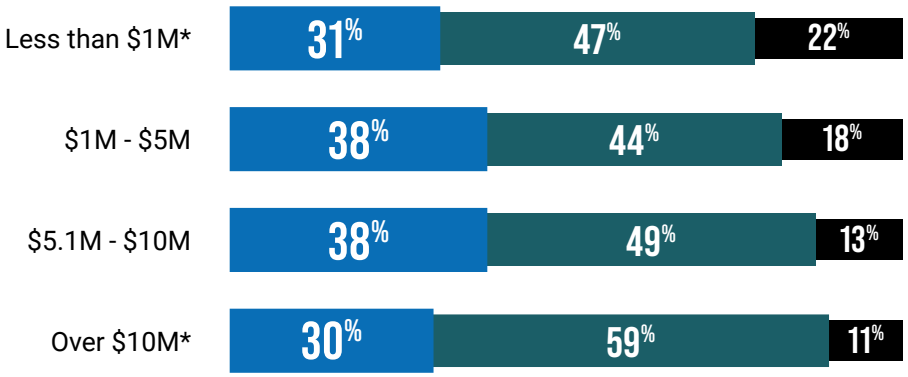
UTILITY/REBATE PROGRAM IMPACT ON SALES

Most contractors still see rebates as helpful to sales, but not a game changer. The majority expect either a modest or significant positive impact, yet expectations have softened, with more contractors now saying rebates will have no positive impact. In short, rebates are viewed as a sales assist, not a primary growth driver.

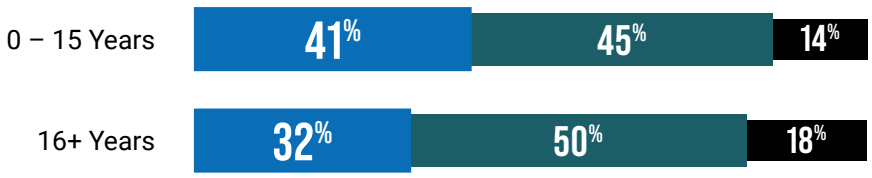
TOTAL



BY ANNUAL REVENUE



BY COMPANY AGE



Base: Total Respondents (n=353); Revenue <$1M (n=51); Revenue $1M-<$5M (n=178); Revenue $5.1M-$10M (n=61); Revenue >$10M (n=63); Company Age 0-15 Years (n=127); Company Age 16+ Years (n=226)

