

Builders vs. Buyers:

What's real, what's imagined, and what's the way forward?

ICAA Convention & Trade Show • 10/10/19

We create a market advantage for organizations that create a sustainable, energy-responsible future.



The company we keep



We start here...

Shelton^{Grp}

energypulse™

ecopulse™

b2bpulse™

..and we
end with
campaigns
that build
brands,
shift
perceptions
and drive
sales



Today we will look at results from
Professional Builder Magazine's survey of builders
and compare those to
Shelton Group's national Energy Pulse® data,
which explored what consumers *actually think* and what
they're *willing to pay for*.

First, why does sustainability matter?



82%

of **Millennials** are anxious about how
climate change will affect **their**
children's quality of life

n=2,025

Gain a sustainable advantage

The average American recognizes that he or she needs to *do* something.



85%

of respondents think the average person should be taking concrete **steps to reduce his/her environmental impact**

Q6 - Do you think the average person should be taking concrete steps to reduce his or her environmental impact?

n=2,000

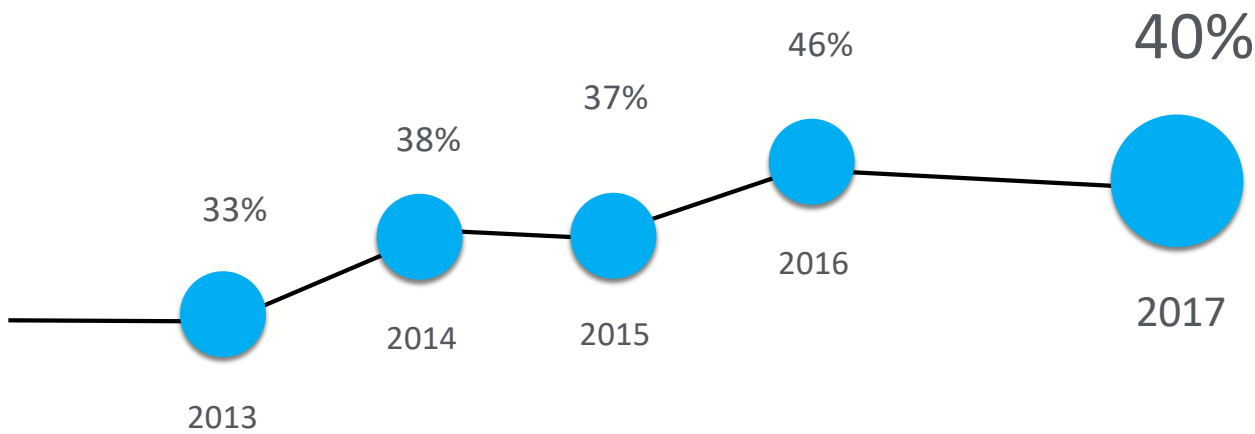
And



83%

of Americans believe that we have a moral duty to leave the earth in as good or better shape than we found it

Would you like to be seen as someone who buys eco-friendly products?





What major purchase best reflects our values, green or otherwise?

So what does this all mean for consumers when they think about buying a home?

89%

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

As part of Energy Pulse,
we take a look at those who ...

**already own a “green home” as well as those
who are in the market for a new home**

and

**say that energy efficiency would
very/strongly impact their new home
purchase decision.**

Let's explore these two groups:



Green Homebuyers

Already purchased a certified green home

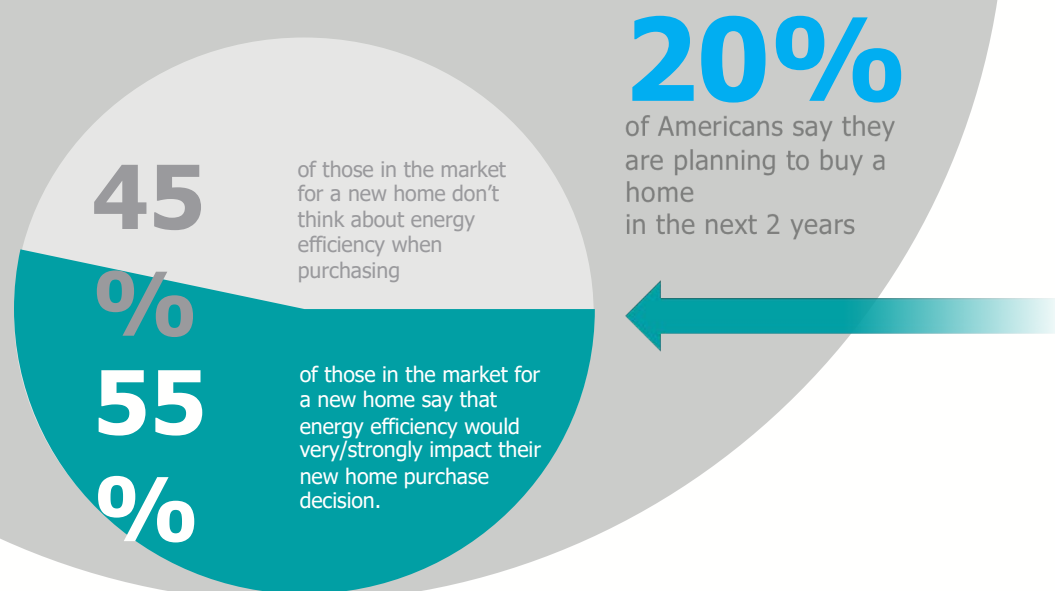


Energy Savvies

- In the market for a new home
- Say that energy efficiency would very/strongly impact their new home purchase decision

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nationally representative sample of
100% of Americans



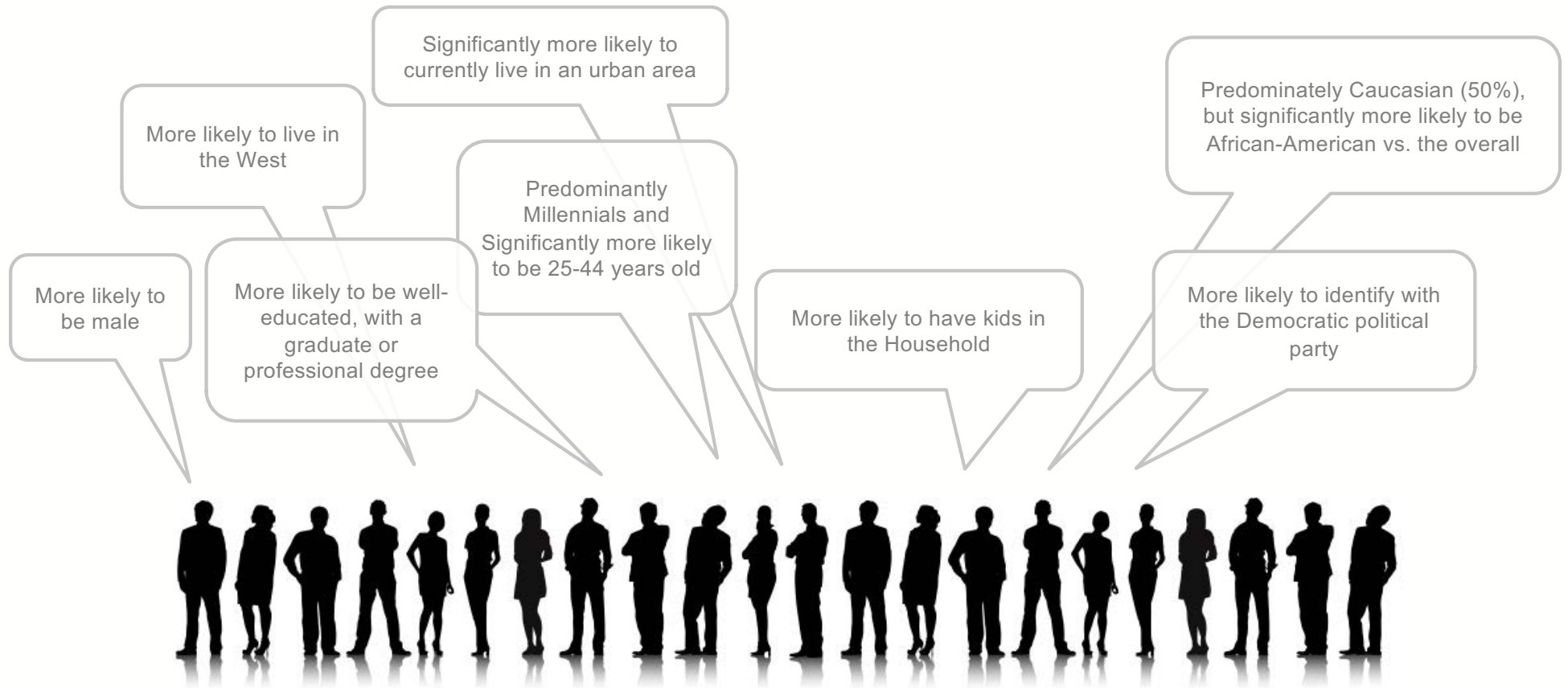
Energy Savvies, the future homebuyers that align most with current owners of Green homes, represent the ripest target for builders selling green homes.

