



# The Silent Killer of Dealer Loyalty: Why Warranty Claims Decide Who Wins HVAC Distribution

Produced by:



[www.GoContinuum.ai](http://www.GoContinuum.ai)

# Executive Summary

- **The Core Problem:**

Nothing tests a dealer's patience or loyalty like a warranty claim. Born out of equipment failure, bogged down by paperwork and errors, and stretched across multiple systems and months of waiting, it's the single most painful interaction a contractor has with their distributor.

- **The Business Impact:**

A staggering **9% of dealer revenue** shifts annually due to customer experience failures – with warranty issues being the primary catalyst for this churn.

- **The Opportunity:**

While many distributors are mired in manual, inefficient warranty processes, forward-thinking leaders are *transforming their biggest operational headache into a competitive advantage that drives loyalty, profitability, and growth.*

- **The Stakes:**

This isn't just about operational efficiency; it's about aggressively defending market share by protecting and growing revenue, ultimately, securing unwavering dealer loyalty in a highly competitive landscape.

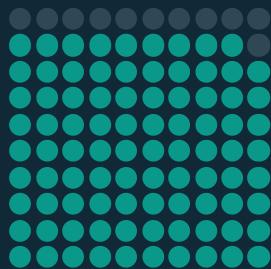
Scan to see the platform processing 90% of warranty claims in less than a day:



# The New Battleground: Customer Experience

For decades, HVAC wholesalers differentiated through product lines, pricing, and inventory. But those are no longer sustainable advantages. Today's dealers expect speed, transparency, and reliability. **When they don't get them, they leave.**

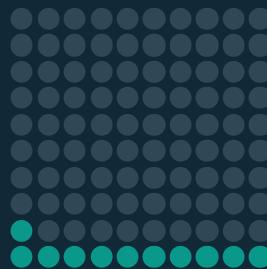
A landmark study by Mike Marks and the Indian River Consulting Group (IRCG) for HARDI (Heating, Air-conditioning, & Refrigeration Distributors International) revealed the real dynamics of distributor churn:



**89%**

## Buy from same source

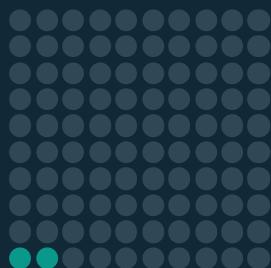
End-users who purchase from the same distributor each year



**11%**

## Spend changes hands

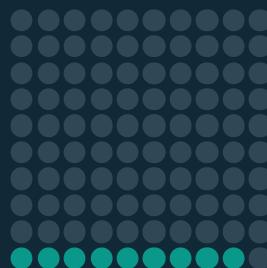
Only this small percentage of business shifts annually



**2%**

## Due to better selling

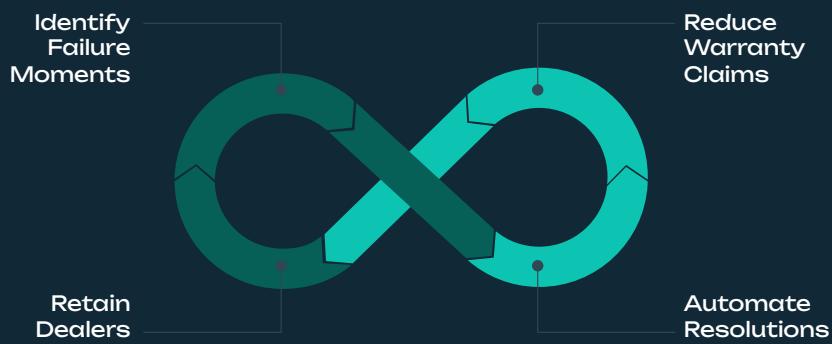
Minimal movement from competitor sales efforts



**9%**

## Lost to failure

Shifts because of supplier failure — Critical Service Events



Each missed call, denied credit, or delayed claim becomes a CSE — a moment when trust breaks and a relationship starts to unwind.

# The CX Paradox: Why Warranty Claims Are the **Weakest Link**

While most HVAC transactions have been digitized, warranty claims remain the most disruptive and manual process for customer experience.

**Here's why the process is so destructive:**



## **It starts in failure**

A warranty claim only exists when a customer's comfort system has broken — often in extreme weather, when emotions run highest.



## **It's slow and manual**

Contractors spend 4–5 hours for what should be a 1-hour repair, buried in paperwork, calls, and follow-ups.



## **It's error-prone**

Roughly 40% of claims contain errors or missing documentation, creating weeks of delay.