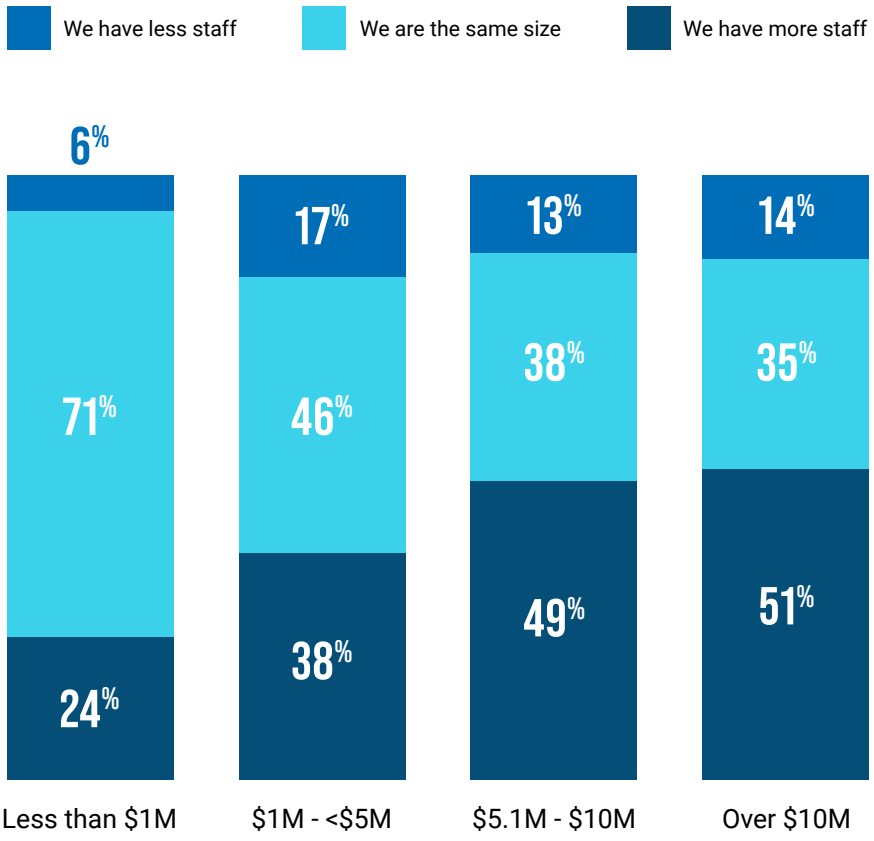
STAFFING



STAFF SIZE VERSUS PRIOR YEAR

Staff growth follows revenue growth. Small firms maintain. Mid-size firms scale. Large firms continue building infrastructure. The industry is not shrinking, it's selectively expanding where scale already exists.

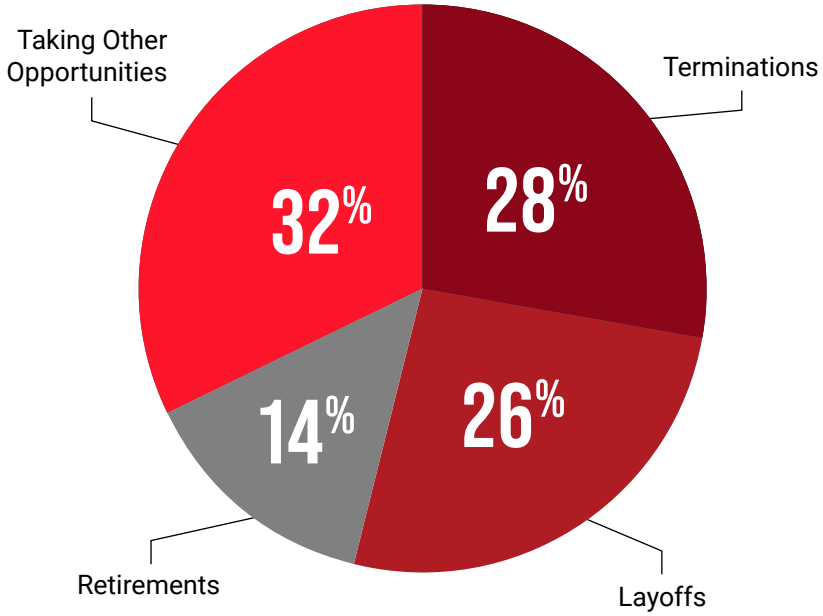
BY ANNUAL REVENUE



Base: Total Respondents (n=353); Revenue <$1M (n=51); Revenue $1M-<$5M (n=178); Revenue $5.1M-$10M (n=61); Revenue >$10M (n=63)

PRIMARY REASON FOR LESS STAFF

The industry's staffing story is not contraction, it's retention. Growth companies are hiring. The few that are shrinking are often losing people to other opportunities, not slashing payroll because consumer demand disappeared. The strategic battleground is talent acquisition and retention, not demand recovery. In this environment, winning the labor war may be just as important as winning the lead-generation war.



Note: Asked of total respondents who reported having less staff.
Base: Have Less Staff--Total Respondents (n=50)

RECRUITING METHODS

Recruiting channels are stable, but that doesn't mean they're effective. Most contractors rely on the same three sources: job boards, social media, and trade schools, creating heavy competition for the same talent pool. The real differentiator isn't where jobs are posted, but how companies compete: employer brand, speed to respond, pay structure, career path, and culture. Going forward, talent acquisition will hinge on execution quality, not platform choice.

