

Challenges and Opportunities: How to increase desire for insulation

ICAA

September 29, 2016

The logo for the Shelton Group, featuring the word "Shelton" in a bold, blue, sans-serif font, followed by "Grp" in a smaller, blue, sans-serif font. The text is set against a solid yellow rectangular background.

Shelton^{Grp}

A vertical dashed line in a light blue color, separating the logo on the left from the text on the right.

Gain a sustainable advantage

Our Vision: Every home & building in America is energy responsible and sustainability is ordinary.



We create **a market advantage**
for companies who create a
sustainable, energy-responsible
future.



energypulse™

ecopulse™

b2bpulse™



Where we are today...the good, the bad
and the ugly

Americans say energy efficiency is important

70%

Say energy conservation is important-very important in the way it impacts their daily purchases and activities.

81%

Of people who expect to buy a new home in the next two years
say higher energy efficiency would cause them
to choose one new home over another.

84%

think energy-efficient homes
are healthier homes.

42%

admit they regularly choose their comfort over the environment (and comfort is the real benefit they're seeking in more efficient homes).

However...

Perceptions

80%

of Americans
think they use
less energy
than they did
5 years ago

42%

think their
homes are
already
energy
efficient

50%

claim to have
made 1-3
efficiency
improvements
to their homes



85%

How much they expect to save if they spend
\$4,000 on EE home improvements

Likelihood of doing nearly every EE
home improvement we track is in a
3-4 year decline

Perceived need & likelihood to purchase is moving in the wrong direction.

30% → 21%
2012 2015

% of those who said they
needed to add insulation

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14% → 10%
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When asked “if you were suddenly given \$10,000 to make home improvements, which two items would you choose?”
adding insulation consistently falls to the bottom of the list –
falling behind improving landscaping and repainting a home’s exterior.



When we ask what they need to do to make their homes more comfortable...



9%

choose **smart thermostats** as one of the top things that have an impact on making a home more energy efficient

