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Developing the Marketing Plan

Interim Report of the Consumer Engagement Workstream

For Review

8 September 2009



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INTRODUCTION

It is government policy that all new homes will be built to a zero carbon standard from 2016. A definition for zero carbon was consulted on between December 2008 and March 2009 and Government has since announced that this will equate to a 70 per cent reduction in CO₂ (compared to 2006 Part L Building Regulations) with the remaining 80 per cent of CO₂ mitigated through the use of 'allowable solutions'. There will be a staged lead up to the zero carbon standard achieved through changes to the Building Regulations in 2010 and 2013 that will see a 25% and 44% reduction in CO₂ emissions respectively (compared to 2006 Part L Building Regulations).

The Zero Carbon Hub, in partnership with other organisations, has been charged with facilitating the housebuilding industry's delivery of this policy. Specifically, it is charged with "facilitating the mainstream delivery of low and zero carbon homes". Within the Hub, the Consumer Engagement Workstream is charged with working with industry "to help raise consumer awareness and generate demand for low and zero carbon homes".

From a start in February 2009, The Consumer Engagement Workstream, working with Sinclair Barnes Limited, has completed the following:

- creation of a two-stage Workplan to develop the Marketing Plan
- delivered the Stage 1 Report (The Marketing Context) in March 2009.

The Workplan and the Stage 1 Management Summary are appended to this document. This document is the interim and review document for Stage 2 – Developing the Marketing Plan.

Stage 2 Report

In Stage 1 we examined the Marketing Context into which the zero carbon homes debate has been inserted. In Stage 2, the Hub - again working with Sinclair Barnes Limited - is seeking to assist industry to actively influence and craft that debate – and specifically to create a marketing plan to engage the consumer. This document reports on the status of that work.

Specifically, the document covers:

- update on recent work (in Appendix)
- analysis
 - what does this mean for industry and for consumers?
- conclusions
 - what are the implications within this context for new homes marketing and specifically for low and zero carbon homes?
- recommendations
 - 10 recommendations regarding the overall and ongoing marketing strategy
- draft strategic marketing plan
 - to turn the recommended strategy into action
 - to cover:
 - positioning
 - target audience – priority targets
 - messaging
 - message distribution
 - channels
 - marketing elements
 - media
- next steps.



Review phase

At the core of this document is:

- a set of 10 strategic recommendations for marketing to the consumer
- a proposed strategic marketing plan (draft for review)
 - to turn the recommended strategy into action.

The ultimate target of the marketing plan is the consumer who will be the final arbiter as to the take-up of low and zero carbon homes. However, industry – not consumers – will be the final implementers of the strategy and plan and therefore industry must be confident that the plan will work.

Therefore we are including a review phase to circulate this draft plan to industry, policy and influencer scrutiny prior to laying out the definitive proposed marketing plan and the recommendations for its implementation. We are anticipating that this review period will result in some additions and amendments – some strategic, some practical. The review process is outlined further in this document. Following this review phase, we will make required amendments and will issue a final version of the Stage 2 Report in October 2009.

Timetable

- | | |
|---------------------------------|----------------------------|
| • Draft Report distributed | 8 September |
| • Review phase | 8 September – 30 September |
| • Update post-review phase | 1 October – 15 October |
| • Definitive Report distributed | 30 October. |



ANALYSIS

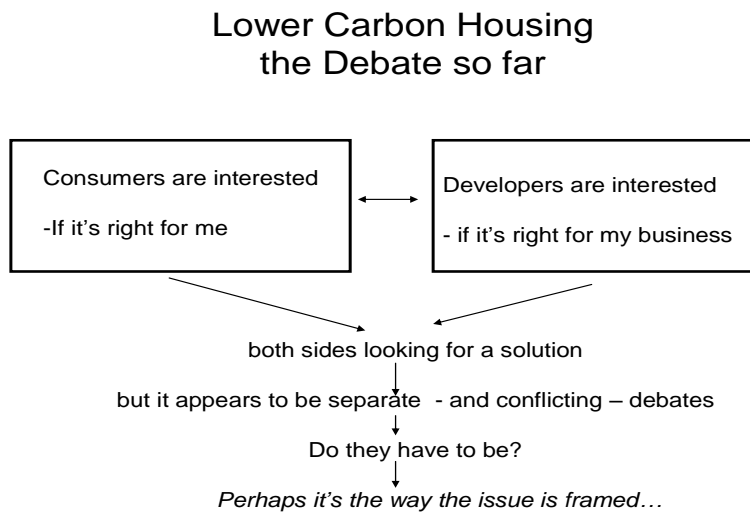
In this section:

- *Our starting point – overall strategic direction*
- *Gathering inputs from policy and industry*
- *Implications for strategy - what does this mean for industry and consumers?*

Our starting point

Our starting point was our previous Report for Stage 1. In that Report, we recommended that in order to engage with consumers, the propositions regarding low and zero carbon homes needed to be relevant and realistic.

We concluded that the current debate was polarized.



Consumers and developers are on different sides of an issue of supply and demand. Both sides are looking for a solution each on their own terms:

- For the consumer – “if it’s right for my lifestyle”
- For the developer – “if it’s right for my business”.

But we wondered - was this the only possible state of affairs? And is the problem not so much the issue as how the debate is framed? Are developers and consumers really so far apart on this issue?

To examine this, we looked more closely at the motivations of each side.

Looking at consumers, when people buy homes:

When people buy homes...

- They buy a home - not a cause
 - A life for my family
 - Vs an ecological statement
- They buy benefits - not features
 - A warm home with no draughts
 - Vs superinsulation and triple glazing
- They buy a product - not a hypothesis
 - Something they can see / experience
 - Vs a potential product in the future

... and a key gap now – where's the product?

A key gap for the consumer at this time is “where’s the product?” The majority of the low carbon housing options are not in (or are not perceived to be in) the mainstream market. Our research conducted for Stage 1 showed that most respondents have never knowingly come across a low(er) carbon house. This lack of visibility to the consumer is a key barrier to marketing homes with lower carbon profiles.

Looking at the developer’s side, when developers build homes:

When developers build new homes...

- They build buildings - not a cause
 - A product for the market
 - Vs an ecological statement
- They buy lifestyles - not just features
 - To appeal to buyers
 - To differentiate their offer
 - Vs existing homes
 - Vs their competitors
- They build a product - not a hypothesis
 - Something tangible even if of-plan CGI
 - Vs a potential product in the future

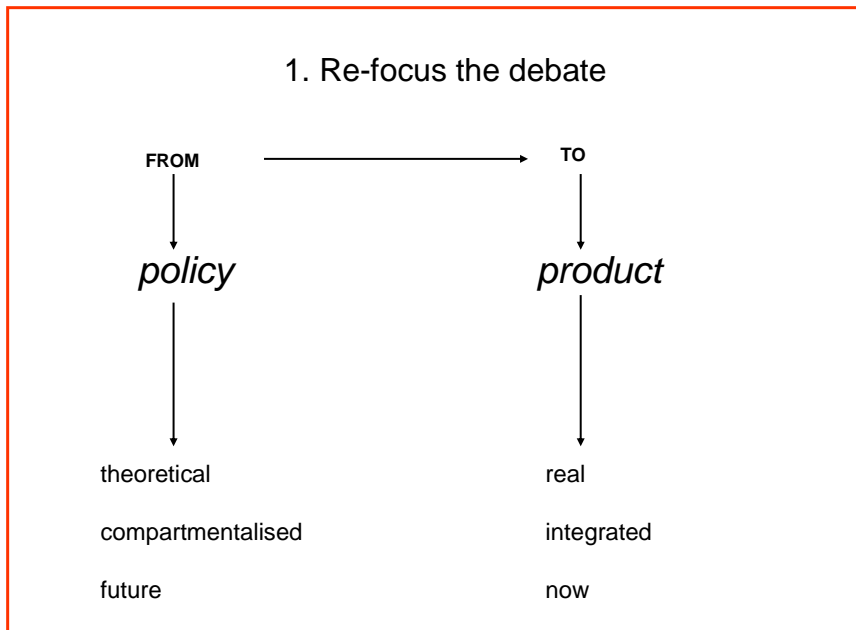


So how to reflect all this in a marketing strategy?

The answer we proposed was to create a customer-centric strategy that does two things:

1. Re-focuses the debate
2. Re-frames the issue.

Re-focusing the debate changes it from being simply a theoretical policy position – which is far from people’s lives - to a product focus – which homebuyers want and which they understand.