JOB BOARDS



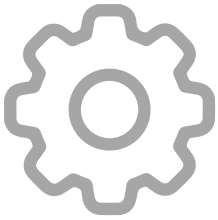
63%

SOCIAL MEDIA



45%

TRADE SCHOOLS



43%

COMPANY WEBSITE



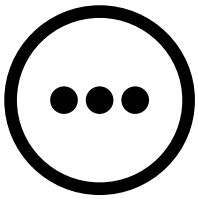
36%

RECRUITING SERVICE



20%

OTHER WAYS



19%

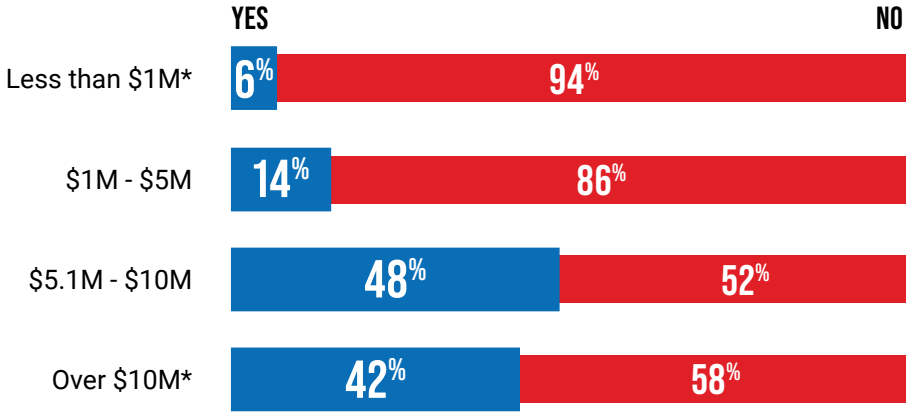
Base: Total Respondents (n=353)

RECRUIT THROUGH TRADE SCHOOLS

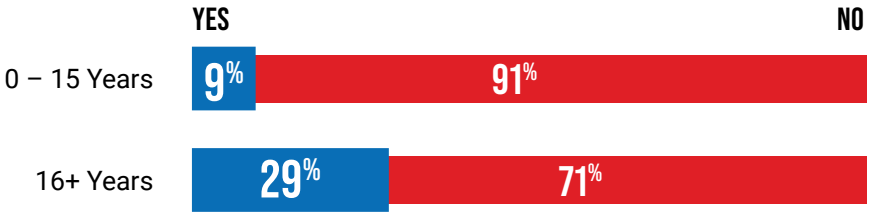
Trade schools are an underutilized source for recruitment and hiring. Larger companies with more experience tend to leverage trade schools more so than younger, smaller companies.



BY ANNUAL REVENUE



BY COMPANY AGE

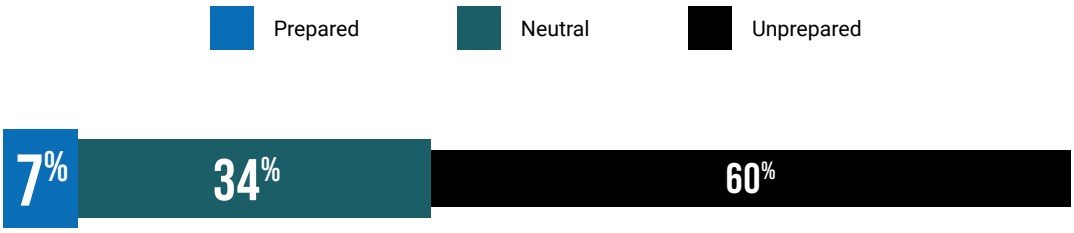


Base (Do not work with trade schools for new hires): Total (n=201; 1M (n=36)!; Revenue $1M-<$5M (n=110); Revenue $5.1M-$10M (n=31); Revenue >$10M (n=24)!; Company Age 0-15 Years (n=85); Company Age 16+ Years (n=116)

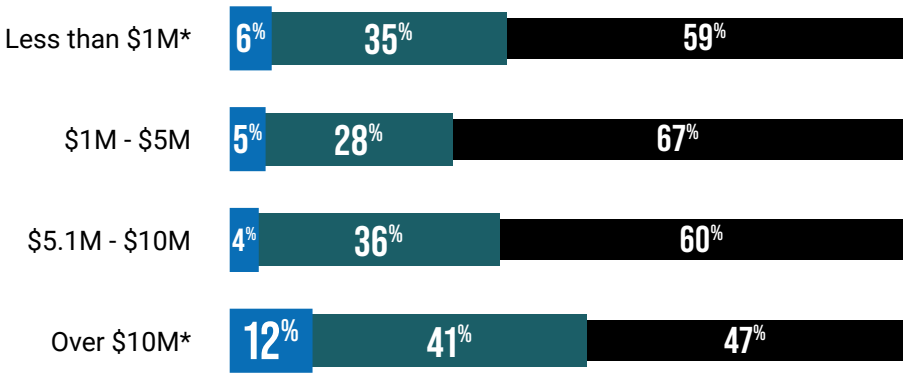
TRADE SCHOOL GRADUATE PREPAREDNESS

Six in ten contractors believe trade school graduates are unprepared for real-world technical demands, while only one-third say they are ready. This concern shows up across nearly all company sizes and ages, with even larger firms reporting significant skill gaps. The clear message: most contractors feel they must invest heavily in on-the-job training to make new hires fully productive.