Green homebuyers 
alike...

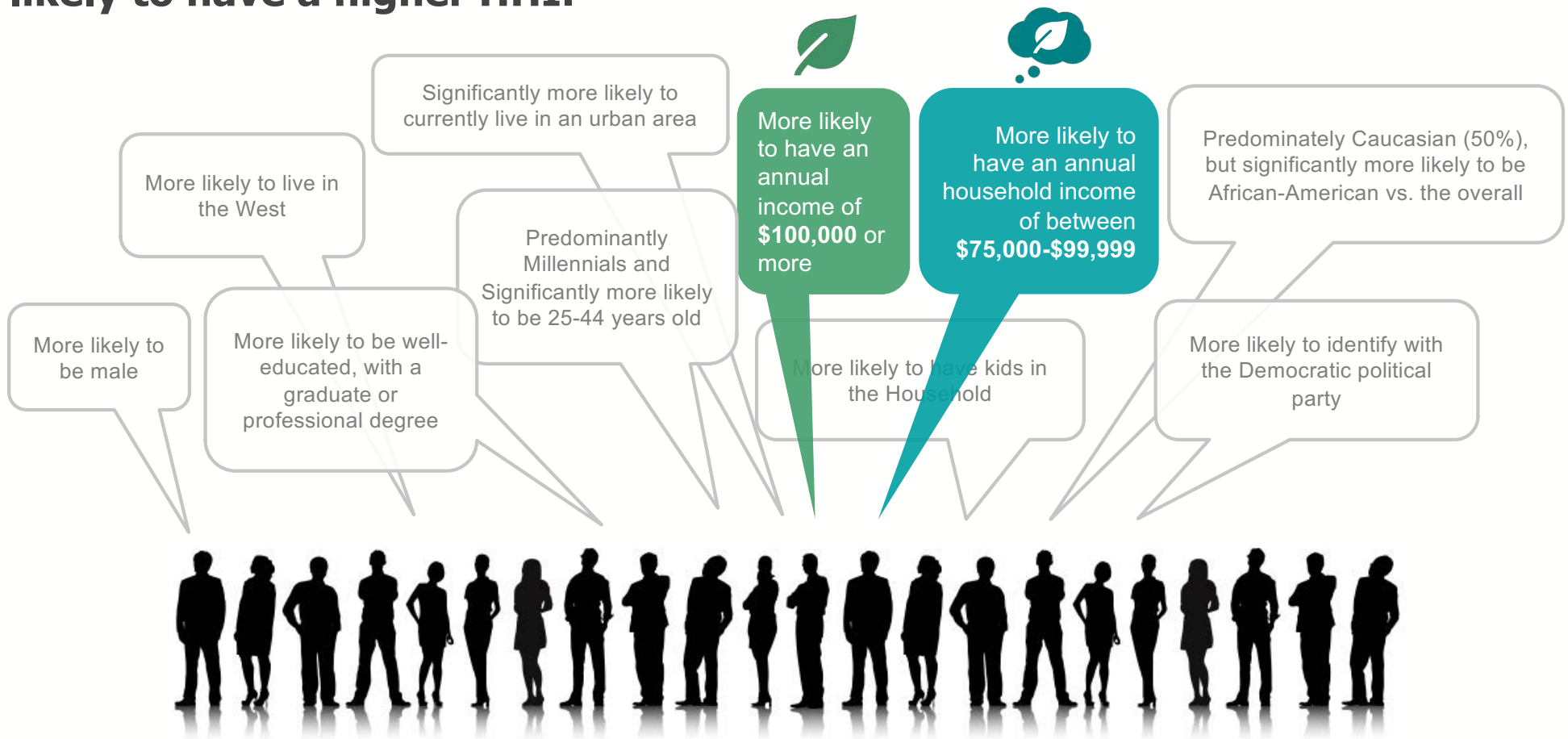
) and **Energy Savv**  (

) look a lot

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...with one significant difference: **green home buyers are more likely to have a higher HHI.**



Similarly, while the two groups share attitudes about the environment in many areas...

More likely to say “The **environmental impact of our energy use**” is their biggest energy concern

Much more likely to say the **government should pay more attention** to environmental issues

Significantly more likely to say **energy conservation is important** in the way they make decisions and purchases



...**money is more of a motivator** for Energy Savvies, who haven't yet bought a green home.

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More likely to say "The environmental impact of our energy use" is their biggest energy concern

Much more likely to say the government should pay more attention to environmental issues

Significantly more likely to say energy conservation is important in the way they make decisions and purchases

Their top reason to participate in energy conservation activities or buy energy-efficient products or services was **"to preserve the quality of life for future generations"** and significantly less likely to say it was **"to save money"**



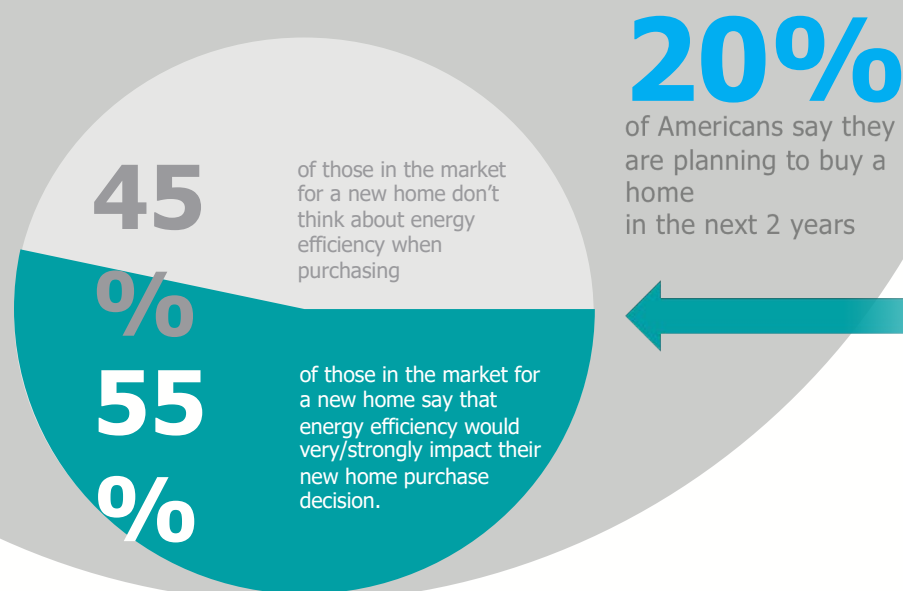
Their top reason to participate in energy conservation activities or buy energy-efficient products or services was **"to save money"**

Energy Savvy respondents are more likely to have made energy-efficient improvements to their current home

- Of 26 home improvement activities tested, Energy Savvies have completed an average of 4.8 activities (compared to 3.8 overall).
- They were significantly more likely to have completed the following activities:
 - Replaced their lighting with LED bulbs
 - Purchased ENERGY STAR® appliances (clothes washer and refrigerator)
 - Purchased ENERGY STAR® certified electronics
 - Installed a high-efficiency, tankless or heat pump water heater
 - Installed a higher efficiency ENERGY STAR® certified air conditioning system
 - Added caulking or weather stripping around windows and doors