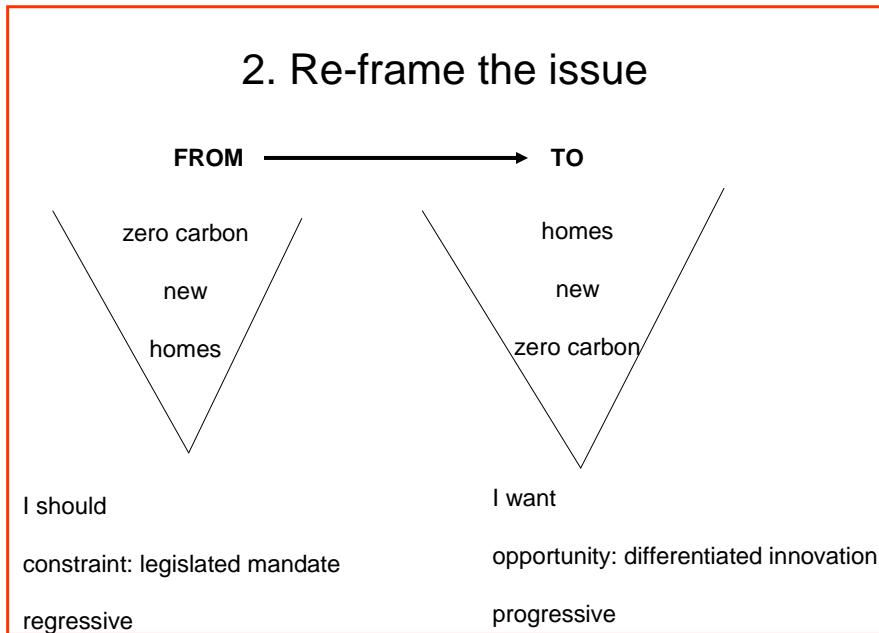


To begin to create a marketing strategy, one then needs to re-frame the issue from a “them and us” / “consumer vs. developer” issue to a strategy which realizes that there is a common motivation here – which is to have “homes”.

One of the characteristics of the debate – and both our review of reports and the media check at Stage 1 underlined this – is that the debate is currently articulated as:

- “Zero carbon homes” (or low carbon, or eco-homes, or green homes)
- as opposed to:
- “Homes which are zero carbon” (or low carbon or eco-homes or green homes).

So – we concluded - if we re-frame the issue, can we make the debate more motivating to all parties?



The difference is critical because as we've seen above, people want and buy homes not causes and developers build and sell homes not causes because that's how they grow their business. At the moment, the zero carbon debate seems to be casting a negative stranglehold on progressing what could actually be a motivating opportunity for both sides by tapping into the innovation, better build possibilities and therefore better product possibilities that exist.

By reframing the issue from the negative to the positive, one can totally change the tenor of the debate from:

- **The negative**
 - zero carbon homes
 - something I should buy / I should build
 - legislated – so not my choice
 - regressive
 - consumers see this as a sacrifice on current liveability
 - developers see this as a restriction on business

to a much more motivating scenario of:

- **The positive**
 - homes – that are zero carbon (or in the lead up, some proportion of that)
 - something I want to buy / I want to develop
 - progressive
 - using innovative techniques and supplies
 - to build a better product / create a better lifestyle
 - and also minimise cost, environmental impacts, waste etc.



In doing so, one also then re-frames the proposition:

Proposition follows naturally...

- From the demand side – the consumer
 - *“ I want to buy a home for me and my family. I like the idea of a new home which has advantages for me over an existing house. And I want it to be built to the most modern and effective standards – in all ways including being better for the environment”*
- From the supply side – the industry
 - *“ our business is to build and sell mainstream homes – and specifically new homes. We will differentiate by building these homes to increasingly higher standards in building, lifestyle amenities and community life - in all ways including being better for the environment”*

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Gathering inputs from policy and industry

Following the circulation of the Stage 1 report, the Hub began to gather reactions and inputs from industry, policymakers, and influencers of the debate. Additionally we continued to collect consumer input particularly regarding current and previous housing “initiatives”.

Our objective was to “test” our theories in terms of implications for strategy, specifically:

- overall direction – was there basic agreement or significant disagreement?
- practicality – could the theories be turned into action – were there barriers?
- structural – what industry structures, plans, programmes existed or were planned which would affect a potential marketing plan?