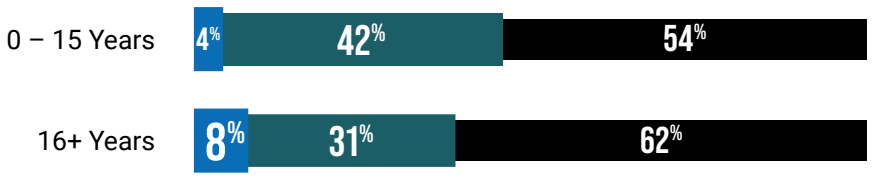
TOTAL



BY ANNUAL REVENUE



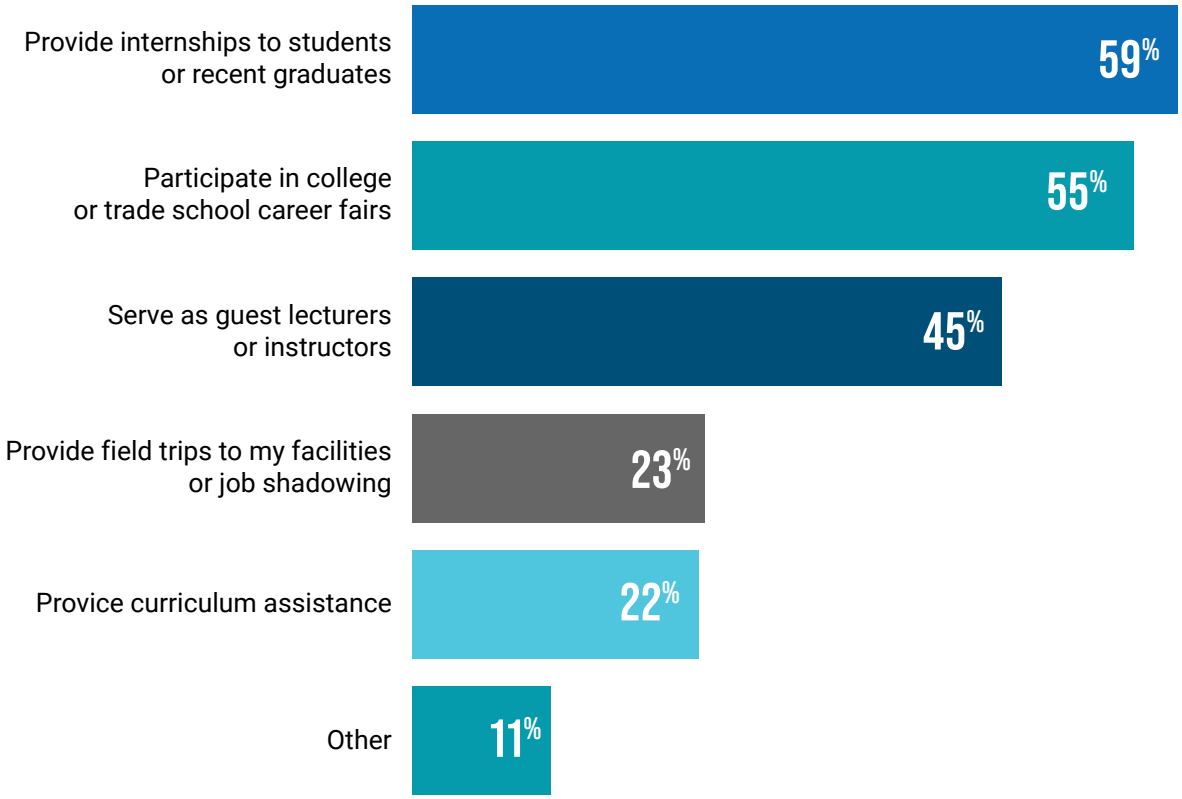
BY COMPANY AGE



Base Total (n=194); Less than $1M (n=17), $1M - $5M (n=83), $5.1M - $10M (n=45), Over $10M (n=49);
Company Age: 0-15 years (n=50), 16+ years (n=144)