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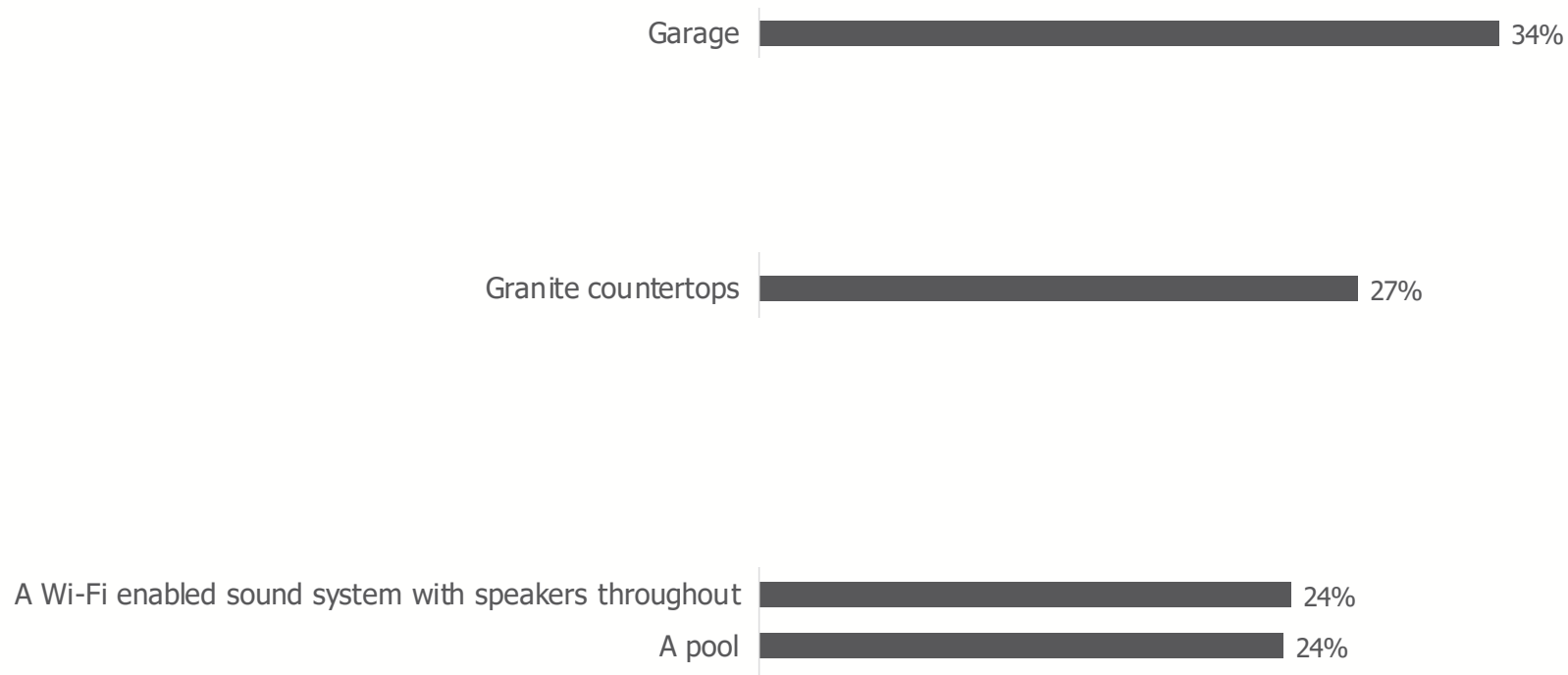
nationally representative sample of
100% of Americans



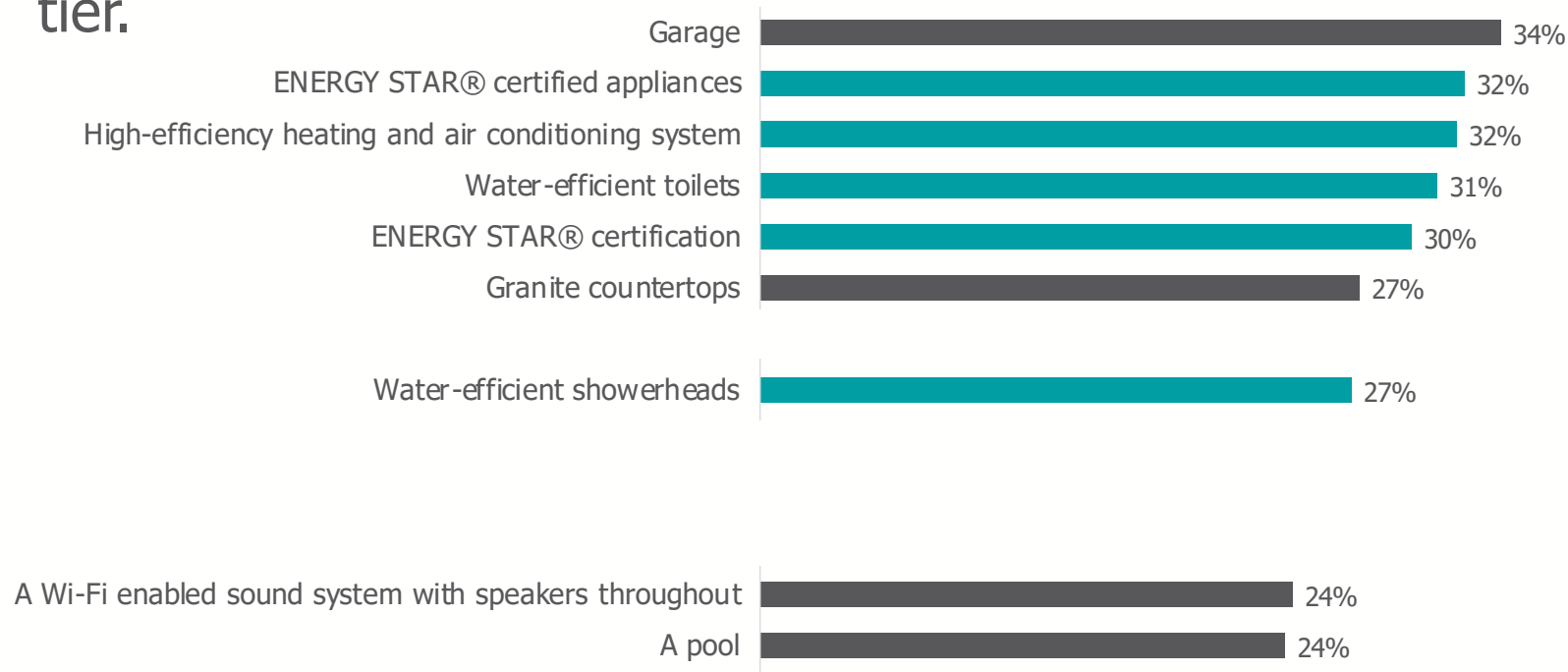
Today we'll focus on the **Energy Savvies**, the future homebuyers that align most with current owners of Green homes. These future buyers represents the ripest target for builders selling green homes.

