BEST PRACTICE REVIEW OF RESIDENTIAL NEW CONSTRUCTION (RNC) BUILDERS’ SALES, MARKETING, TRAINING AND DESIGN SUPPORT

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STUDY PURPOSE
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BACKGROUND: STUDY PURPOSE

PRIMARY STUDY FOCUS:
• Best Practices for Selling and Sales Training of Energy Efficient and Green Technology RNC) Homes in California Investor Owned Utility (IOU) RNC Programs -- PG&E, SCE, SoCalGas, and SDG&E

SECONDARY FOCUS:
• Best Practices for RNC Marketing and Program Design and Theory

STUDY OUTCOME:
• Recommendations for an IOU sponsored and developed RNC Sales Training Module that is intended to help builders sell more program homes
**APPROACH: OVERVIEW**

- **Literature Review** of RNC Best Practices
- **Interviews** with Best Practices **Programs** and **Builders** Around the U.S.

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**Two Key Activities**

**Research Focus**

**Program Design**

**Program Theory**

**Program Implementation and Marketing**

**Builder Selling Practices and Program Support to Help Builder Sales**

**RNC PROGRAM SUCCESS**

**Primary Focus**
# APPROACH: LITERATURE REVIEW

## Literature Review Study Areas

<table>
<thead>
<tr>
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<th>Study Area</th>
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<tbody>
<tr>
<td>1</td>
<td><strong>Consumer Demographics and Market Trends</strong></td>
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<tr>
<td></td>
<td>- Home Ownership</td>
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<td></td>
<td>- Homebuyer Demographics</td>
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<td></td>
<td>- Energy Efficiency &amp; the RNC Market</td>
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<td></td>
<td>- Barriers to Purchasing Energy Efficient Homes</td>
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<tr>
<td>2</td>
<td><strong>Marketing</strong></td>
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<tr>
<td></td>
<td>- Marketing “Green”</td>
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<td>- Marketing Green Homes</td>
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<td>3</td>
<td><strong>Sales</strong></td>
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<td></td>
<td>- Sales Technique</td>
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<td>- Sales Tools</td>
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<td>4</td>
<td><strong>Unique Enablers</strong></td>
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<td></td>
<td>- Alliances and Cooperative Efforts</td>
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<td></td>
<td>- Home Valuation</td>
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<tr>
<td>5</td>
<td><strong>Best Practice Consumer Marketing and Sales Review</strong></td>
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<tr>
<td></td>
<td>- Energy Efficiency Programs</td>
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<td></td>
<td>- Builders</td>
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<tr>
<td>6</td>
<td><strong>Builder Sales Training and Adult Learning Approaches</strong></td>
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<tr>
<td></td>
<td>- Adult Learning Approaches</td>
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<tr>
<td></td>
<td>- Sales Training</td>
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<td>- RNC Best Practice Program Builder Sales Training Review</td>
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</tbody>
</table>
## 1. Organizational Interviews: EPA, ENERGY STAR and the DOE Builders Challenge

### 2. Utility and Contractor Interviews:

<table>
<thead>
<tr>
<th>#</th>
<th>State(s)</th>
<th>Utility/Org/Co. Name</th>
<th>Program Name</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Maryland</td>
<td>Constellation Energy/Baltimore Gas and Electric Company (BG&amp;E) &amp; Southern Maryland Electric Cooperative (SMECO)</td>
<td>EmPOWER Maryland / BGE Smart Energy Savers Program® / SMECO’s ENERGY STAR for New Homes Program</td>
</tr>
<tr>
<td>2</td>
<td>New Mexico</td>
<td>New Mexico Gas Co. / Public Service Company of New Mexico (PNM)</td>
<td>ENERGY STAR® Home</td>
</tr>
<tr>
<td>3</td>
<td>New Jersey</td>
<td>NJ Board of Public Utilities</td>
<td>NJ's Clean Energy Program - NJ ENERGY STAR® Homes</td>
</tr>
<tr>
<td>4</td>
<td>Arizona</td>
<td>Arizona Public Service (APS)</td>
<td>APS ENERGY STAR® Homes Program</td>
</tr>
<tr>
<td>6</td>
<td>Oregon</td>
<td>NEEA - Northwest Energy Efficiency Alliance / Energy Trust of Oregon</td>
<td>Northwest ENERGY STAR® Homes</td>
</tr>
</tbody>
</table>