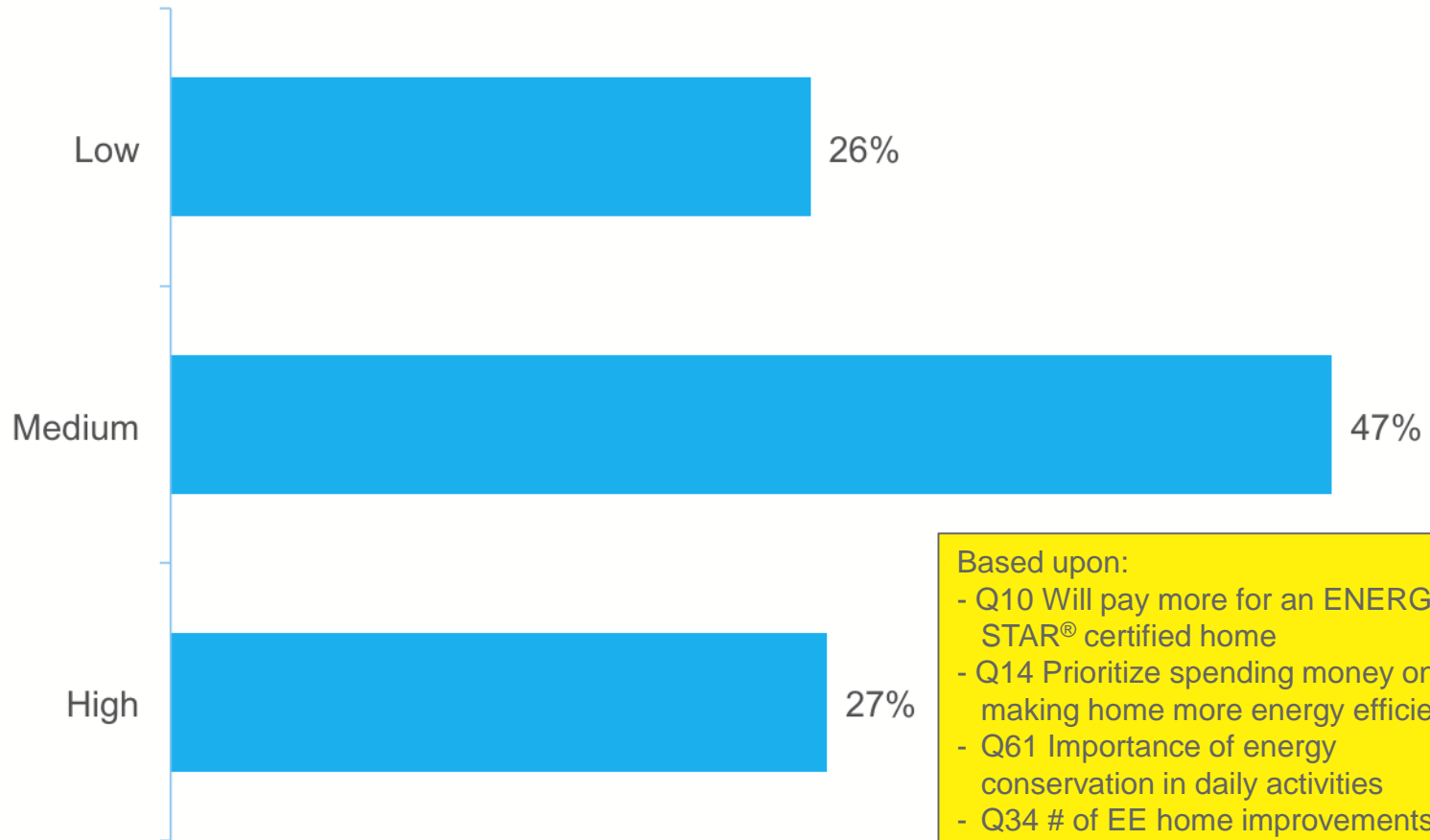
9%

choose **insulation** as one of the top things that have an impact on making a home more energy efficient

Clearly, we have a perception problem and a value proposition problem

Despite all that...

27% of the population are energy efficiency enthusiasts.



Based upon:

- Q10 Will pay more for an ENERGY STAR® certified home
- Q14 Prioritize spending money on making home more energy efficient
- Q61 Importance of energy conservation in daily activities
- Q34 # of EE home improvements made/behaviors adopted

N=2,029

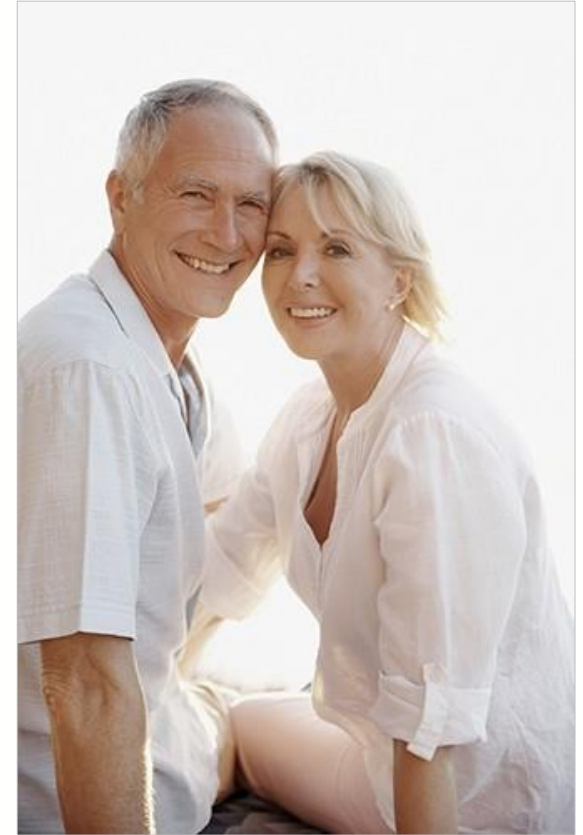
Energy Efficiency Enthusiasm

energypulse™
2015

Shelton^{Grp}

Profile of energy efficiency enthusiasts:

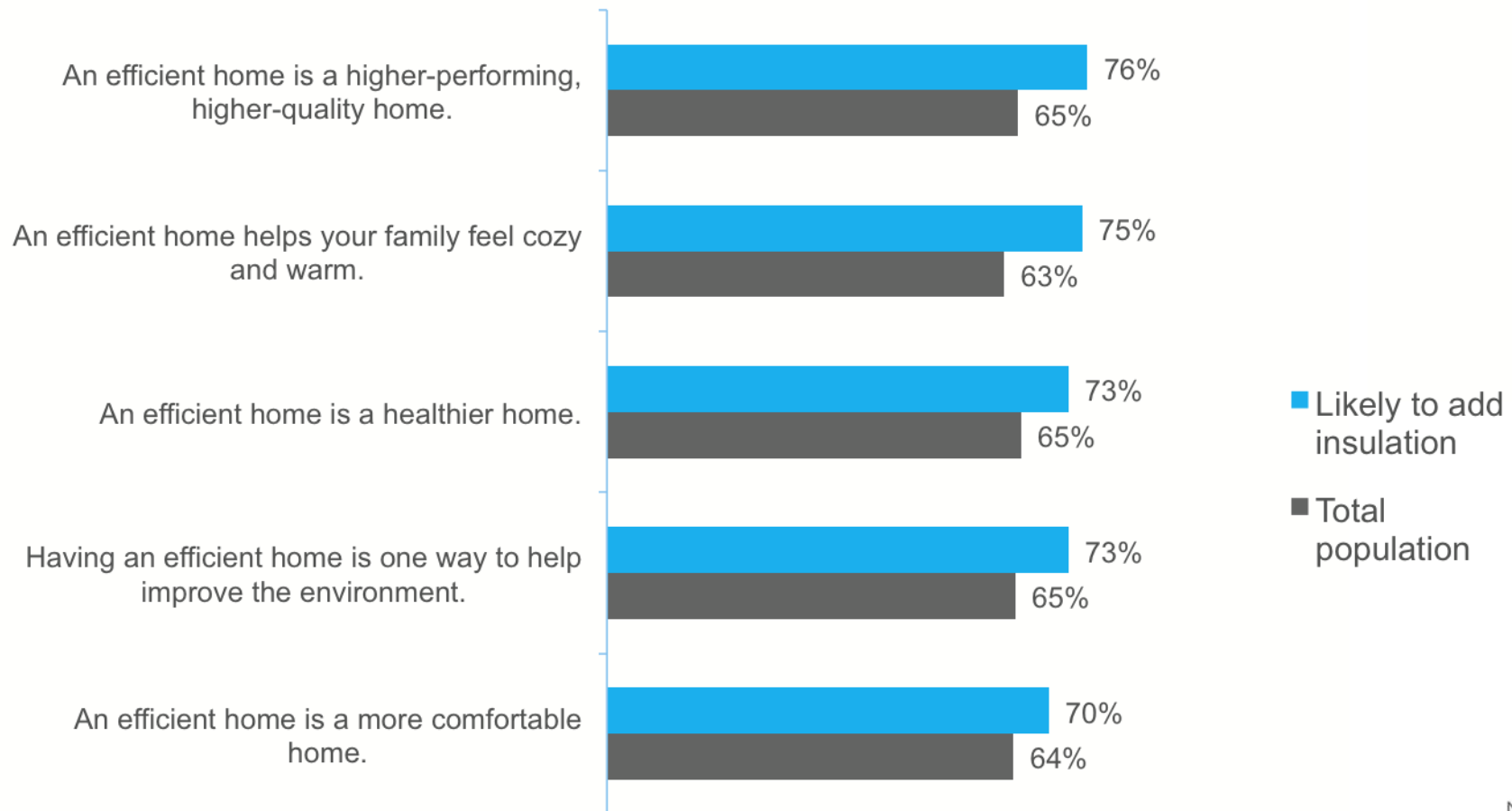
- Equally likely to be male or female
- Boomers and Seniors
- Well-educated, with Bachelor's degree or higher
- High income (\$100K+)
- White-collar and professionals
- Married
- Homeowners (91%)
- Predominantly Caucasian
- Primarily reside in suburban areas
- True Believers, Cautious Conservatives



Some good news:

- Those who say they need more insulation and are most likely to buy are also more likely to prioritize spending money to make their home more energy efficient (71% vs. 66% overall).
- They also prioritize making their home healthier/safer (67% vs. 61%).

Those likely to add insulation over-index for the following messages:



N=2,009

Rate how effective you think each of the following statements would be to persuade homeowners or homebuyers to spend \$1,500 for energy-efficient home features.

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2014

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Key Messages:

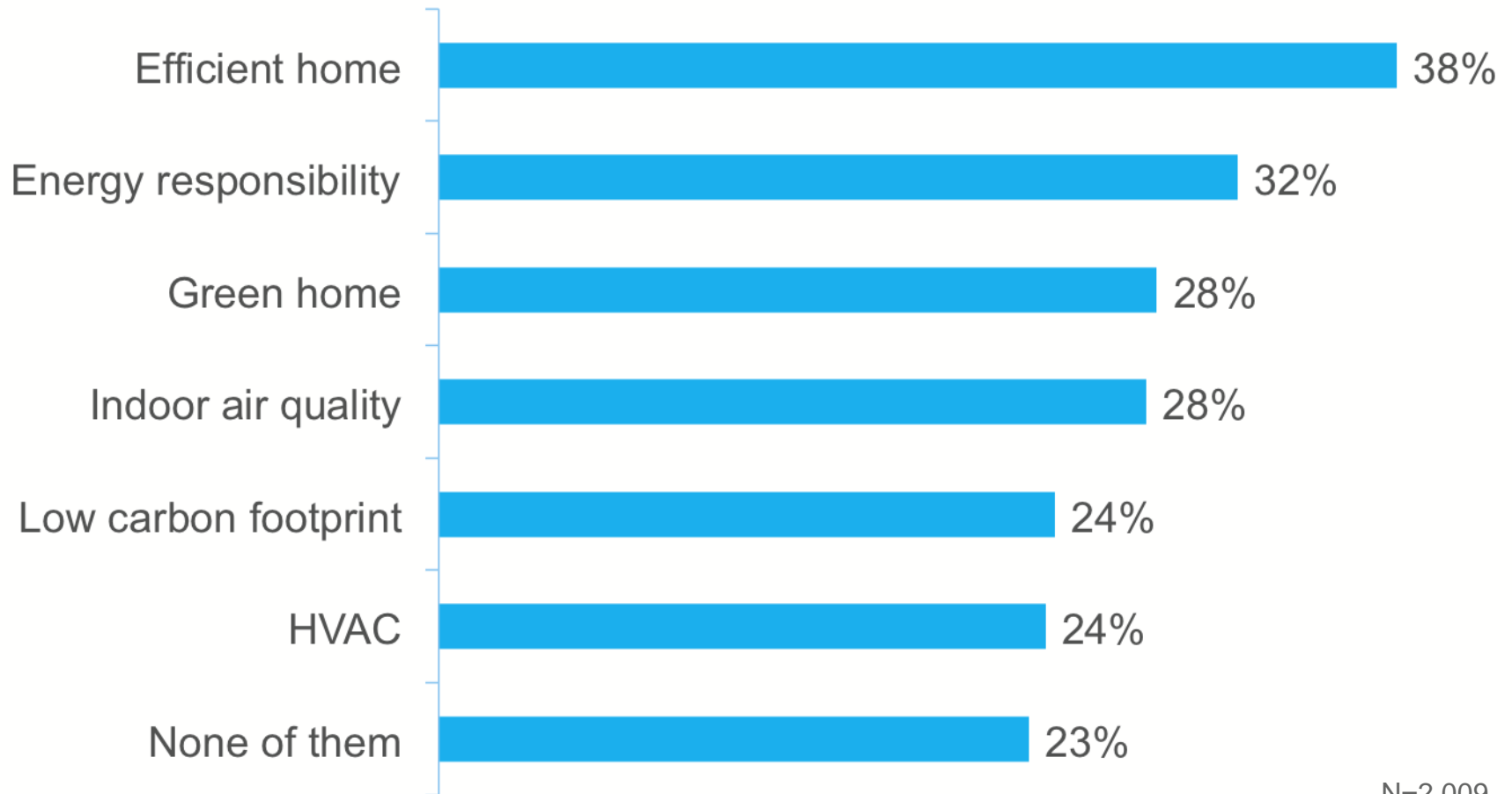
“Higher performing home”

“Cozy and warm home”