We also initiated a process – which will now be an ongoing Hub activity – of examining how this or similar issues have played out in other markets – both geographical (especially in countries with a roughly similar housing ethos to the UK) and also within UK non-commercial markets – for example social housing where there is an increasing stock of installed product. Our objective here is in terms of benefitting from lessons learned and in terms of a heads-up on issues we will need to consider going forward.

Specifically, we have initiated:

- a process of ongoing feedback and input from industry & government
- a market investigation among the UK’s top mainstream builders and developers as to how lower carbon developments and features are currently marketed and how our proposals will impact and must integrate with brand marketing
- a collection of comparisons with other markets regarding what lessons can be learned.

An update of work to date is listed in the Appendix to this document.



In the next several pages, we will consider the implications for strategy of what we have learned.

Implications for strategy

The reception of the Stage 1 Report was overwhelmingly positive.

Overall direction

At a basic level, this reaction confirmed that at policy and at industry level, there is broad consensus on the Hub's findings and analysis. More fundamentally, and as one housing expert said, "the Report has been a catalyst for us to think of this issue in a different way".

In fact, since publishing the Report, some of its key messages have been incorporated into mainstream thinking in both industry and policy circles, specifically:

- homes vs. zero carbon homes
- homes people want to buy vs. homes people feel they should buy
- product not policy
- the need to normalise sustainability within housing
- benefits not features
- the need for a consumer-led marketing plan vs. an industry/policy-forced plan.

Additionally and of key significance, has been the endorsement – especially by policymakers - that this same strategy could be applied to all homes (new & existing, owned and rented, commercial & social) as opposed to just commercial new build. As we will explain in this document, this constitutes a major step forward – not only for the lower carbon initiatives for the housing market as a whole but specifically for the new build segment. Without this wider platform, any marketing strategy for new build risks being isolated from the overall housing market – a situation which would confuse the consumer and be counterproductive to industry. As we will see, a joined-up approach actually works in favour of the new build market.

Having said that, endorsement is not the same as action. In many ways, industry and policy are working to different agendas and as a result have different priorities. For industry, the agenda is to sell homes. For policy, the agenda is to deliver targets. Long term, these different agendas can come together. Short term, the different agendas often conflict especially as to messages and timelines to deliver on objectives.

Fortunately what supersedes both is the consumer – whose agenda is good affordable housing built to the best possible standards (including environmental). It is the consumer's agenda – not that of policy or industry – which needs to drive the marketing plan. That is a benefit in the marketing plan as it will create a clear, directed focus.



Practicalities and structures

If the reaction to the overall strategic direction was overwhelmingly positive, our investigations into the practicalities and structural issues regarding delivering a marketing plan identified significant issues which as yet have not been decided and which until they have been, constitute barriers to implementing any marketing programme. Specifically:

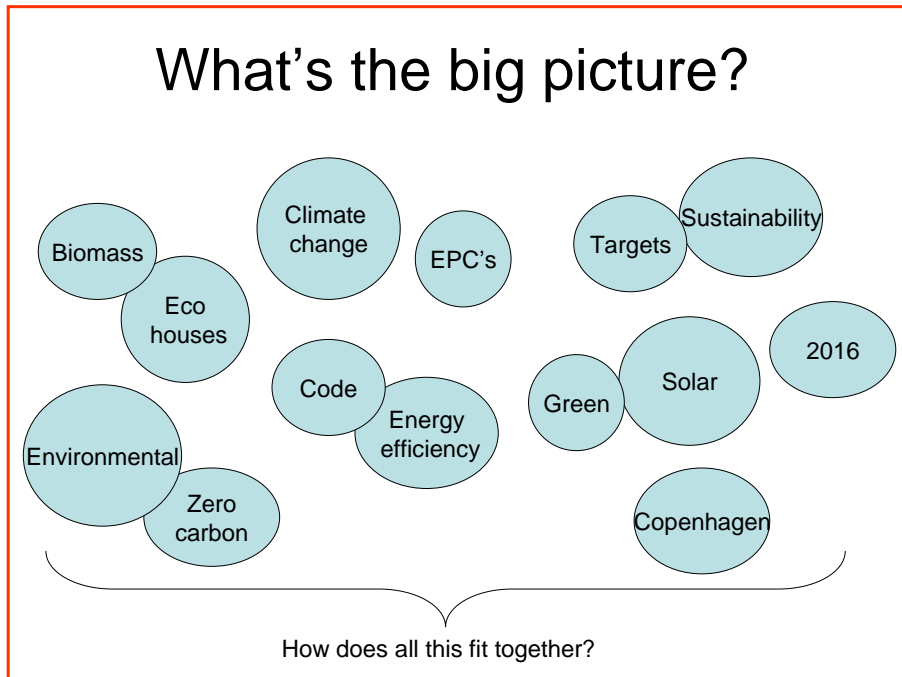
- the core product descriptor
 - no definitive answer as yet to the consumer question of “what does a (mainstream lower carbon) house look like?”
- lack of critical mass of product
 - “where can I buy – or even where can I see – this type of home?”
- the delivery channel for the marketing messages:
 - the Hub is a facilitator to industry. It is not a consumer-facing body nor is it a promotional body
 - discussions are in place but not completed, as to which industry bodies (existing or newly-created) will carry the message:
 - to the consumer
 - to the different influencer audiences
 - to industry itself
 - regarding internal marketing programmes
 - for example, sales force education.
 - before a plan can be implemented, these channels need to be agreed and the plan needs to be finalised in conjunction with them.

