

Putting Specification Odds in Your Favor.

A close look at
specifications and
who actually calls
the shots.

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Introduction

More and more manufacturers today are concentrating their sales and marketing efforts on becoming and being the “basis of design.” There is a belief that if your product is “tagged” as the “basis of design,” the company has more of a chance of getting their product purchased and installed.

While for some products and in some projects that may indeed be the case, overall the **path to product purchase** is difficult and involves many variables. There are numerous professionals involved in making decisions on what products are actually purchased despite specifications. These include facility owners, architects, interior designers, engineers, contractors and others.

Where should a product manufacturer concentrate efforts?

According to the GSA (General Service Administration that is involved with maintaining government buildings) the “basis of design” is developed by the architect/engineer (A/E) in the early design stage to make sure the components of the building meet an owner’s requirements. Basically, “basis of design” is the primary document that outlines the owner’s needs and requirements for various building components.

Accountability Information Management, Inc. (AIM) is a leading business-to-business research firm that has been involved in conducting research in the building construction industry for more than 25 years. Over the years, the specification of products for the building industry has gone through changes – but is not different than it was 25 years ago.

For example, prior to “basis of design” there were proprietary specifications. That worked very well for some manufacturers who were able to be the only product specified. With no competition, the impact on price and availability began to cause owners and their architect representatives to revise their position and the way they prepared specifications. Soon, all specifications were compelled to have at least three brands specified. In fact, “most” government or public projects still require architects to include at least three brand options. Many specifications then called out a brand, but included the language “or equal” to allow the contractor additional options. This opened up the specification to more than three (sometimes we have seen as many as 25 manufacturers listed).

Today's Picture

Through AIM's work on specification analysis for clients in the B2B commercial building market, we have seen an increase in specifications that include the words, "basis of design." To understand how prevalent this is and what impact, if any, it may have on a product's path to purchase, AIM took a deeper study into specifications in one particular area as representative of most areas: the common faucet. AIM reasoning was simple: most products are being commoditized. While there are rare exceptions of products that fill a particular niche, the majority of products do not. They are products made by many fine manufacturers who fight to become the product installed in a building. What they all share is that they must be specified. That is, they must begin the journey on the path to purchase at the specification level.

The goal of the research was to understand what manufacturers are facing and provide insight on how they can best position a product to increase sales. To supplement the specification analysis, AIM also decided to talk to architects and designers involved with the specification of faucets in commercial projects to find out who is really driving those specifications.

Specification Analysis

The specification of faucets is complex. There are all types of faucets – lavatory, sink, mop, basin, kitchen, service, food service, laboratory just to name a few. In addition, faucet specifications can be found in just about every type of project. The faucet market is highly competitive with many different manufacturers that compete to be included in the faucet specification.

For this analysis, AIM studied a sample of specifications and did an analysis of commercial specifications within the plumbing fixture category 2240 to 2243 over the past three years. The plumbing specifications for faucets vary by project and can be quite different from firm to firm. Although some architect/design firms have what is called a "standard" spec, it often allows the individual design professional to revise or tailor the specification to the specific project needs from their point of view. This "flexibility" makes understanding the path to purchase more difficult.

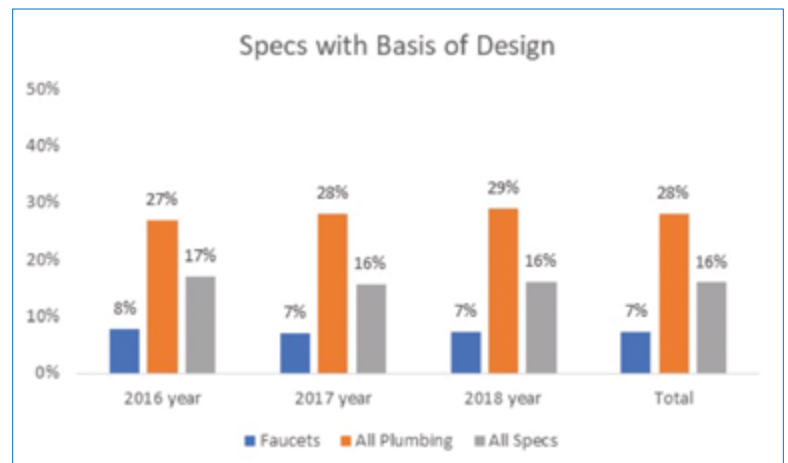
AIM Methodology

Using the ConstructionConnect™ database, AIM searched for “basis of design” within the faucet area. The analysis included a search of over **30,000 specifications** within the faucet area over a three-year period. The data indicated that overall, **only 7% of the faucet specifications included a “basis of design” specification.**