**What do these home buyers
want in a new home?**

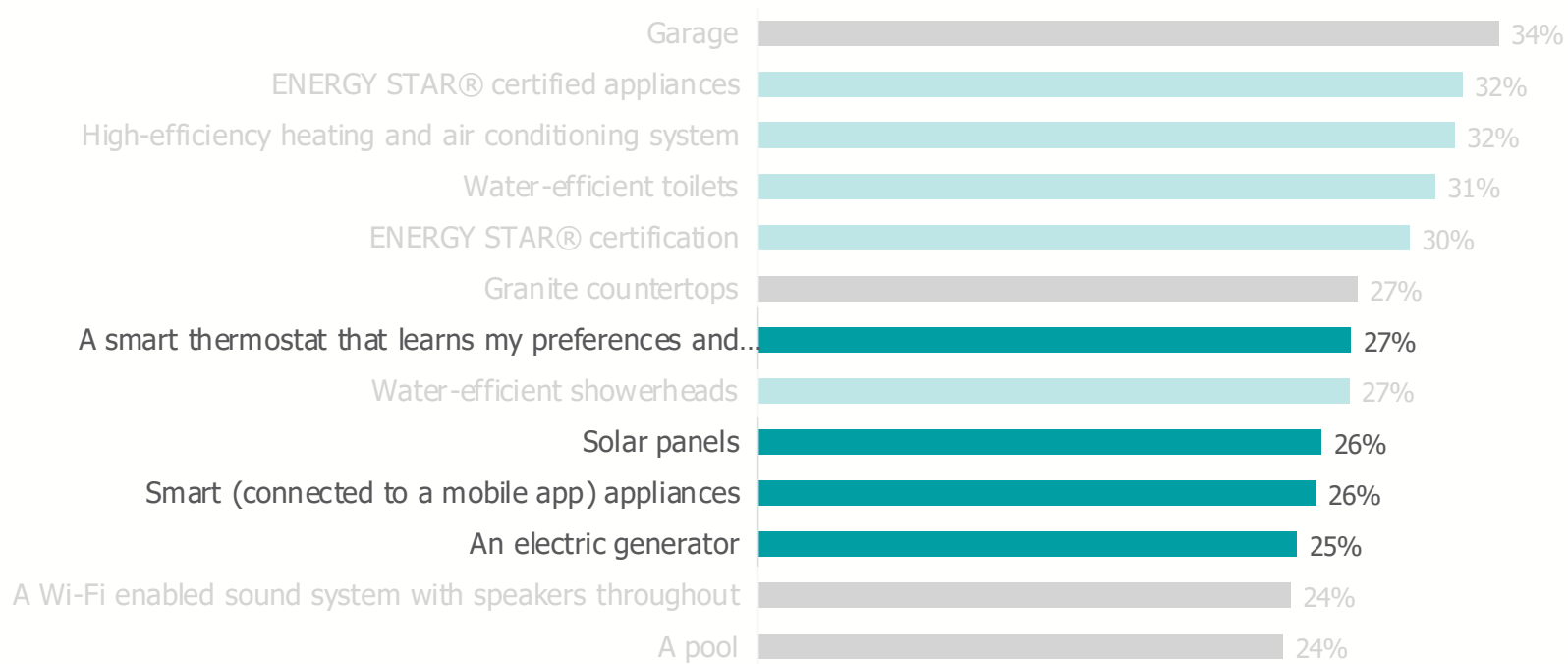
Garages, granite countertops, sound systems and pools still make the top 15 list for features these buyers want...



... yet ENERGY STAR® appliances and certification, as well as efficient HVACs and toilets, make up the bulk of the top tier.



... and smart thermostats and appliances, along with solar panels and generators, are wanted more than Wi-Fi speakers and pools.



So what are the must-haves in a green home?

Builders have some strong opinions.

Builders know that higher efficiency (or SEER) HVAC, higher efficiency appliances, and insulation with higher R-values matter a lot in a green home.



91%

Higher efficiency
(ENERGY STAR®)
appliances



87%

Higher efficiency (or
SEER) HVAC, furnace, or
air conditioning
equipment

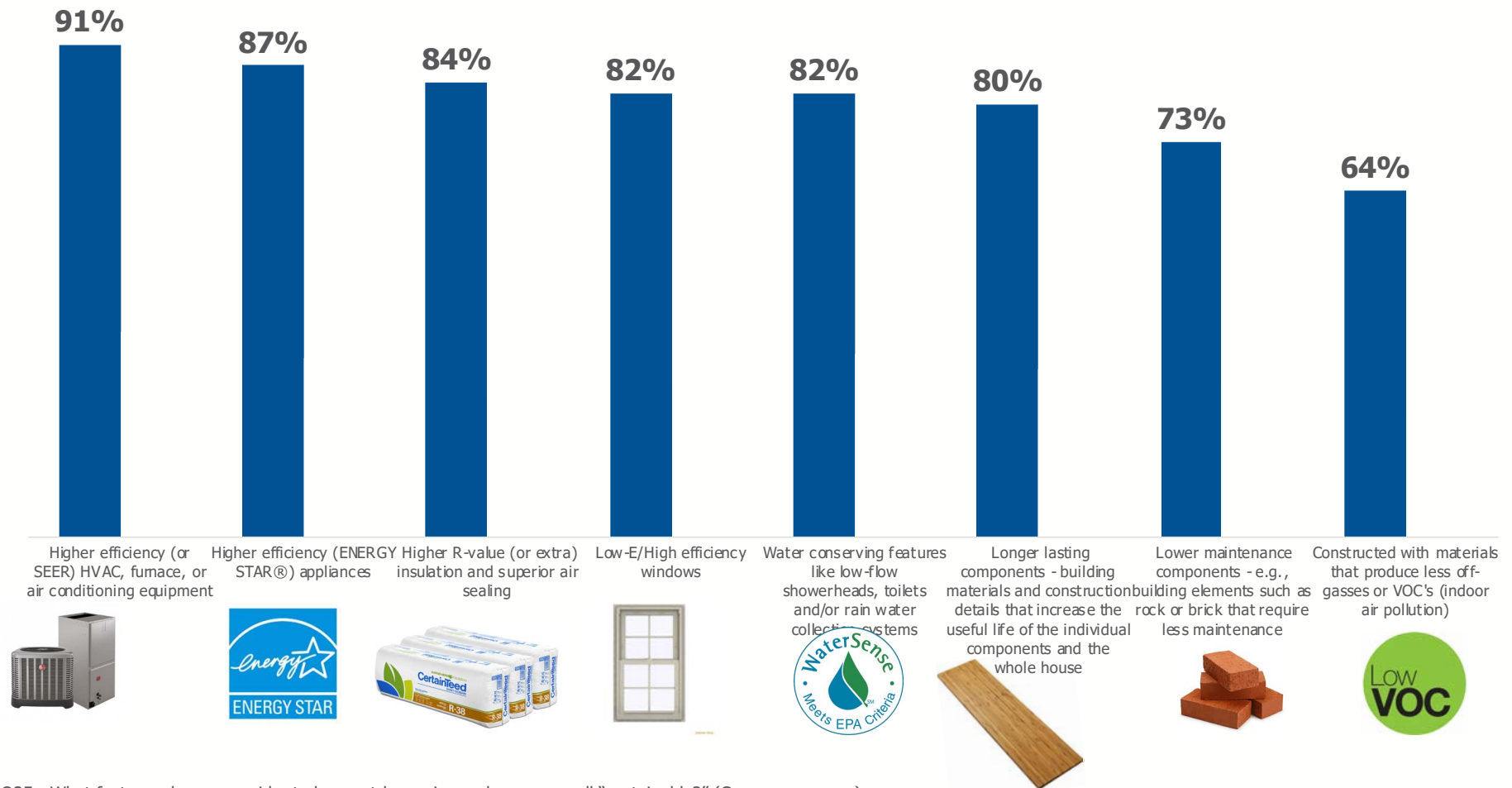


84%

Higher R-value (or extra)
insulation and superior
air sealing

And the list of features Builders consider "must-haves" is extensive...