None of these are insurmountable issues and we know discussions are proceeding on them all. However, agreements must be reached in order to sign off a definitive marketing plan. Therefore, in this document we have discussed and made recommendations on these issues and propose that the review phase will result in finalizing many of these issues.

We will also refer to these in the next section in which we discuss the various implications for the marketing strategy based on our investigations to date, the required actions to address these and the actions the Hub is already undertaking.



Implication 1 - Where's the vision?



Zero carbon targets have attracted the criticism, particularly in the media, that it is unclear how the UK will achieve them – “how will we get there?” However an equal – or maybe greater – issue for the consumer is “what do you mean by *there*?” “What’s the big picture?” “What is it the UK is actually trying to achieve?” In marketing words, “What’s the vision?”

Our current investigations – and work at Stage 1 – consistently show that consumers acknowledge a problem (the effects of climate change) and the need for an effective and substantial solution. In fact, in the build-up to the Copenhagen summit, there is an increased mainstream focus on the issue. However, what consumers do not perceive is either a product – or more fundamentally - an overall, practical vision either for the UK’s response to climate change or for the housing (new or existing) component within this. As such, government targets – and even developers’ efforts at promoting sustainable features - are usually perceived as isolated, often political and sometimes PR-driven tactics. Genuine industry initiatives – while individually many are applauded - appear experimental and not wholly relevant to consumers at this time. There is a sense of future possibilities but little sense of mainstream solutions today.

An overarching common vision is a vital requirement in terms of engaging and motivating the consumer. Without some commonly held mental picture of what their world – and their homes – will look like in the new housing world the government is proposing [“what does a zero carbon home / world look like?”], consumers do not have the information, the motivation or the confidence in these measures to join the dots and see a solution with which they can engage. The current housing crisis has exacerbated this – though it did not cause it.

In turn, the consumer's lack of evident demand has a direct and negative effect on industry's willingness to jump to achieve the ambitious targets set. Lack of this overall consumer context hampers industry's efforts by failing to provide the bigger picture against which their brand-specific initiatives would be understood and valued by consumers.

Why the gap? Mainly because the debate has not to date been targeted at the consumer. The discourse has been at policy level or at industry level. Media coverage has tended to be more about the politics of the issue than about the practical "what does this mean for me?" aspects. Yes, the political and industry audience is aware of the big picture – whether they agree with it or not. But because the debate has been played out and articulated in this internal realm, the issues, language and examples have been largely policy or industry driven.

Where the consumer has been targeted with low carbon housing messages, this has mainly been at individual brand level. In some cases, developers are using eco-credentials as a differentiator (with each brand using slightly different terminology to describe its offering). But from our discussions with developers, we know this is a hard sell as consumers rarely have sufficient knowledge to value the initiatives or pay the premium to acquire them. For a developer going down this route could actually be counterproductive if doing so singles them out as a more expensive or more complicated option.