TRADE SCHOOL SUPPORT ACTIVITIES

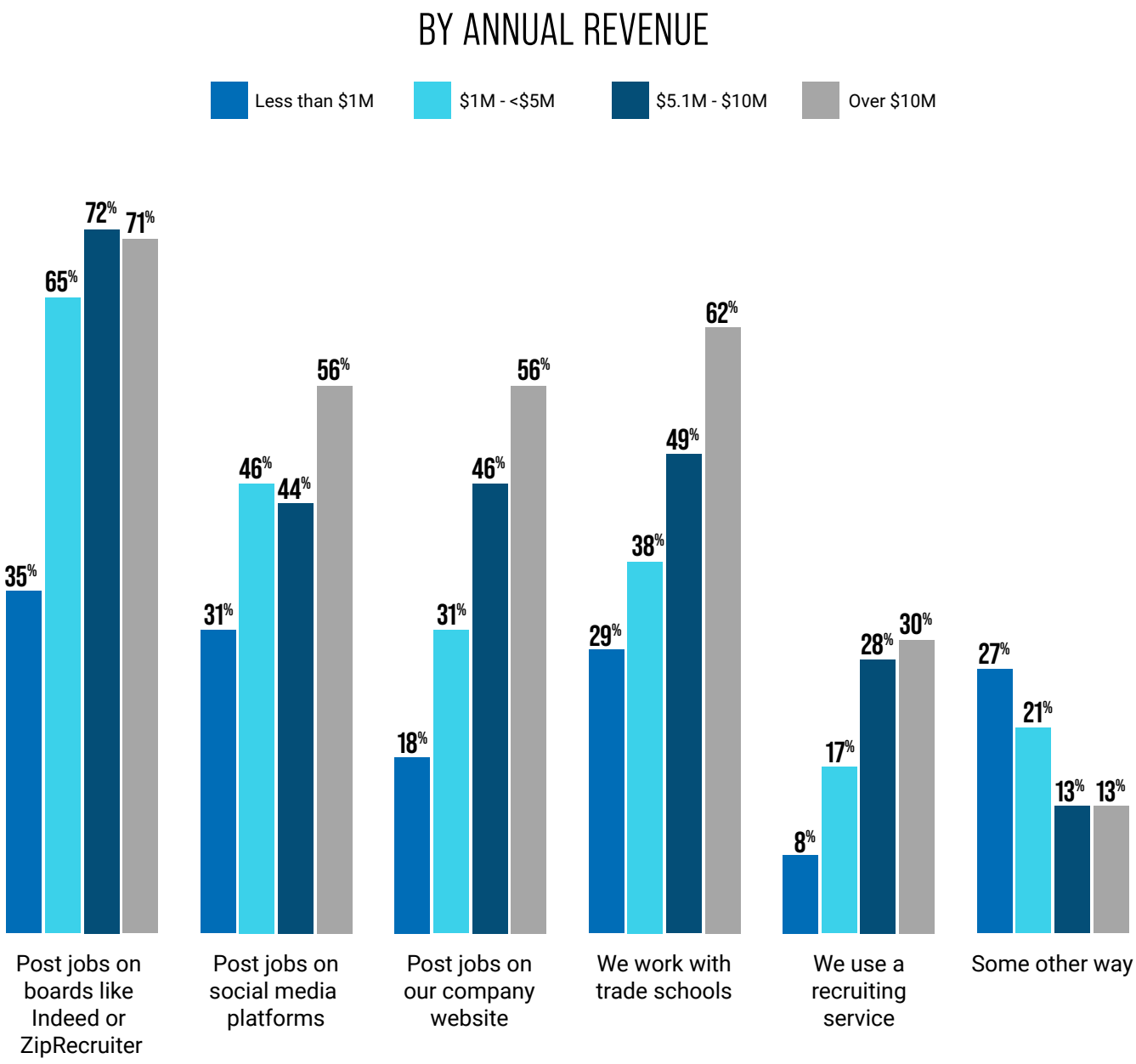
Contractors who regularly interact with trade schools often provide internships, support career fairs, and provide guest lectures as needed. Overall optimism levels play a significant role in trade school support.



Base (Augment hiring via trade schools): Total Respondents (n=194)

RECRUITING SOURCES BY ANNUAL REVENUE

Recruiting sophistication scales with revenue. If a contractor wants to grow beyond $1M or $5M, recruiting likely must evolve from informal and limited to multi-channel and strategic. The companies building the largest teams are the ones using the most tools to find them.



