

# Temperzone Prices Down

Temperzone recently announced a significant reduction in prices for their air cooled split ducted and package units up to 40kw. At a time when the rest of the market has increased prices by 5% plus, Temperzone is going against the trend.

Temperzone's National Sales Manager, David Staker explained the new pricing strategy in a recent interview.

## Is the reduction in prices a short term reaction to a tough market?

It is definitely not a reaction to tough market conditions. Rather it is the first part of a strategic change in our pricing policy. In the under 40kw air cooled market we have traditionally been seen as excellent quality but at the higher end of the price range. We are not changing our quality at all. We are simply making our product more price competitive. There are quite a few factors that have allowed us to make this change.

## What are those factors?

The most important factor is the continued growth of Temperzone and efficiency of scale and manufacturing that has brought. We began an expansion of our local manufacturing facilities, both here and in NZ over 12 months ago and there is still at least another 12 months to go in this process. Larger and more efficient manufacturing facilities, with substantial new machinery, have given us significant economies of scale. Without doubt this is the most important factor in the change in our pricing policy. It also allows us to clearly say this is a permanent strategic change in our pricing structure.

## Is being a local manufacturer a factor?

Unlike most of our competitors in the under 40kw market, most of our product is manufactured in our Auckland NZ or Sydney factories. This means that we have been almost immune to the rapid currency fluctuations in the last 12 months. The drop in the A\$ from over 90



cents US to less than 70 cents US, has put a lot of price pressure on imported product. Even at the current exchange rates around 80 cents US we have quite an advantage. The overall strength of the Australian economy has also been a positive factor too. At the same time we have seen a general reduction in commodity and component costs due to the Global Financial Crisis. We made a decision to pass these reductions on in our pricing. The current economic situation has been a strong endorsement of our commitment to local manufacture. If we had moved our manufacturing to Asia, like some of our competitors, we would not be in such a strong position today.

## What is your message to the Air Conditioning market?

It's not often as a sales manager you are happy to tell the market your prices in a whole segment of your product range have gone down. What I would like to say to the market is; "If you are currently quoting jobs, make sure you give your Temperzone rep a call because now is a great time to talk to Temperzone about pricing. You will be very pleasantly surprised at what we can do!"