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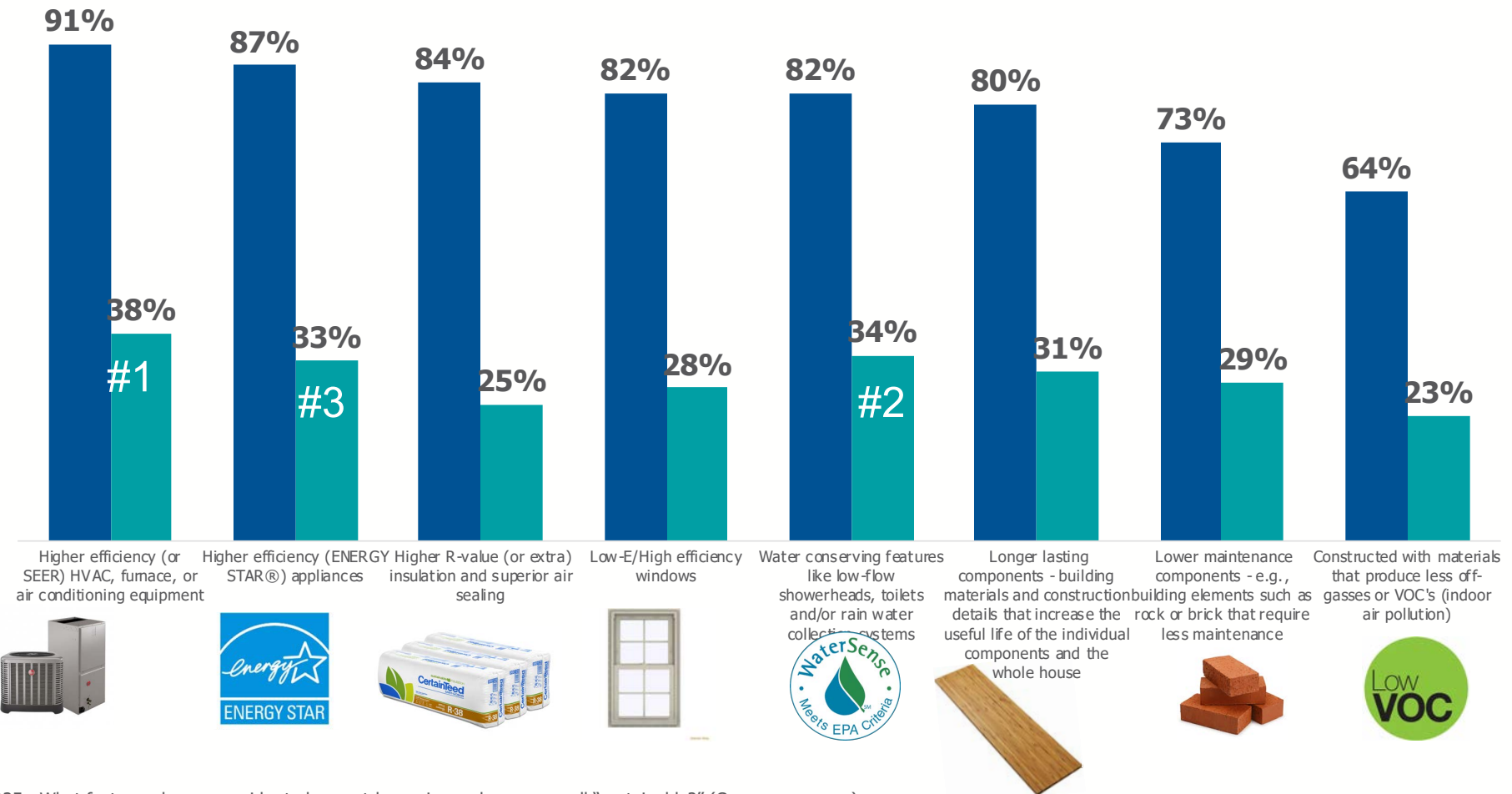


33 Q25 - What features do you consider to be must-haves in any home you call "sustainable?" (Consumer survey)
Q8 - Please check the features you consider to be must-haves in any home you call "sustainable?" (Builder survey)

n=223
n=55

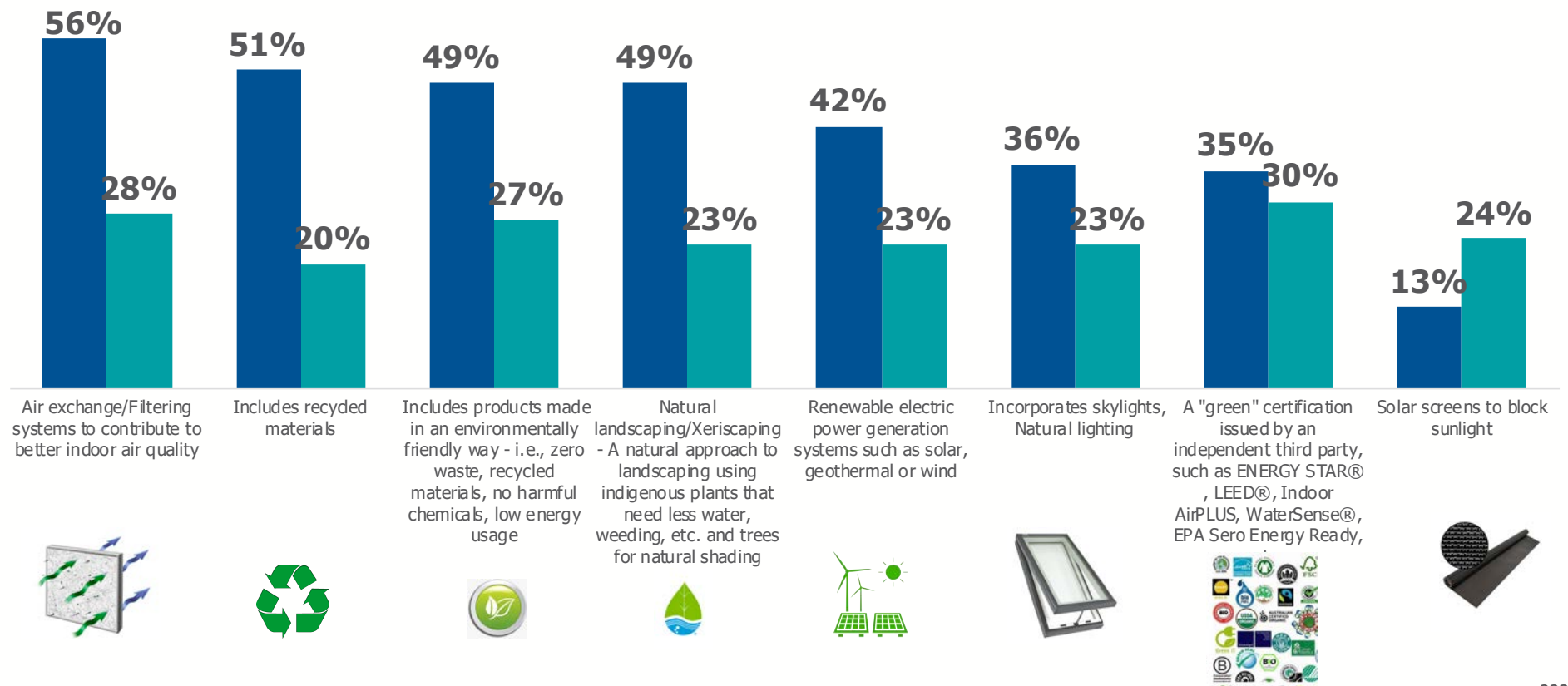
The majority of Energy Savvies, however, don't give these as much weight

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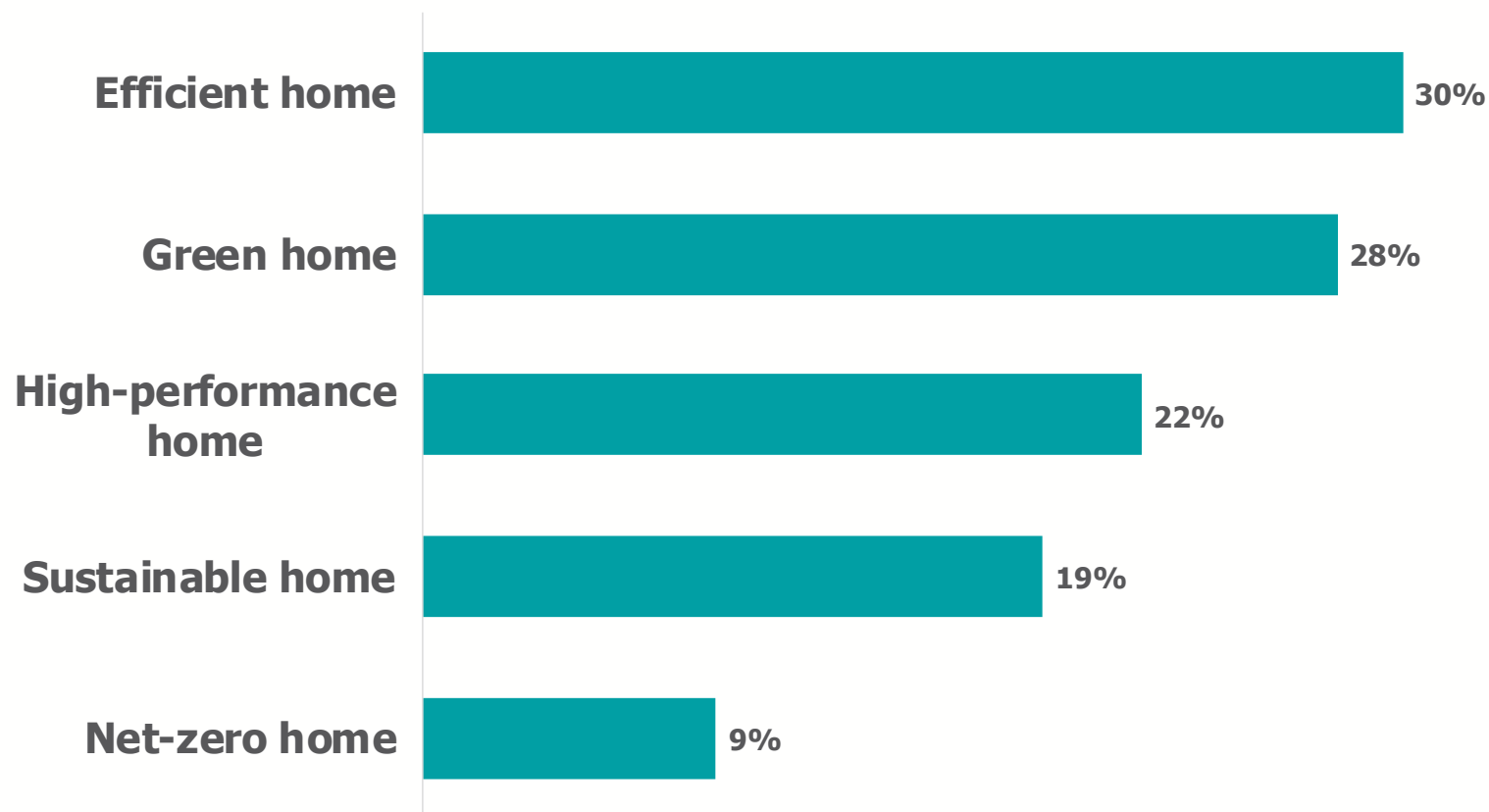
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**Why the disconnect?
Energy Savvies don't understand
what truly makes a difference in
this kind of construction.**