We have spoken previously about the need to normalise sustainable features. The only way this can be achieved is if the market is working together to a level playing field – that is, if the housing industry at a generic level – as opposed to new build alone or individual brands alone – is all moving and seen to be moving in the same direction and toward the same ends. And that these ends fit in with the overall direction being set by government.

In other words, a common vision that the consumer can understand and buy into – and that developers can sell into.

This overall vision is actually beyond the scope of a Consumer Engagement Workstream in a sub-set of the market – zero carbon homes. However, as our work cannot proceed without this context, we are working with the housing industry as whole and relevant government agencies to articulate this vision as a means for creating The Big Picture which consumers need to see.

Required:

- articulate the vision by translating the government policies and industry housing goals and initiatives into an overarching and generic consumer platform
 - pan industry not brand-by-brand
- create plans to disseminate this consistently at all relevant levels
 - macro – UK housing
 - new build – generic new build communication
 - brand specific – tailored by each brand to support its product.

Hub actions to date:

- meetings held with policy makers and industry to agree and articulate this strategy overall
 - and identify segmented messages regarding new, existing etc sub-groups
- project in place to test resulting consumer terminology and language



Implication 2 – What’s the consumer proposition?

What’s the product?

What does a low carbon house look like?

Allied to the need for a commonly held vision is the need for a clear consumer proposition.

Much has been made of the need to identify the messages one needs to target at the consumer. What is the message around zero carbon? Around solar? Around biomass? Around labels?

In fact, there is a more fundamental and overarching issue – that being, what overall are consumers being offered / being asked to buy? What is a low or zero carbon home? What is the consumer proposition?

Developers’ concern is that there is not a market for low carbon housing. What consumers would counter is that there is not a market *in* low carbon housing and certainly not at a pricepoint that buyers other than the truly environmentally-committed would be willing to pay without some form of grant or subsidy.

At this stage, both consumers and developers are right. So the implication for a marketing plan is that the job is more fundamental than simply creating demand. It is actually creating the market in low carbon housing. And within that creating a consumer proposition.

We strongly believe that the proposition should be built around homes – not around zero carbon homes, or green homes or any other subset of homes. The mandate of the Hub is to deliver a mainstream solution not a niche or specialized solution. Therefore whatever developments in sustainable features should be available to the widest portion of the households and across the widest reach of housing types.

This leads us to believe that integrating sustainable features within the entire housing stock is a more motivating and realistic consumer proposition than creating a new subset (green homes/ eco-homes) with these same features. This will obviously need to be a progressive strategy over time with the ultimate goal that every home reaches a carbon neutral level.



While this needs to be a housing-industry wide strategy, it actually provides new build with the opportunity to create industry leadership. By offering these new benefits at the outset and without the hassle factor to the homebuyer, new build can appear the stronger consumer proposition against existing stock. So instead of a totally different consumer offer, new build would become simply a better offer – a better consumer proposition. In terms of the marketing plan, this is a very strong platform – and one which can have the advantage of factual proof to back up its claims.

This is something we discuss further as we progress through this document.

Required:

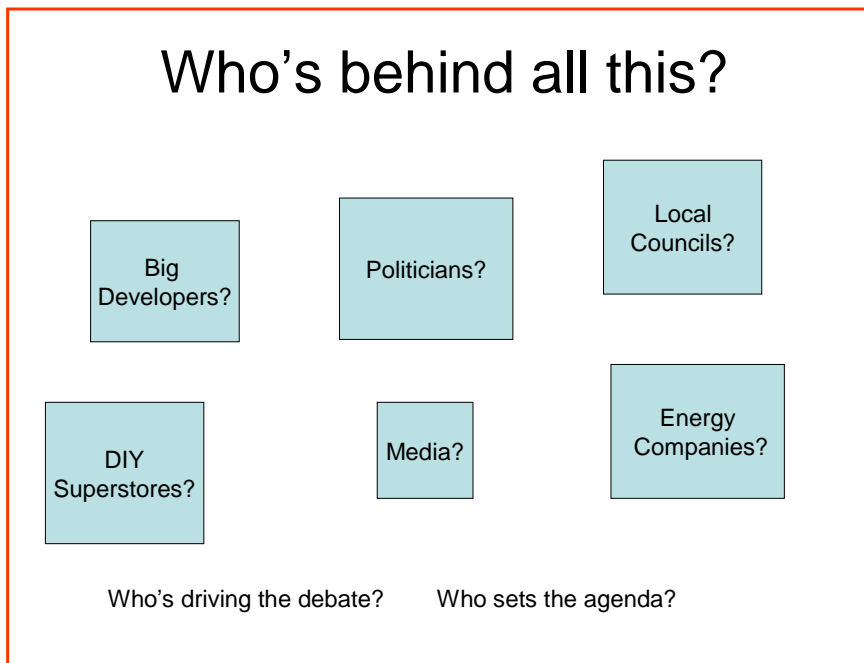
- create a homes-centric consumer proposition that integrates low carbon features across the housing market - as opposed to creating a new low carbon subset
- take advantage of new build's "new-ness" to demonstrate a leadership position on this issue