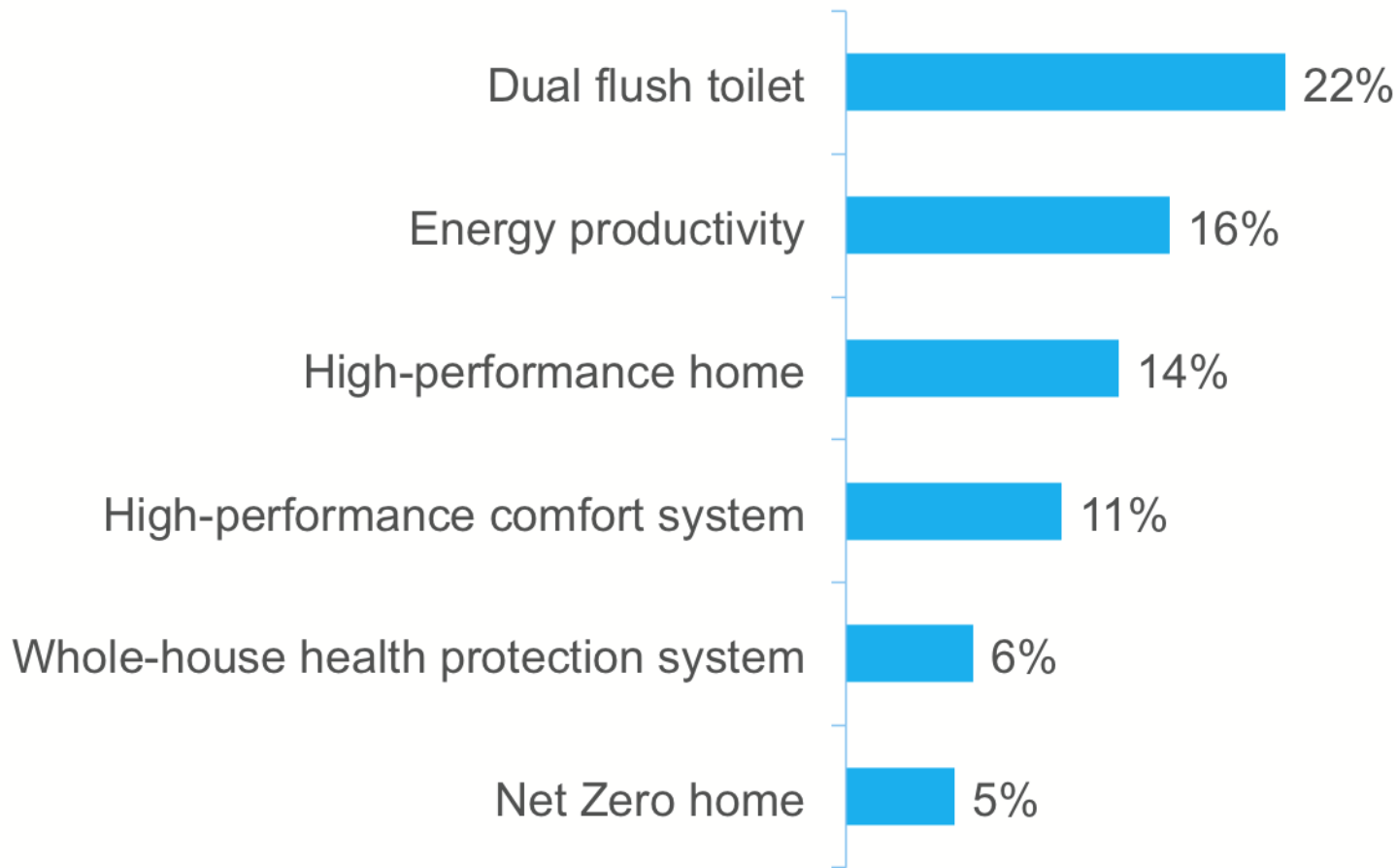
“Healthier, safer home”

Don't...

Terms or phrases you know you could confidently and correctly explain to a friend



N=2,009



N=2,009

A few other well-intentioned terms that our research shows most consumers don't understand:

- “Low VOC”
 - Less than one-quarter understand it/find it desirable
- “Low Carbon Footprint”
 - Less than half find it desirable
 - It's a turn-off to Seniors
- “Net Zero”
 - Not currently understood or desired
 - 95% can't explain it
 - 76% label it “less than desirable”
 - However, once explained, consumers strongly agreed that a net-zero home would save money





Don't try to “educate” the market



My story

(make sure people know what you're really selling)

So what can you do?



Here's what they want to buy

Selling to homeowners

- Use talking points that speak to their true care-about
 - Comfort, control, health, peace of mind and/or resale value
 - If they have a Prius in the driveway and a garden in the backyard, also pepper in “responsibility” and “better for the environment.”
 - If it looks like kids run the place, focus in on “having a cozier, healthier home for your family” where “nobody has a room that’s colder than the rest” and there’s “nothing to worry about anymore.”
- Leverage their desires
 - Remember that aesthetics trump efficiency/sustainability
 - Joke about how insulation isn’t as sexy as lots of other home improvements...but that when it comes to homes, beauty isn’t skin deep. Talk about how a tighter home is a better, higher quality, higher performing home that’s beautiful inside and out.
- Make it super easy for them to act; give them no more than two actions to take.

Selling to builders

- Share some of these stats with them
- Be a true advisor. Our data says builders and contractors are interested in ideas/information about the latest building techniques
- Remind builders that the highest end homebuyers want the highest performing homes, and they'll care about – and ask about – what's inside the walls
- Help the builder understand the ROI/value proposition for him...that a slight investment in better insulation/a better building envelope is one he can more than recoup

Thank you!

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