This confusion is also seen in their lack of confidence with terms and phrases.

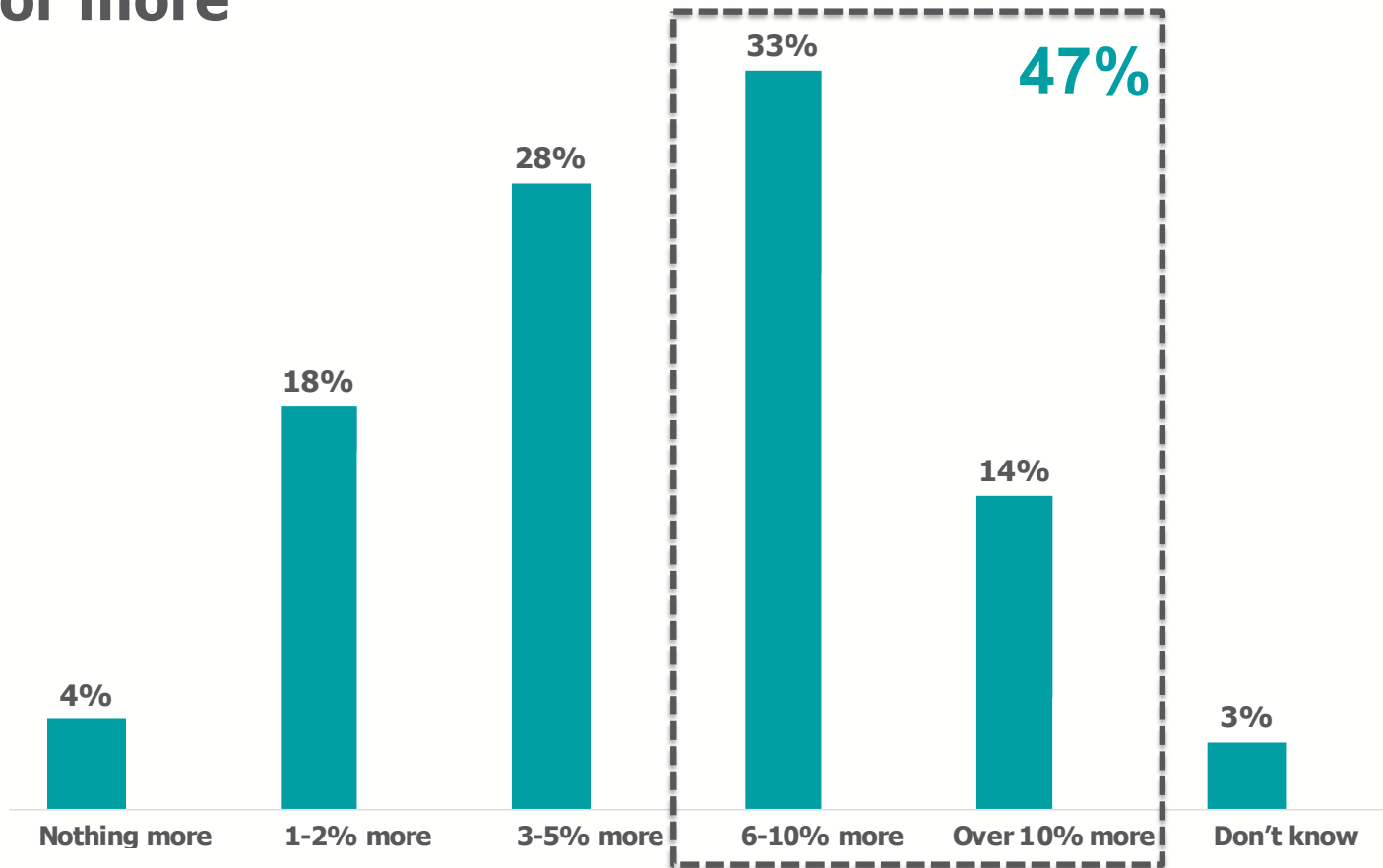
Most Energy Savvies aren't confident about what you mean when you use any of these terms.



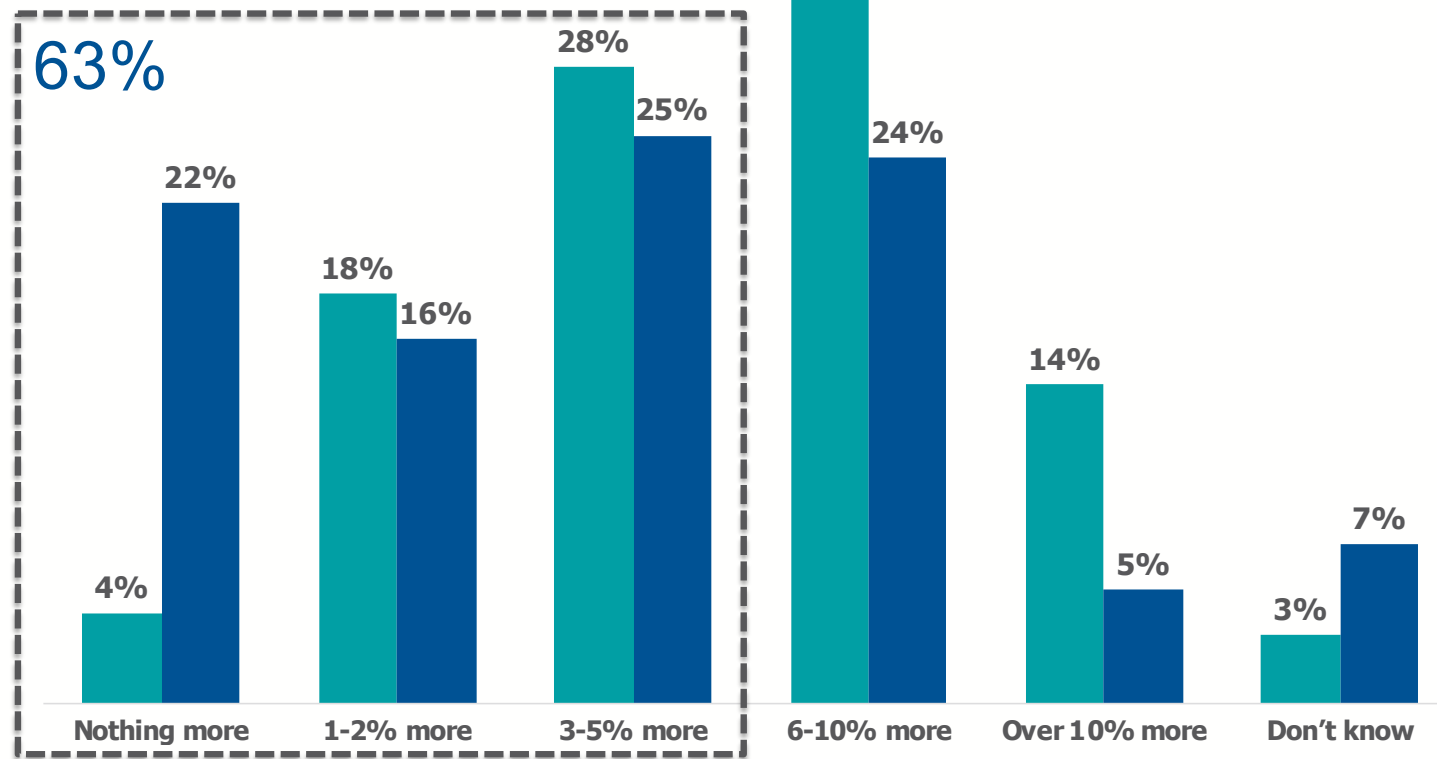
**Regardless of what you call it,
they say they're willing to pay
more for the benefits of this kind
of home.**

How much more?