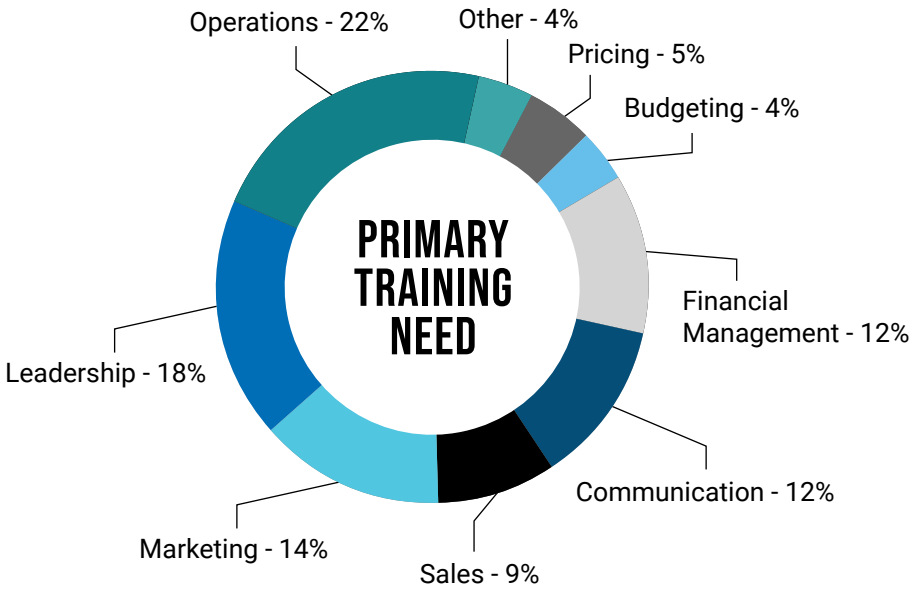
Base: Revenue <$1M (n=51); Revenue $1M-<$5M (n=178); Revenue $5.1M-$10M (n=61); Revenue >$10M (n=63)