## **It's financially painful**

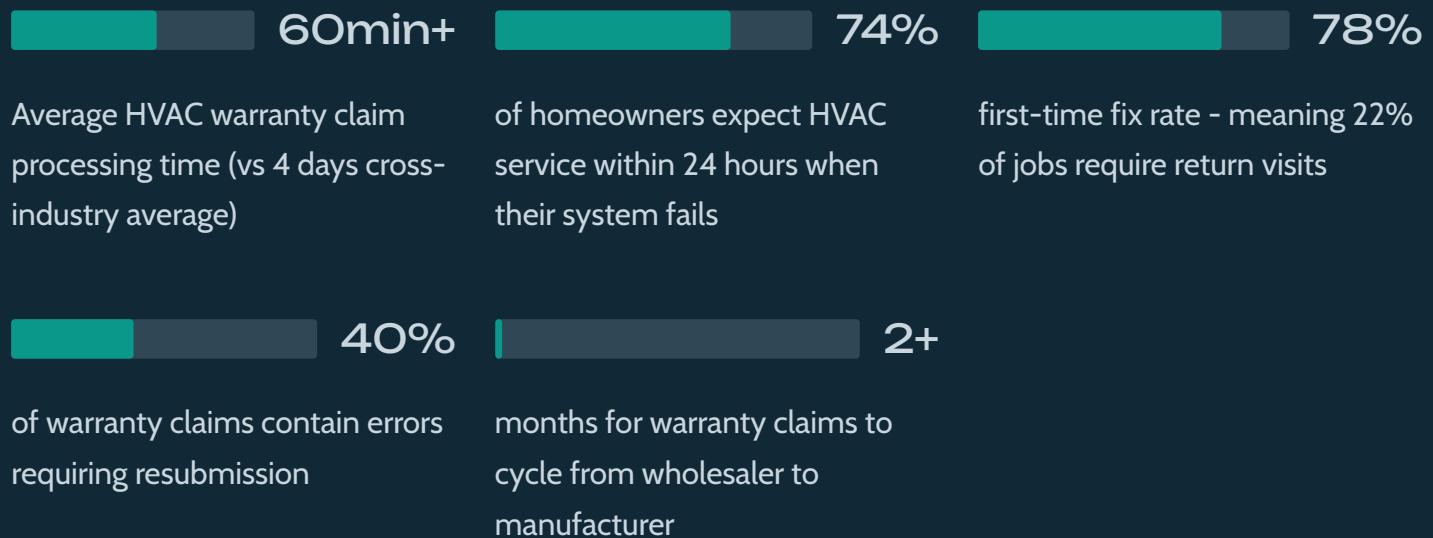
Contractors get reimbursed for parts only — and often 30–45 days later — with no labor coverage.



## **It's multi-party chaos**

Manufacturers, distributors, and contractors all touch the process, each with different systems and timelines. A single misstep halts progress, leaving customers in the dark.

# The Warranty Claims Crisis: By the Numbers



# The Fear: You're Losing Dealers Quietly

Dealer attrition isn't sudden. It's a gradual loss driven by accumulated friction points, pushing loyal partners towards other suppliers.

## Critical Service Events:

- Unanswered emails
- Denied warranty credits
- Claims that "fell into a black hole"

These small moments create Critical Service Events, each one pushing a loyal dealer closer to trying another supplier.

## The HARDI data reveals a stark reality:



Distributor revenue lost annually to service failures.

This isn't hypothetical — it's a measurable risk to every \$100M wholesaler:

**\$9 million per year quietly slips away because customer experience breaks down.**

## How service failures contribute to loss:

- Delayed warranty claims
- Mishandled credits
- Opaque communication



# CX Isn't Intangible: It's Quantifiable

Customer experience is no longer a "soft" concept. Its economic impact is sobering.

CX Failure Type	Annual Impact	Root Cause
Service delays / unreturned calls	Lost repeat business	Internal process breakdowns
Warranty claim friction	9% churn risk	Manual, error-prone workflows
Lack of transparency	Erodes trust	Siloed systems between contractor, distributor, OEM
Reimbursement delays	Dealer frustration	Outdated claim processes



## Weakest Link

The warranty desk is often the weakest link in the CX chain, and most visible to the customer when issues arise.



## Potential Liability

If your warranty process fails to deliver fast answers, clear communication, and prompt resolutions, every claim becomes a liability.



## Brand Reputation

In the dealer's eyes, your brand is only as good as their last claim experience.

# The Doubt: What If Your Competitors Fix It First?

While many view warranty as back-office overhead, leading distributors are realizing it's a strategic customer experience (CX) differentiator.

**They're deploying automation to:**



## Validate claim data instantly

Eliminate errors before submission



## Give real-time updates

Contractors see status instantly



## Accelerate reimbursement

Faster credit and payment cycles



## Capture analytics

Track recurring failure trends

**The impact is twofold:**

### Prevent Revenue Loss

Stop customer experience failures before they trigger churn.

### Capture Competitor Share

Win over frustrated dealers seeking smoother experiences.

**Unlock Competitive Growth:**

### Intercept Market Spend

The HARDI study reveals that 9% of market spend moves due to competitor failures. Strategic warranty management allows you to capture this.

### Beyond Out-Selling

Distributors don't just grow by out-selling rivals; they grow by intercepting dissatisfied customers from competitors.



# The Continuum Advantage: Automating the Moment That Matters

Continuum's mission is simple: to make the hardest transactions in HVAC distribution — returns, claims, and warranties — the easiest.

- Process Automation
- Intelligent Workflows
- Real-time Visibility



Eliminate redundant manual work



Ensure every claim is complete, accurate, and compliant



Drastically shorten cycle times from weeks to days



Deliver the transparency dealers crave



Fewer CSEs



Higher Dealer Satisfaction



Measurable Revenue Protection

**"Continuum helps  
HVAC Distributors &  
Manufacturers turn  
warranty pain into  
competitive power —  
defending the 9% of  
revenue others lose  
every year."**

# Conclusion: Loyalty Lives or Dies in the Warranty Process

In HVAC distribution, customer experience isn't just a slogan—it's survival.

Dealers remember how you handle challenges. The warranty claim becomes your brand's defining moment.



## Modernize for Loyalty & Advantage

- Build strong dealer loyalty
- Gain unmatched competitive advantage
- Streamline operations



## Ignore for Losses & Churn

- Quietly lose 9% market share
- Experience predictable dealer churn
- Face avoidable financial drain

### The Silent Killer of Dealer Loyalty isn't price, product, or competition.

It's the unmodernized, paper-heavy warranty claim—and it's deciding who wins HVAC distribution.

# Customer Experience Isn't a Department. Win HVAC Distribution with Continuum.

**Continuum | Automating CX Where It Matters Most.**

Book a Demo Today