Nearly half of Energy Savvies *say* they'll pay **6%-10% or more**



Yet builders have much less faith in consumers' willingness to pay more, with two thirds of builders **estimating 3-5% or less.**



There's also a disconnect between **the specific features** builders and Energy Savvies themselves believe consumers will pay for.

Top three things Energy Savvies say they'll pay more for

Higher efficiency
(ENERGY STAR®)
appliances



Renewable electric
power generation
systems such as
solar, geothermal or
wind



Higher efficiency (or
SEER) HVAC,
furnace, or air
conditioning



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Higher efficiency (or SEER) HVAC, furnace, or air conditioning



Top three things builders say they'll pay more for

Higher efficiency (or SEER) HVAC, furnace, or air conditioning



Higher efficiency (ENERGY STAR®) appliances



Low-E/High efficiency windows



And remember these “Top 3” builder “must-haves”?

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91%

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appliances



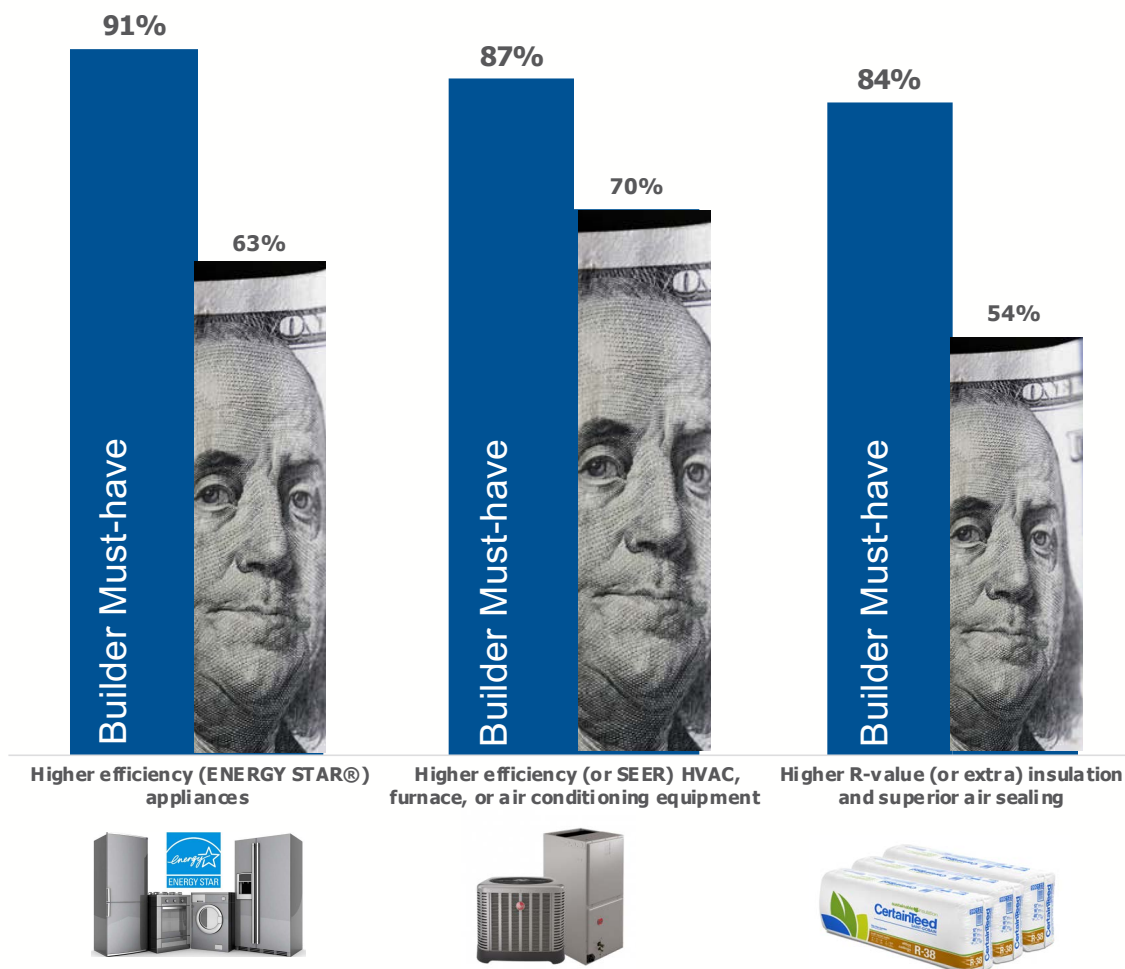
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Higher efficiency (or
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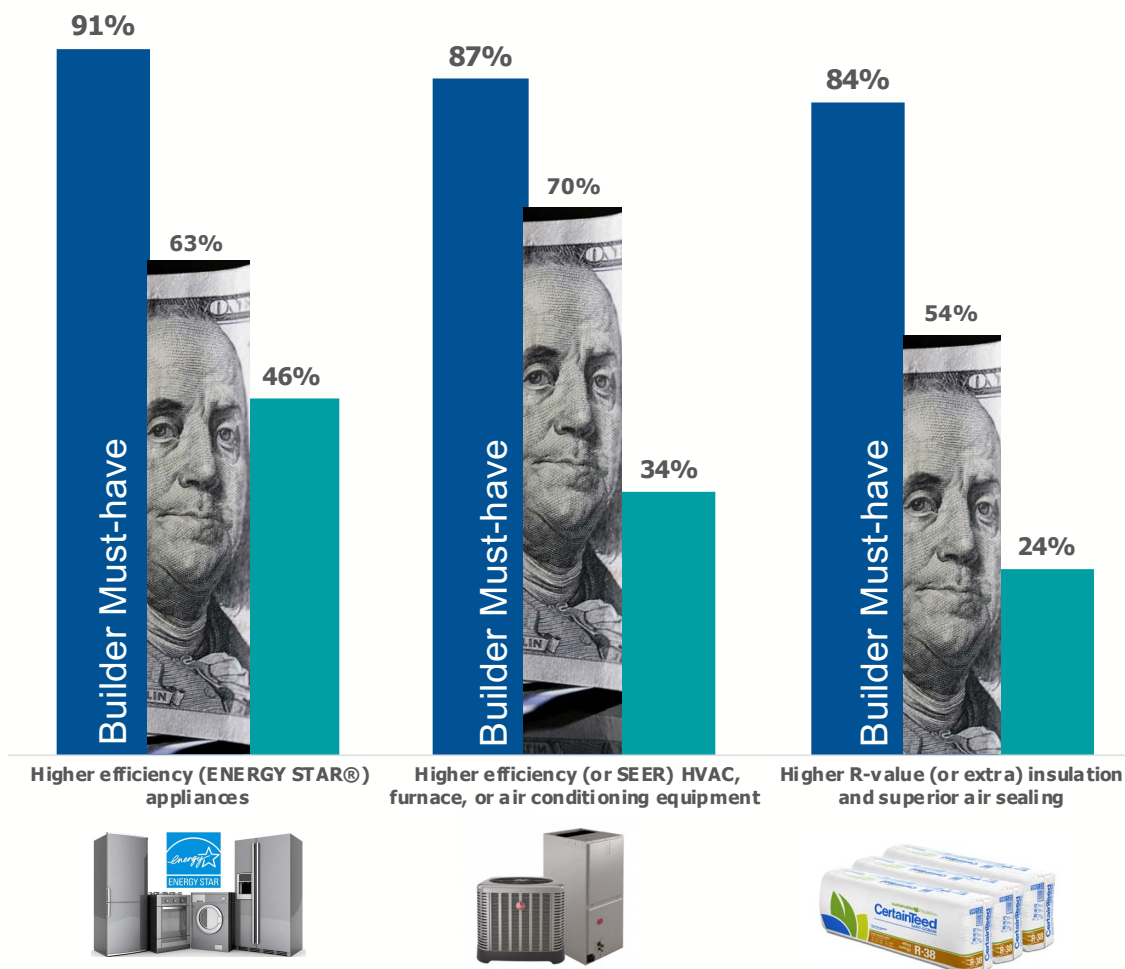
Higher R-value (or extra)
insulation and superior
air sealing



Builders recognize that consumers likely won't pay on par with the "must" nature of these items...