### 2. Builder Interviews: KB Homes, Pulte, Merideth, other
FINDINGS
**BEST PRACTICE FINDING: KNOW YOUR CONSUMERS**

*Know your audience*
- There are different types of consumers who have different priorities and concerns regarding their purchases
- Knowing these typologies will increase your success in home sales

Actives, Seekers and Skeptics

**Key take-away:** Knowing variations in consumer behavior and beliefs will increase effective selling

<table>
<thead>
<tr>
<th>ACTIVES</th>
<th>SEEKERS</th>
<th>SKEPTICS</th>
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</thead>
<tbody>
<tr>
<td><strong>Key Characteristics:</strong></td>
<td><strong>Key Characteristics:</strong></td>
<td><strong>Key Characteristics:</strong></td>
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<tr>
<td>- Likely to be female, aged 45-54, well-educated and high-income</td>
<td>- Equally likely to be male or female</td>
<td>- Oldest of the groups</td>
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<tr>
<td>- Ethnically diverse (significant Hispanic population)</td>
<td>- Slightly younger than actives</td>
<td>- Predominately male</td>
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<tr>
<td>- Have children living at home</td>
<td>- Average education level</td>
<td>- Average education level</td>
</tr>
<tr>
<td>- Sustainability is big part of self image</td>
<td>- White collar and middle- to upper-income</td>
<td>- Income of $100k or more</td>
</tr>
<tr>
<td>- Respond best to themes of innovation and possibility</td>
<td>- Homeowners</td>
<td>- Feel no personal responsibility for changing to positively impact the environment</td>
</tr>
<tr>
<td>- Health is a driving force: label readers</td>
<td>- Married with kids at home</td>
<td>- Most concerned about comfort and convenience; find comfort in tradition</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>How to market to an Active:</th>
<th>How to market to a Seeker:</th>
<th>How to market to a Skeptics:</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Emphasize brands that are authentically green, especially in categories where she has no brand loyalty</td>
<td>- Align your brand with “good for the family” concepts</td>
<td>- Emphasize traditional brands and lifestyle</td>
</tr>
<tr>
<td>- Use language that stresses the positive, not fear or concern</td>
<td>- Avoid high-minded jargon and “keep it real”</td>
<td>- Layer green concepts into existing brands, focusing on benefit to the buyer, not benefit to environment</td>
</tr>
<tr>
<td>- Tout health benefits</td>
<td>- Reach her through traditional media: TV, radio and magazines</td>
<td>- Reinforce concepts of self-determination and individualism</td>
</tr>
<tr>
<td>- Appeal to her personal identity</td>
<td>- Tout the reputation and values of your company as being about more than money</td>
<td>- Show how your brand/product will make the Skeptic feel smart and powerful</td>
</tr>
</tbody>
</table>

*What are the key characteristics of each group?*

**ACTIVES**
- Likely to be female, aged 45-54, well-educated and high-income
- Ethnically diverse (significant Hispanic population)
- Have children living at home
- Sustainability is big part of self image
- Respond best to themes of innovation and possibility
- Health is a driving force: label readers

**SEEKERS**
- Equally likely to be male or female
- Slightly younger than actives
- Average education level
- White collar and middle- to upper-income
- Homeowners
- Married with kids at home
- Define green as energy efficient
- Looking for green options in lower priced categories

**SKEPTICS**
- Oldest of the groups
- Predominately male
- Average education level
- Income of $100k or more
- Feel no personal responsibility for changing to positively impact the environment
- Most concerned about comfort and convenience; find comfort in tradition
Know your customer - Different consumer types = Different priorities and concerns

**What consumers want in a home**
- Consumers have a strong emotional desire to own a home
- People want Value – And to “live better” in their homes

**Who is making the purchasing decisions**
- Nearly 91% of new home purchasing decisions are made or influenced by women
- Single women represent the second largest home buying demographic next to married couples
- Knowing and speaking to your audience will increase sale success