TRAINING

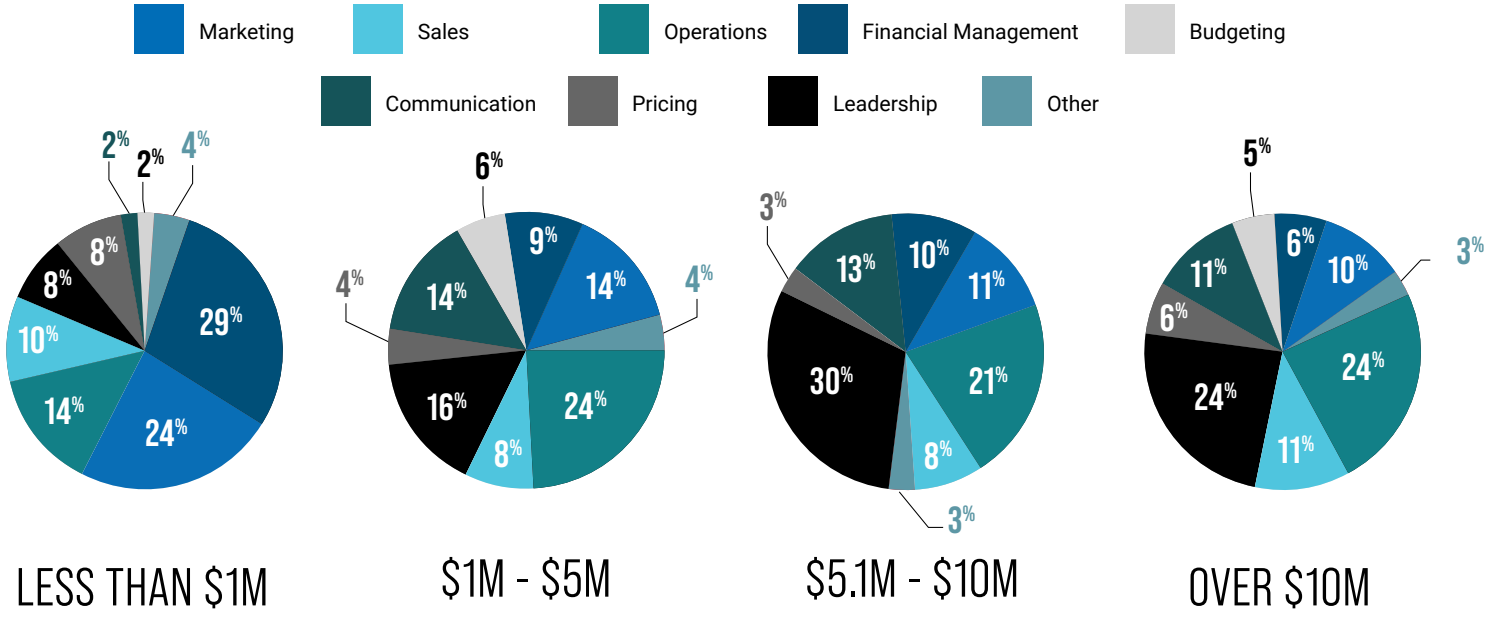


BUSINESS TRAINING NEEDS

Small companies mostly need help with money and marketing because they are still learning how to run the business. Medium companies need help with operations to keep everything running smoothly as they grow. Bigger companies need leadership training so their managers can guide larger teams and hit bigger goals.



PRIMARY TRAINING NEED BY ANNUAL REVENUE

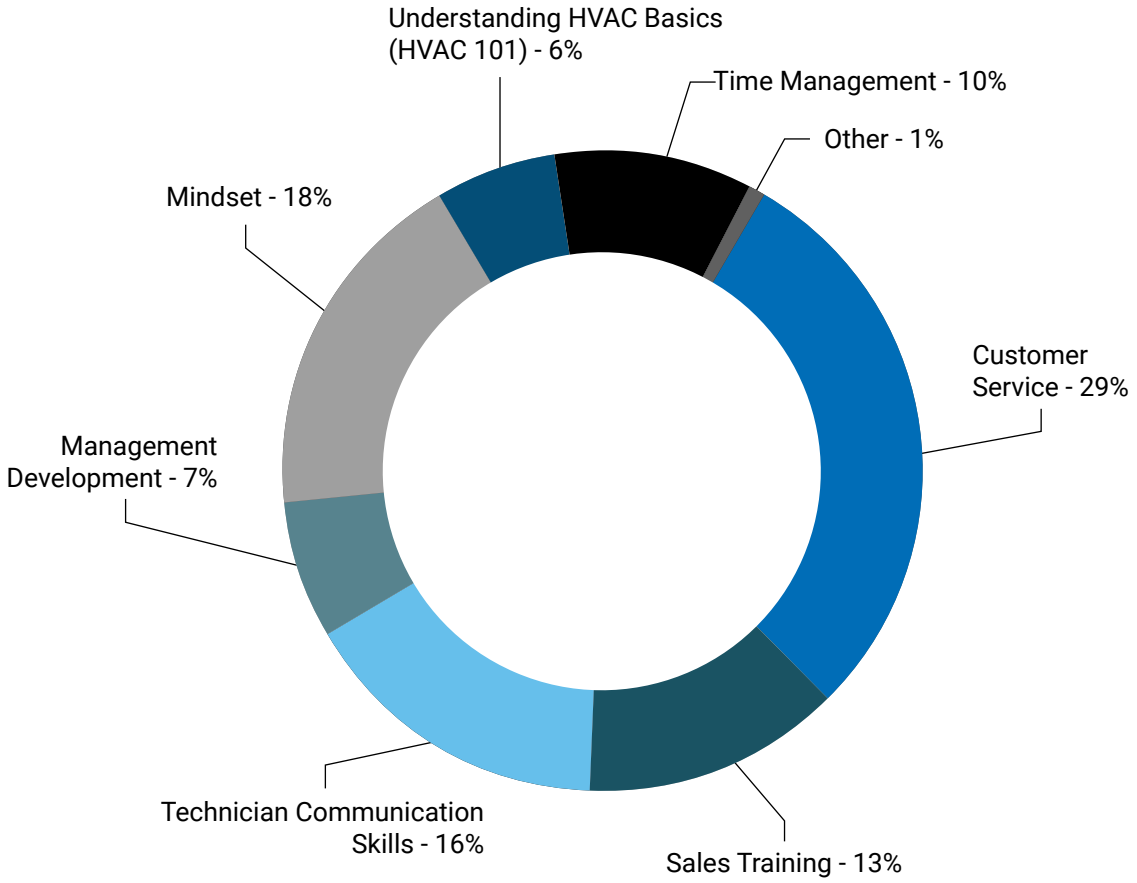


LESS THAN $1M | $1M - $5M | $5.1M - $10M | OVER $10M

Base: Total Respondents (n=353); Revenue <$1M (n=51); Revenue $1M-<$5M (n=178); Revenue $5.1M-$10M (n=61); Revenue >$10M (n=63)