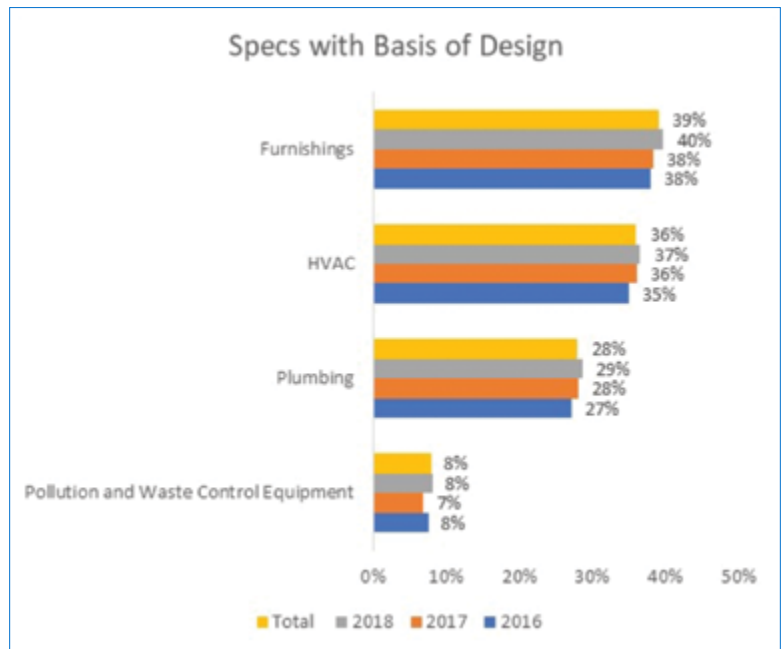
Over the past three years, the percent of faucet specifications that have a “basis of design” specification has remained relatively flat. Since the faucet market is highly competitive and there are many brands that compete, it is likely that “designers” do not feel it is important to require a “basis of design” specification. To get an idea of how a faucet specification may or may not be like other products, AIM looked at “basis of design” within plumbing and for **all** specifications over the three-year period.

Within all plumbing specifications, approximately **28% of the specifications include a “basis of design”.** That’s 21 percentage points MORE than simply faucets, indicating that there are some products that are looked upon as “niche” products (i.e., using the words “basis of design” to make it more difficult for a manufacturer of like products to enter the path to purchase).

Looking at all commercial specifications over a three-year period, overall only 16% include “basis of design”. This analysis shows that faucets specifications with basis of design is slightly lower; but there may be other areas where it is non-existent.



When AIM compared specifications for “basis of design” across other specification areas, there were some areas where “basis of design” occurs more often. For example, within the furnishings and HVAC area, “basis of design” can be found in 39% and 36% of the specifications. This has increased slightly from 2016 to 2018.



To explore faucet specifications further, AIM reviewed and analyzed several specifications to learn more about how the specification was written and how individual brands are specified. In reviewing specific specifications, AIM found that many of the current specifications are including the following language:

“Basis-of-Design Product: Subject to compliance with requirements, provide product indicated on Drawings or comparable product by one of the following: . . .”

