



D2.1. Research on homeowners' motivations, drivers and obstacles

RenoHUB H2020 project

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PROJECT PARTNERS

AACM: AACM Central Europe Llc

ENERGIACLUB: Energiaklub Climate Policy Institute and Applied
Communications Association

IMRO: IMRO-DDKK Non-profit Ltd

MCSTE: Hungarian Family House Owner Organization

MEHI: Hungarian Institute for Energy Efficiency

1. EXECUTIVE SUMMARY

Energy efficiency improvement projects are seen as part of 'home renovation': even though they are the most important (due to the magnitude of the investment and the immediate improvement in comfort levels), **they cannot be treated independently**, disconnected from the other renovation jobs that also take place. Therefore consumer needs in case of renovation projects are much wider than the offer of the One-Stop-Shop concept.

People who renovate their homes are primarily motivated by **advantages that offer immediate returns** (in terms of comfort, aesthetics, reduced energy bills, long-term peace of mind). Therefore, the 'theoretical' aspects of energy efficiency (being „green” etc.) do not yet affect people's decisions, which means that **communication should focus on the instant practical benefits of energy improvement**.

People typically renovate all three target areas of their homes (insulation, modernization of doors and windows and the heating system), though they sometimes do this in stages: they expect **the combination of these projects** to result in relevant, immediate and a long-term return on their investment. There are financial reasons behind intermittent renovation projects which suggests that **there is a huge need for information on available tenders and financial support opportunities**.

The most important **challenges** and **difficulties** associated with renovation projects are coming from its complex and multi-layered characteristics. There is a huge need for a accessing all the information required before and during the renovation process on one platform in a simple, transparent way. The promise of a more simple and clear project-management is essential in communication.

The target group, those who are planning to renovate and those who have already done so, covers the whole Hungarian population – and everybody seeks **tailored solutions**. The target group should be approached from the following segmentation factors:

- The special characteristics and needs resulting from the **type of property** to be renovated (the type of property, its usage patterns)
- **Demographic considerations** (settlement size, age and internet-savviness, and financial situation)
- The area to be renovated, the **type of renovation** and its complexity
- **Renovation experience**, the amount of support they demand

These complex segmentation aspects suggest the **diverse need of information** of different consumers, therefore the One-Stop-Shop website need to be clear and need to **orientate consumers quickly** based on multi-layered searching and screening.

The survey ran before and at the beginning of the COVID 19 epidemic. In light of the probable economic recession after the epidemic the financial factors are expected to become more important in addition to contractor supply and demand changes.

2. BACKGROUND OF THE DELIVERABLE

2.1 Objectives of the RenoHUB project

The energy demand of the residential sector accounts for approximately one-third of the final energy consumption in Hungary. The domestic residential building stock has an enormous potential for energy savings. Based on recent estimates, approximately two-thirds of the 4.4 million homes are energetically outdated, and with appropriate energy renovation approximately 40 to 50 percent of the final energy currently used could be globally saved. Besides the reduction of energy overhead, deep energy renovation of residential buildings is also a means to increase the real estate value. At the same time, energy refurbishment at large scale can significantly contribute to meeting the national climate and energy policy targets. According to estimations by experts, approximately 80-100 thousand apartments would need to be refurbished each year in order to prevent further aging of the building stock, whilst actual yearly renovation rate is far lower.

RenoHUB aims to trigger a significant upscale of the energy retrofits of the Hungarian residential building-stock. The project is based on the assumption, that the rate of the energy renovation of homes can be significantly increased by eliminating the technical, financial and legal barriers of the process and providing adequate technical support to the homeowners. The key project outcome will be the implementation of a Renovation Hub (RenoHUB) model that is based on a “one-stop-shop” scheme, aiming to support the energy renovation of the Hungarian residential building stock. The “one-stop-shop” model is proved to be powerful instrument to accelerate home retrofits, and it successfully works in several European countries. RenoHUB will consist of an Online Platform and network of information offices (called Information Hotspots). RenoHUB services will be able to seamlessly cover the entire spectrum of energy renovation process for both the multi-apartment and single-family buildings.

2.2 Objectives of Task 2.1

The purpose of the Task is to understand in depth what are the drivers/triggers and obstacles for homeowners to renovate their buildings (such as saving on the energy bill, climate awareness, increase of the value of the real estate versus the complexity of the process, limited access to information, lack of time, trust, expertise, etc.). However, on the understanding that homeowners living in multi-apartment buildings and in single family houses have distinctly different decision-making procedures, motivations and recognition of personal interests (e.g. collective vs. individual decision-making, cost saving vs. higher comfort, explicit target of energy efficiency refurbishment vs. energy efficiency refurbishment being a part of a more comprehensive renovation package, more flexibility

by single family owners in phasing of renovation activities), these two main building groups will be analysed, separately. As the decision-making process for multi-apartment buildings has been substantially more explored by previous projects, particular attention is given to single family houses under this Task.