**Energy Efficiency in the housing market**
- Increasing interest in energy efficiency among consumers.
- Those who are very interested in an energy efficient home would add 20% to the purchase price to get the features
“People Buy on Emotion, Justify with Logic and Make Decisions in Silence”

The Purchasing Process

- Meet the customers emotional need
- Must include practical information to allow rationalization of purchase
- Must know when to be quiet

- Prime motivators for buying a home
  - Large Influence: Location, Community, Lifestyle, Space
  - Small Influence: EE/Green

- Top 5 Reasons to buy green home:
  - Cost savings
  - Reduced water use
  - Environmental impact
  - Improved air quality
  - Increased value of home

In the end, it’s the way a home feels that makes all the difference
“Sales is Sales— It’s the same basic sales technique, whatever the product”

The Selling Process

- **“Sell Them What They Want”**
  - Emotional connection with the home
  - Comfort, low-maintenance
  - Safety from pollutants, pollen, mold

- **“Give Them What They Need”**
  - Rational justification for their purchase
  - Energy-efficient appliances and products
  - Best practices in building

- **Bottom Line:** Average buyer wants:
  - The best they can afford today
  - To live better

Need to sell “The Better” of an efficient home
BEST PRACTICE FINDING: SALES TOOLS

“If you don’t show, they won’t know.” Be Sure to illustrate the benefits of an energy efficient home in a meaningful way

- Effective sales tools convey facts in a way that engages & resonates with buyer
  - “Customized” On-site Collateral – Select Branded Brochures, Fact Sheets
  - Sustainable House signs showing the buyer the hidden features and benefits of energy efficiency in program homes
  - “Show & Tell” Gadgets
  - "Show & Tell“ Model Homes

- Best Sales Tool = Builder / Salesperson
  - Buyer/Builder relationship building is key – and extends beyond the close of sale
  - Salespeople must be well-versed in home’s Green/EE features & know how to sell them
  - Role playing and training is critical
BEST PRACTICE FINDING: TEACHING SALES KNOWLEDGE

“No Train, No Gain” -- Sales training is critical (and it's not just building science)

- Most important but most difficult to teach:
  - How to listen / When to be quiet
  - Focus in on what the buyer wants
  - Use discipline and restraint to only sell top 3 buyer-desired features in a way that resonates with buyer

- Successful programs offer some sort of "sales" training to participating builders – typically building science

- More successful offer both building science & how to sell
- Most successful offer both types by handholding
- Many programs use 3rd party trainer

- Program-supplied trainings serve to:
  - Ensure energy savings goals
  - Recruit builders
  - Retain builders
  - Add trade ally value
  - Promote customer satisfaction
Best Practice Program Marketing and Sales Support to Builder Participants Ranges Across a Spectrum of Approaches and Involvement

- **Excellence in Implementing the Program**
  - Steady and Try to Do It All
  - Focus on Program Sign-ups and Traditional ES Marketing and Sales Support

- **Long-term Market Softening & Support**
  - Builder Science Training
  - Sales Training
  - Hand-holding on Code/Standard Pressures
  - Silent Sales Signs

- **Holistic Approach**
  - Market Softening and Partnership Advertising and Marketing
  - Long-term Builder Relationships
  - Leveraging Marketing Across Industry
  - Building Science and Sales Training
  - Realtor, Appraiser and Lender partners

- **ES Recognition or Codes As Driver**
  - Utilize Standard Increases or ES name to spur builder competitive concerns and involvement
**BEST PRACTICE FINDINGS: MARKET MESSAGING**

*Most Programs focus messaging on who consumer is, what they want, how they hear it, and market differentiation*

<table>
<thead>
<tr>
<th>Builders Challenge</th>
<th>ENERGY STAR</th>
<th>NEEA</th>
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<tbody>
<tr>
<td>• Symbol of Excellence</td>
<td>• “Better Is Better”</td>
<td>• “Be More at Home”</td>
</tr>
<tr>
<td>• Sustained Value</td>
<td>• Aspirational and Emotional Appeal</td>
<td>• “Dualities” - Markets to emotional influences of the consumer, understands rational decision-making component</td>
</tr>
<tr>
<td>• No or Ultra-low Energy Bills</td>
<td>• Rational Appeal</td>
<td>• Peace of Mind</td>
</tr>
<tr>
<td>• Breathe Better</td>
<td>• Leverage ENERGY STAR Brand</td>
<td>• Warmth</td>
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<tr>
<td>• Water Smart</td>
<td>• 4 Pillars:</td>
<td>• Comfort</td>
</tr>
<tr>
<td>• Engineered to Last</td>
<td>• Peace of Mind</td>
<td>• Durability</td>
</tr>
<tr>
<td>• Future Performance Available Today</td>
<td>• Enduring Quality</td>
<td>• Credibility of label</td>
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**BEST PRACTICE FINDINGS: CHALLENGES TO MARKETING GREEN**