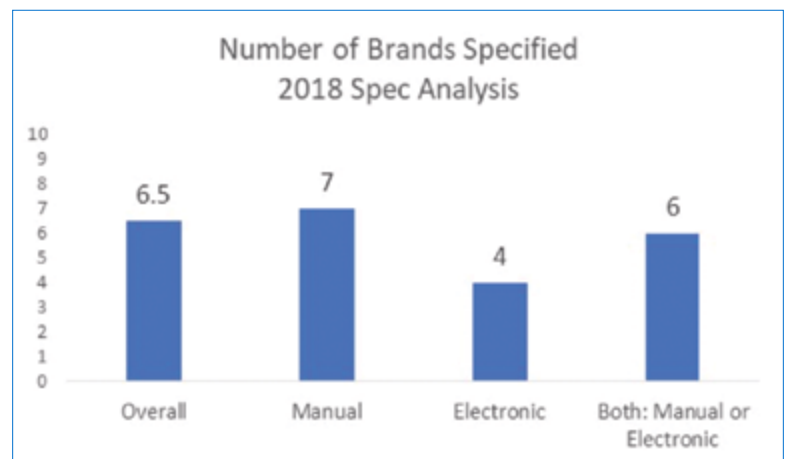
This type of specification is complicated for many reasons. First, a manufacturer cannot easily identify if they are the “basis of design” specification. The manufacturer has to search the plumbing schedule to see who the “basis of design” actually is. On some of the “listings” of different brands, AIM did notice that a few of the specifications did add the “basis of design” next to the manufacturer listed, but not as often as one would suspect.

More important than having additional work to find the “basis of design”, is the statement **that the “basis of design” can be replaced by one of the “comparable” products listed.** This diminishes the importance of being listed as the “basis of design.” For faucets, as an example, contractors often have many options to replace the “basis of design” brand.

Some other important findings include:

- Brands listed are most often found in alphabetical order so as not to “prioritize” one brand over another.
- Several different firm specifications included the language noted above—so not just one firm, but many use similar language.
- The “basis of design” language is typically standard regardless of product type. If a specification has more than one type of faucet, as an example, the language will be found in most, if not all, faucet types in that specification – i.e., lavatory, sink, service etc.
- Some firm specifications have just one list of manufacturers for ALL products. In other words, in the case of faucets, the different types do not have separate lists, but rather, one that applies to all locations.

On many of the specifications AIM analyzed, there were many faucets specified. In the past, faucet specifications often included only three to four brands. Looking only at the 2018 specifications, the number of brands specified ranged from one to 13 with the average at 6.5 brands specified. This gives contractors many more options when bidding a project and forces the manufacturer into pricing situation rather than a performance one.

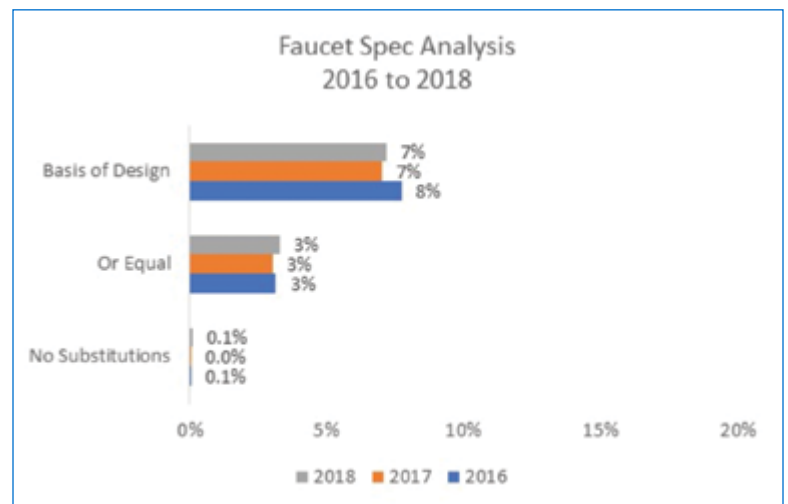


Is it important for a manufacturer to be listed as “the” brand in a “Basis of Design” faucet specification?

When there are an average of six to seven comparable brands listed in a specification, being the “basis of design” does not ensure your brand will be ultimately purchased and installed. In the past, faucet specifications often included a brand specification followed by the words “or equal.” This gave the specification flexibility in the path to purchase, but actually gave weight to the brand specified as the choice of the design engineer.

Changing it to “basis of design” without such specific words as “or equal” adds even more flexibility because being a “basis of design” says one thing, but being the brand specified says another.