Q8 - Please check the features you consider to be must-haves in any home you call "sustainable?" (Builder survey)
 52 Q10 - In your opinion what sustainable features do you think homebuyers would be willing to pay more for? (Builder survey)

n=55
 n=54



...but Energy Savvies are **even less willing to pay more** than builders think.

- 53 Q8 - Please check the features you consider to be must-haves in any home you call "sustainable?" (Builder survey)
 Q10 - In your opinion what sustainable features do you think homebuyers would be willing to pay more for? (Builder survey)
 Q26 - What sustainable features would you be willing to pay more for? (Consumer survey)

n=223
 n=55
 n=54

The disconnect in perception vs. reality makes clear the need to highlight the right things in marketing efforts.

The disconnect also makes clear that it isn't about individual features – it's about a comprehensive package.

**What people want to hear about
in a new home is a mix of luxury,
smart and green.**

This is a new kind of conspicuous consumption.

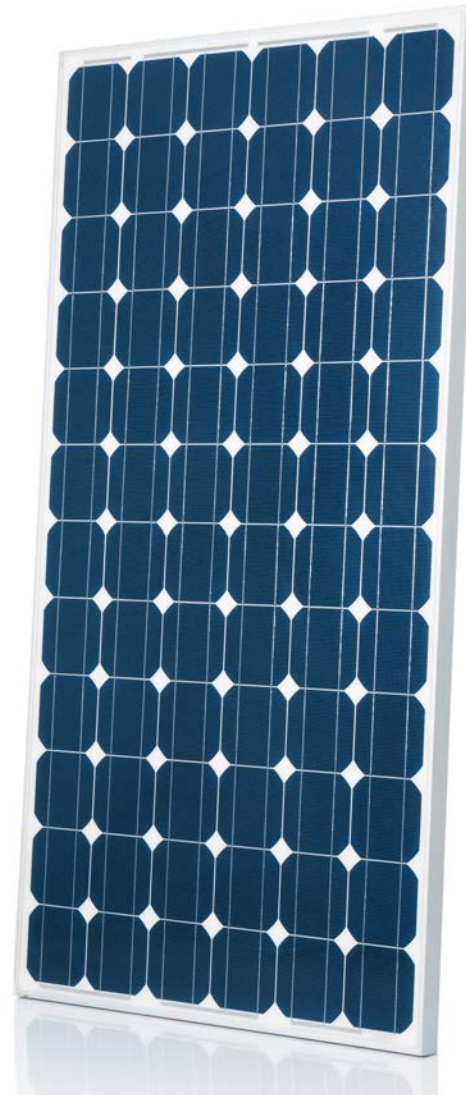


Tesla Unveils Its New Line Of Camouflaged Solar Panels

Conspicuous consumption isn't gone...



...it's just starting to
look different.



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**So do the right
things to make
homes truly
sustainable ...**

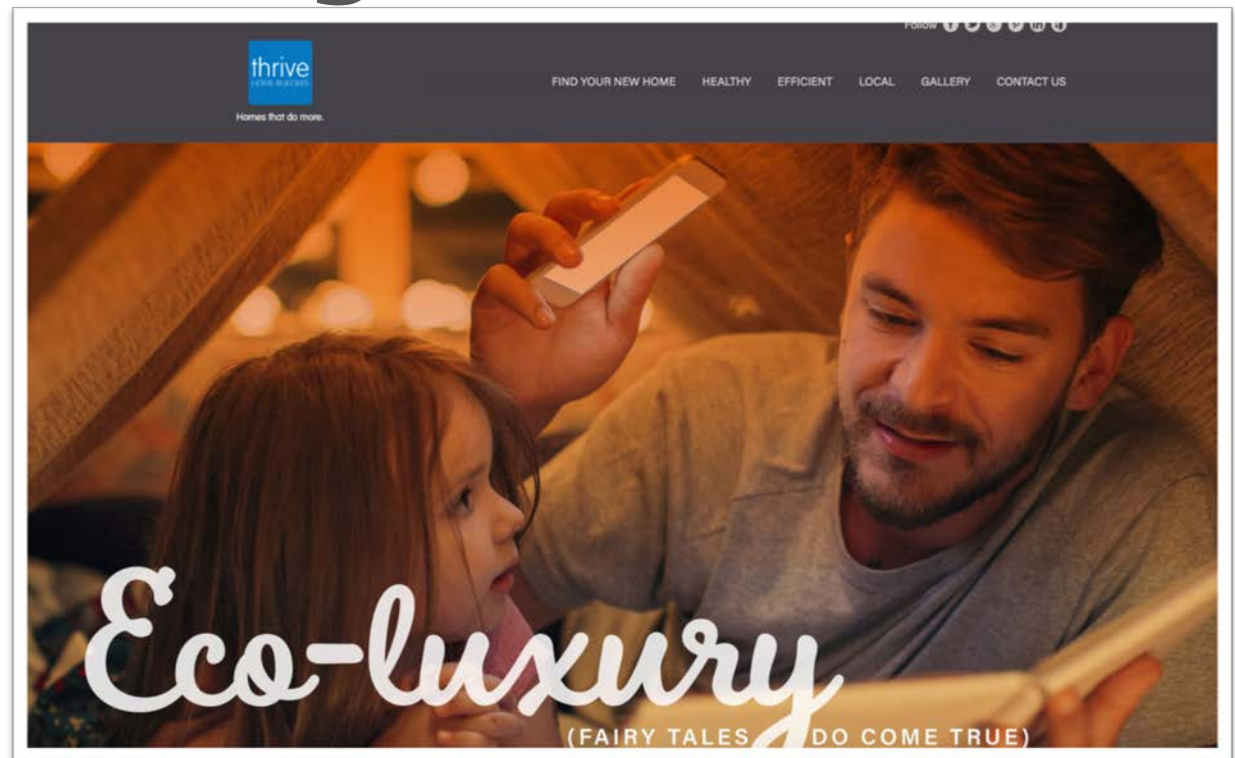


... and highlight what consumers can touch and feel.



Fully commit and wrap your brand in a green blanket.

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*“Consumers want to act green, but they **expect businesses to lead the way.**”*

86%

of Americans believe that companies
should take a stand for something
beyond just making money

40% of Builders

Agree/Strongly Agree that more people will be interested in green homes.

89% of Energy Savvy prospective homebuyers

**You need both to have a
believable, comprehensive story
folks will pay more for**

1. The features that say “green”
2. The branding that says you’re committed to it

**As you communicate, connect
emotionally**

Connect emotionally

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“We are feeling machines that think, not thinking machines that sometimes feel.”

- Alex Batchelor





The real, underlying benefits of green homes
that they actually care about

And engage people in your story

**Pure information
campaigns
simply don't work.**



To recap

- Americans are worried about the environment – and they increasingly want to be seen doing something about it
- 55% of people in the market for a new home say energy efficiency matters. A lot.
- They want some of the same features that builders believe should be in a green home – but seeing and being seen is critical, so visible features take priority
- They'll pay a little more for those features.
- But you have to communicate the benefits of those features in an emotionally engaging way.
- And you have to position your company as standing for sustainability.

Thank you!

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