MOST VALUABLE NON-TECHNICAL TRAINING FOR FRONT-LINE STAFF

Compared to last year's survey, customer service is still the most important training for front-line employees, but mindset and time management grew a lot. This shows that companies want workers who think better and use their time wisely. This means success isn't just about technical skills, it's also about attitude and focus.



While men and women both rank customer service as the top need, women rank technician communication skills over mindset training.

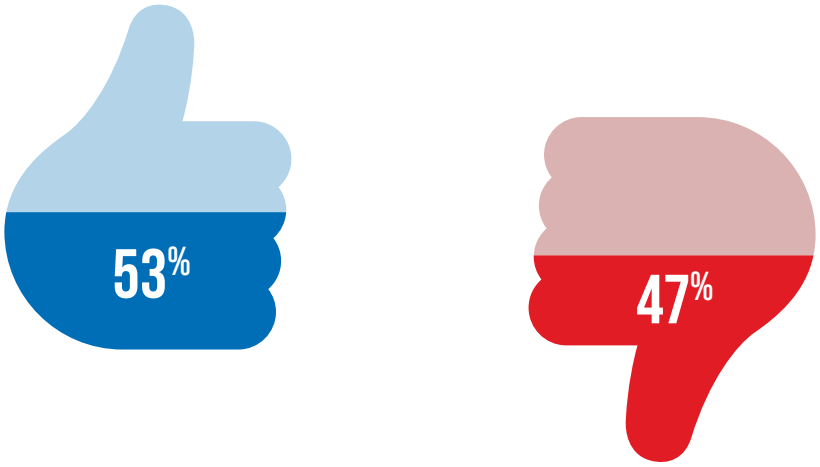
MOST VALUABLE NON-TECHNICAL TRAINING	GENDER	
	MALE	FEMALE
Customer Service	1	1
Mindset	2	3
Technician Communication Skills	3	2

Base: Total Respondents (n=353); Male (n=270), Female (n=74), Did Not Specify Gender (n=9)

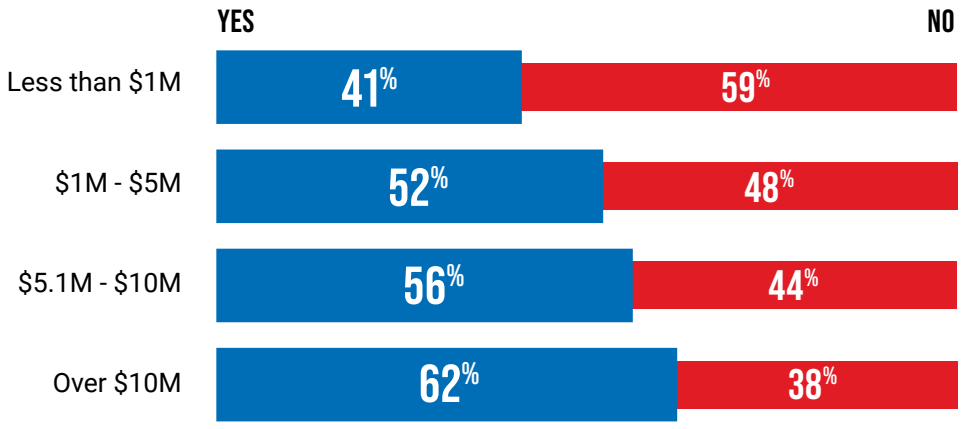
STAFF FINANCING TRAINING

Just over half of contractors train their staff on financing, but adoption rises steadily with revenue. Larger firms appear to treat financing education as a strategic growth tool, while many smaller contractors are leaving revenue and close-rate gains untapped. The data suggests financing training is not just an HR initiative, it's a scale advantage.

FINANCE TRAINING FOR SALES STAFF



BY ANNUAL REVENUE



Base: Total Respondents (n=353); Revenue <$1M (n=51); Revenue $1M-<$5M (n=178); Revenue $5.1M-$10M (n=61); Revenue >$10M (n=63)


EGIA