Only 3% of the faucet specifications over the past three years included the “or equal” language in AIM’s analysis. More important, **less than 1% included a faucet specification that had a brand followed by no substitutions.** Language with no substitutions would be the “most” preferred specification for manufacturers to ensure their product is purchased.



Bottom Line

Getting specified will always be important. Becoming the “basis of design” is important – but it is not critical to being the product purchased and installed. Manufacturers, therefore, have to engage on the path to purchase with ALL the chain participants, beginning with the architect and ending with the contractor. The owner as well must be paid attention to because they, after all, control the ultimate budget. So what do architects have to do with specifying “basis of design” with a commodity product like a faucet?

The Role of Architects & Designers in Faucet Specification

To help understand more about the architect's and designer's role in the specification of a commodity product like a faucet, AIM conducted phone interviews with commercial architects who had written faucet specifications. AIM pulled a random sample of 690 architects from the ConstructConnect™ database who had written such specifications and conducted interviews with them, making more than 206 calls and talking to 30 architects¹.

Who is Involved in Brand Selected for Specification?

When architects were asked if they played a role in selecting the brands of faucets included in their specifications on a specific project, **most** indicated they were **not** often involved. By far, architects said they defer their decisions to the engineer and the **engineer** provides the faucet specifications on projects.

If it is not the engineer, it might be the owner or depending on the size and type of project, an interior designer who selects the brands to include in the specification. Ultimately, most architects indicated that it would be the contractor who makes the final decision (assuming the specification is met) because the contractor is directly on that path to purchase. Here are some of the verbatims:

- *"You actually need to speak with the facility maintenance people, because they like to have all the same type of fixture."*
- *"We have nothing to do with the faucets."*
- *"It's the plumbing engineer who specifies it, not me."*
- *"Engineers usually do that; not an aesthetic choice on our part."*
- *"The plumbing engineer specifies it. Sometimes design plays a role, but depends on the application. Sometimes we utilize interior designers. They would base selection more on aesthetics than us."*
- *"The contractor specified the faucet. They use an open bid and if they meet the specification, they can use whatever they want, but we have no input in that."*
- *Faucets are specified by the engineering firm—call them!"*

¹ The number of interviews needed to be assured of some certainty when qualitative research is done is n=30. Peter DePaulo, in the December 2000 Quirk's Marketing Research Review, wrote about the sample size. In addition, George Gaskell in Qualitative Researching wrote and discussed the number 30 extensively. Combined with AIM's long history of studies, the interviews help manufacturers understand architects and their specification habits with products better, and, therefore, the manufacturer's investment in specifications, with this number of interviews.

Brand Preference: Why Specific Brands are Specified

After learning more about who has the most “influence” on the brands listed in a faucet specification, AIM asked ARCHITECTS what is most important when selecting specific brands over others. Most often they told AIM that they, along with the engineers they delegate to, are looking for performance. Their clients are looking for a product that is reliable, durable and performs over time. When AIM probed architects to find out more about what role, if any, the faucet design or aesthetics play in the selection of faucets, most indicated **it was not a key factor when specifying faucets.**

In AIM's proprietary brand preference study of commercial faucets, which was a blind-brand preference analysis of the mind of the architect in over 26 different product categories, architects said the brand they preferred in that category was “the engineer.” In fact, architects wrote in “by engineer” or “consultant” or “owner” as their #1 preference 20% of the time.

There were 34 manufacturers listed by architects in this preference study, and no single manufacturer received more than 20% of the preference by the architect. What this told AIM then – and is confirmed even more so now – is that architects have no strong preference of manufacturers in faucet specifications. They let the “other guy” do it – the other guy being the engineer, owner, project manager or someone else in the chain participant lineup.

Furthermore, AIM research indicated in 2005 that 84% of the architects were involved with making brand selections, but by 2008 that had dropped to 56% being involved. Today, the number of architects involved in the brand selection is even lower.