Mapping of the personal decision-making process to invest own resources or to use external financing is part of the assessment. It is of particular interest to understand what are the personal motivations that lead to a decision to involve external (non-subsidy) financing for the home renovation, and how this process can be facilitated in specific ways such as provisions of targeted information, consultation, simplification of the application procedures, etc. and ultimately how the one-stop-shop of RenoHUb can incorporate a financing module.

From methodological point of view the Task anticipates focus groups research and parallel in-depth interviews with key stakeholders. Current report addresses the focus group research that was conducted by a market research company, Kantar Hoffmann Kft. (the “Consultant”) was selected for this assignment as a result of requesting a technical and financial proposal from three reputable market research companies.

2.3 Scope of the focus group research

The tasks and deliverables of the Consultant, in particular:

- To assess the barriers of energy refurbishment (e.g. attitudes and reluctance of those planning home renovation, their information needs, as well as the major financial, technical and other obstacles);
- To assess the drivers and triggers of energy retrofits (e.g. pressure to energy renovation, public subsidies, increase in comfort level, increase in real estate value, financial saving);
- To understand the perception and opinion of the participants of the research about the two key elements of the RenoHUb One-Stop-Shop model: the Information Hotspots and the Online Platform;
- To explore what types of information are required by the participants of the home renovation process.

Consultant fulfilled its services in two phases:

Phase 1: Exploration of drivers and triggers of residential energy efficiency investments (online blog); deadline: 11th March, 2020;

Phase 2: Assessment and development of One-Stop-Shop concept (focus groups); deadline: 14th April, 2020.

3. RESEARCH AIMS AND METHODOLOGY IN A NUTSHELL

The goal of the research was to explore how the owners of condominium apartments as well as the owners of detached houses feel about:

- the obstacles to energy efficiency improvement projects (e.g. their attitudes, fears, the information they require, the financial, technical and other important hurdles they face);
- the drivers and triggers of energy efficiency improvement projects (e.g. necessary renovation, government subsidies, increased comfort, growing property value, savings);
- the two main components of one-stop-shop concept, the offices (Hotspots) and the online platform (e.g. what they would use it for, what could add credibility to it, how much they would be willing to pay for the services, the style of communication they would want, the optimal look of the offices etc.)

In addition to the above, the survey aimed to explore the language of communication that is to be used as well as outlining the model in light of the above goals and tasks: what vision should be communicated in order to become motivating, what information should be shared through the online platform and what support future customers would require in general.

Research background

- mapping attitudes of potential customers
- concept testing a one-stop-shop system to support energy efficiency improvement projects, exploring the needs of the target group

Methodology

- online blog to gauge needs and explore experiences about renovation projects (20 persons, respondents from the capital and countryside)
- online focus group discussion for testing the concept (4x6 persons, people living in condos / detached houses in Budapest, after and before renovation projects)

3.1 Online blog phase

On-line blog: a continuously-moderated, 3-day discussion using a diary technique

Aim: mapping motivations behind energy efficiency

Sample: 20 respondents / blog

Sex: mixed

Age: between 30–56 yrs

Place of living:

- 14 persons from Budapest and the surrounding areas
- 6 persons from other major cities and their surrounding areas

Family status: mixed (singles, couples without kids, couples with kids and empty nesters)

Type of home improvement project: the three types mixed (minimum 5 persons / type)

- **They have conducted home renovation projects within the last 5 years comprising the following** (door and window replacement, insulation, heating modernization) **within the provided budget brackets** (in the case of detached houses: 2-12 million HUF / house, in the case of condominium apartments : 0.5-3 million HUF / apartment), they participated in the project as **decision-makers**
- They are the **owners** of the renovated property and maximum 5 persons rent out their property

3.2 Focus group phase

Aim: evaluation and improvement of the one-stop-shop concept by 4 online focus group discussions

Target group: 6 respondents / group

Place of living: People who live in Budapest and in the surrounding areas

Duration of discussion: 120 minutes / group

Sex: mixed (decision-makers)

Age: between 30–60 yrs

Family status: mixed, childless couple, couple with kids and empty nester

Type of home improvement project: the three types mixed (insulation, doors and windows and heating modernization)

- Renovated these aspects of their homes in the last 5 years within the provided budget brackets
- Planning to renovate (**1-2 persons have purchased their property recently**)

Group composition:

- 1) lives in a condo, they are planning some energy efficiency improvement project, empty nesters or over 50
- 2) lives in a condo, have already finished the renovation project, 30–50 years old

- 3) lives in a detached house and they are planning some energy efficiency improvement project, 30–50 years old
- 4) lives in a detached house, they have already finished the renovation project, empty nesters or people over 50

4. PERCEPTION OF THE ONE-STOP-SHOP CONCEPT

One-stop-shop concept was **received favourably, as it addresses the most important needs connected to home renovation**. Its main benefits are as follows:

- **Supporting decision-making** (complete range of information related to the renovation)
- The refurbishment process is **managed by one person**: simplicity, transparency, 'hassle free, → need for a dedicated project-manager (contact person)
- **Predictability** (time and finances)

Based on the benefits, the target group expects a service that is **not free – but supposed price can be a huge barrier for consumers**.

Consumers would not pay much money for the full service of the One-Stop-Shop: the price of the energy efficiency renovations is originally high, especially if there are no „tricks” included with the contractors. Financing by the different partners of the service provider is expected: the brands and contractors featured on the website would pay, rather than fee paid by the end user (similar to insurance companies). Using only the website for information-gathering for a symbolic price is only acceptable with further benefits coming from the website → personal profile after registration, possibility of saving templates, etc.

There is **a basic need for transparency and accountability in case of price** which can be executed with a clear paying method based on different levels of the needed services (precise and available prices for different services).

Everybody finds the **online surface as a source of information** very appealing, but only online-savvy people would actually get things done here. In addition to providing a wide range of information, the verification role of the online surface is very important, too, by providing an opportunity to **share experiences** and to give **authentic feedback**.

Information offices (Hot Spots) authenticate the service (the fact that they can also be reached in person generates trust), they are indispensable for the target group that prefers offline channels. Communication should eliminate the general preconceptions towards municipality background (slow, bureaucratic processes).

The target group of the service:

- **Primarily as a source of information:** those who are already in the process of refurbishment; have some experience; like DIY or are planning a less complex home improvement project
- **Primarily full service:** at the beginning of the process, before making decisions; inexperienced and do not like DIY; planning a complex renovation project or live in a detached house (more independence in decision-making)

Challenges:

- **The message of 'complex, full support' is problematic:** renovation is a more complex field than energy efficiency improvement → there is a need for including other services and fields related to home improvement, beyond energy efficiency (or at least channelling them)
- **Presumed extra costs:** the service fee is added to the renovation costs, being afraid of commitment, of being 'forced' to do certain things
- As a result of transparency and traceability, there would **be no room for 'grey' practices** (for example, they would have to pay the VAT, which is an 'extra' cost)
- **Credibility:** there is a general atmosphere of mistrust in the industry, the new service provider would not have any references

5. COMMUNICATING A ONE-STOP-SHOP SERVICE

5.1 General recommendations for communication

It would be important to also focus on **channels and touchpoints beyond energy efficiency improvement** because this field is integrated into home refurbishment. This service might be relevant at any phase of the refurbishment, so it would be a good idea to involve people **at any point of the customer journey. In addition to the online communication channels, it is a good idea to focus on traditional and offline channels, too:** the target group is really diverse, older people living in the countryside can be mainly reached via local, offline channels. There is a sense of general mistrust in the home renovation sector, so **personal recommendations have a very important role, lending credibility.**

'Word of mouth' is of key importance and it is a good idea to use similar communication solutions (e.g. brand ambassadors, influencers). Feedback from the users of the service and relying on them would be very important (they should tell others about the service).

5.2 Key communicational directions and contents

- **Clarity and simplicity:** both in case of communication and the structure of the website
- **Focus on immediate benefits:** the promise of 'energy efficiency' is a future benefit → in the case of refurbishment-related motivations (hooks), it would be important to communicate immediate personal benefits (convenience, visual attractiveness, reduction of utility costs)
- **Flexibility and freedom:**
 - The service provides support, but it is not restrictive, no commitment is required, it can also be used for getting information and nothing else, there would be no obligation to choose a contractor from the surface
 - The service can be accessed at any point of the home improvement journey and it can provide relevant support at any time
- **Credibility:** this is the greatest challenge in communication, so the credibility of the 'brand' and the services need to be supported by all possible means
 - Reinforcement of the presence of experts, focusing on kick-off energy assessment
 - Credible opinions and feedback, focusing on user experiences, visuals
- **Security: promising reliability, transparency and simplicity** (with respect to the improvement process, the contents of the service and the website)
 - Emphasis on **accountability** (not warranty!)
- **Customization:** due to the diverse target group and different refurbishment journeys, it is important to emphasize customizable solutions and bespoke support