**Challenges to Marketing “Green” and Green Homes: Consumer cynicism (Greenwash Backlash) and misconceptions about energy efficiency**

**Reaching Customers**
- The biggest challenge in building a green brand is getting buyers to believe you.
  - When selling green products: don’t overdo it, don’t be vague, don’t use too much “techno-jargon”, and practice what you preach.

**Customer perception of energy efficiency**
- Customer misconceptions of energy efficiency:
  - 71% think they don’t use more electricity today than they did 5 years ago
  - 50% think their homes are already efficient
  - 91% claim they’ve already changed their habits to save energy
  - Expect to save half of their utility bill after a $4,000 investment
## BEST PRACTICE FINDINGS: MARKETING SOLUTIONS

### Solutions for Marketing “Green” and Green homes: Effective advertising and education to guide home buyers

| Reaching Customers |  |
|--------------------|
| Keep your advertising copy short and to the point. |
| ✓ Phrases such as “Go Green” or “Eco-friendly” are not specific or prescriptive enough for most consumers |
| Health-related concerns are very strong motivators |
| Sustainable behaviors are emerging as a new definition of what’s socially acceptable for more than half of Americans |
| ✓ Sustainable product marketers should connect to this driver in messaging and use this insight in their online search and ad placement strategies |

| Customer perception of energy efficiency |  |
|-----------------------------------------|
| **Overcome misperceptions about efficiency:** |
| ✓ Teach customers how to be efficient and earn the savings they want. Don’t assume they know how best to run their high-performance homes. |
| ✓ Offer and promote financial rewards and other incentives when you can |
| ✓ Don’t oversell savings - manage buyers’ expectations of how much money energy-minded features can save them |
Use *multiple marketing channels and play to the priorities of various typologies*

<table>
<thead>
<tr>
<th>Reaching Customers</th>
<th>Use a multi-pronged approach – just like no one message will speak to all, no one channel will reach all:</th>
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<tbody>
<tr>
<td></td>
<td>✓ Traditional print collateral - Brochures, yard signs, poster boards</td>
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<td></td>
<td>✓ Traditional media outlets - Radio, TV ads</td>
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<tr>
<td></td>
<td>✓ Newer media - Online sources are extremely effective – buyers do their research before getting to your door</td>
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<td>✓ Social media - Home builders must use to connect and communicate with prospective home buyers, current homeowners and valuable trade partners, like Realtors</td>
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<td>✓ Cooperative promotions - Prius and Home give-aways</td>
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<tr>
<th>Customer perception of energy efficiency</th>
<th>Understand what actually motivates buyers and play to it– and remember that there is no universal way to motivate everyone:</th>
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<tr>
<td></td>
<td>✓ Market to the different priorities and concerns of the different consumer groups</td>
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<tr>
<td></td>
<td>• Describe the comfort to sell the insulation</td>
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<td></td>
<td>• Use “creative” names for features so they resonate with buyers</td>
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</tbody>
</table>
New Consumer Brochure

Wall-to-wall comfort.
A better way to live.

Enduring quality. Better systems make all the difference.

Peace of mind.
The result of a home that’s built better.

Proven value.
A better investment for today and tomorrow.

Enduring quality. Better systems make all the difference.
Navigant Recommendations for Best Practice RNC Builder Sales Training Module

- Use multiple training formats
- Develop a builder sales training component
- Use Adult Learning principles and techniques
- Translate building science “Features” to “Benefits”
- Understand buyer types and preferences for energy efficiency
- Provide tools, “rewards” and “benefits” that support ongoing trainee interest
Questions?
CONTACTS

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