Exceptions

In some properties like a hospitality or high-end office facility or restaurants, however, an interior designer may be involved in selecting a faucet. The interior designer may specifically request certain brands, but that said, that “request” would be subject to the same rules of the path to purchase as the engineer's selection. That is, the contractor would have the final decision based on the purchasing budget.

AIM also found that most architectural firms have some type of “approved” list of brands that they include in specifications. Architects and engineers most often will only use brands they have had a positive experience with in the past. Some of the verbatims were heard were:

- *“The reason we select specific faucets is because of their excellent reputation, reliability, quality. Never need to be recalled. Very durable. Design isn’t a consideration.”*
- *“Many times the decision is made before the design phase. It’s given to us by the owner. They look at quality, durable, and ease of use. Once in a while, if it is a banquet center or hotel it has to be aesthetically pleasing.”*
- *“I use a standard list of faucets. The faucets need to be able to withstand severe use—a workhorse. We use faucets that stand up to wear and tear. They look nice too.”*
- *“On most of my projects the faucet design or style does not impact my selection. I am more concerned with durability, ease of use and performance over time.”*

Who IS Calling the Shots?

Over the years, AIM has done numerous surveys² to try to find out from **all** influencers who has the “control” over what brand is ultimately purchased. Most often, architects, engineers and contractors agree that **the facility** has the most control over brand purchase.



The Path to Installation of a product for a manufacturer is complex. For example, there are many individuals within these categories (I.E., purchasing as department heads in facilities or project managers within architectural firms, among many more). Where, along this path, should the manufacturer focus attention? Somehow, all of them, or at least the ones important to the product. How the manufacturer does that is always the question.

² AIM conducted a study with graduate students a few years ago that conducted interviews with the value chain participants and concluded: “Trying to trace how that product gets from the manufacturer to the facility is an intricate process, which can be de-railed, re-directed or intercepted at ANY point by ANY person on the ‘trail.’ 80% of the contractors surveyed, indicated that one of the most important factors to their decision to purchase one product over another was the availability of the product. Even when an influencer or end user prefers a given brand, if it is not available when the facility needs it, an ‘alternative’ product is purchased and installed.”

While many “professionals” can be involved in the process, it is most times, the **facility or owner who will control that decision**. Many times, a facility will have brands that they are familiar or are already used in the facility.

In an effort to standardize, minimize inventory and simplify on-going maintenance a facility will indicate specific brands they “prefer.” If the owner is not the person selecting brands, it may be the plumbing contractor based on what is available or what manufacturer offers the best “value.”

AIM’s ongoing research in the plumbing market indicates that a faucet brand that is purchased or installed is based on many factors. Sometimes it depends on the type of facility, but most often, the owners are looking for a faucet that works and is easy for them to use.

AIM’s research with facility owners indicates that most often, facilities are looking for faucets that are easy to maintain and are reliable. While price may play a role, owners don’t always select the “lowest” price. They are looking for a product that works and that they have experience with. In fact, sales can be lost if the facility is not familiar or has experience with a particular brand.

| Most Important Factor | % of Respondents |
|-----------------------|------------------|
| Ease of maintenance | 30% |
| Reliability | 20% |
| Proven Performance | 11% |
| Quality/durable | 10% |
| Price | 7% |

Conclusion

The conclusion becomes obvious, but not always believed: it is all about quality and performance, not the price. The confusion stems from “performance” can mean many things—reliability, long term durability, ease of maintenance, service and even product availability. Facilities and contractors need product when they need it, despite what is specified. Today’s market, like yesterday’s demands availability (see footnote #2).

While manufacturers should definitely make some effort to be in the project “specification” and where possible be the “basis of design,” it may not have as much impact on that actual installation. Granted, you have to be specified to be considered, but as architects delegate to others the power of the specification, it dilutes their own strength to “hold” that specification.

The product’s reputation has the **power** to **support or inhibit a sale**. This is especially true because of most often industry professionals whether architect, engineer or owner will select the brand that they are “familiar” with or have used before. To win in the path to purchase game, however, manufacturers should focus their marketing efforts on proving and reinforcing their quality and proven performance over other competing brands and be available when the product is needed. Unfortunately or fortunately, that also means fighting at the specification level as well.

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