Hub Actions:

- working with other workstreams of the Hub to develop comparisons new vs. existing in terms of performance regarding energy efficiency running costs, ease of maintenance to provide real consumer-level proof to demonstrate how new homes with sustainable features are a better consumer proposition
 - with possibility of a benchmarking tool.



Implication 3 - Who's driving the debate?



In terms of creating an overarching vision – a big picture for the consumer - the issue is complicated by the fact that where “solutions” exist in the consumer’s mainstream world, they appear to be authored not by the government – or by the housing industry – but by organizations with their own agendas, for example by commercial concerns such as energy companies or by activist organizations.

The recent Green Britain Day is a case in point. Conceived, organized and funded by an energy company, it was a well-conceived, well-executed, broadly-cast and high-profile exercise designed to encourage consumer engagement. As an initiative in raising awareness of climate change and some of the solutions, it should be applauded and clearly energy companies and other organizations should be encouraged to take such actions.

However, in many ways, it constitutes a problem for low carbon housing in that it sets up in the consumer’s mind, the energy industry’s “ownership” of the green agenda with regard to housing – or at least energy used in housing. This is not the fault of the energy companies so much as an omission on the part of the housing industry of any comparable consumer communication or initiatives.

Another example is the recent Climate Change Camp. Whatever one thinks of the mechanism of a protest camp, this initiative had broad popular support for its cause. Additionally, it took place against government’s call for a broad popular movement to push the environmental agenda to the fore in the way Make Poverty History did to “allow” governments to increase initiatives to alleviate Third World development.

There is no question that the level of debate itself is going mainstream and housing must be seen to be at the forefront. To engage the consumer and encourage the mainstream take-up of homes with lower carbon profiles, it is critical that the agenda is driven – and seen to be driven – by a partnership of government and the housing industry. The ground should not be ceded to other agendas.

This has two implications for strategy. First, promoting this agenda to the consumer needs to be channelled through a high-profile, consumer-facing body with a homes (not zero carbon homes) mandate. As the Hub is not such a body (it is industry-facing and specific to low and zero carbon), it would need either to:

- establish a separate consumer-facing, homes mandated offshoot
- or engage in a collaboration or partnership with an existing organisation with this homes mandate.

In the first instance, the Hub is discussing a potential collaboration with the New Homes Marketing Board (NHMB) which is the obvious partner for this issue. The NHMB's mandate is "to raise awareness of the benefits of new homes to the general public". Funded by the House Builders Federation whose members build 80% of new homes in the UK, the NHMB is the voice of the industry to the consumer. The NHMB runs national marketing and media campaigns throughout the year including the annual New Home Week. With these promotional channels already in place, the NHMB would be an ideal partner for the Hub in raising consumer awareness of the benefits of lower carbon homes.

In discussions to date, the collaboration appears to be good fit and there are good possibilities to use the strengths of each organization to promote this issue as it progresses to 2016. The Hub's specialist knowledge on the low carbon issue and its horizon to 2016 fits well with the NHMB's ability to get the messages as they happen out to the consumer both via national and local media and also via its membership.

Before this partnership can be agreed, further discussions are needed to look at how this collaboration could work, how the roles would be divided and to examine the resource and budget implications. Initial discussions have gone well and are ongoing. Part of the review following distribution of this document will involve the NHMB.

Second, marketing must be in consumer terms, in consumer language and driven by benefits as opposed to features. Such marketing needs to have a consumer tonality. It should not come across as a "public health" type campaign. The objective will be to make consumers want to buy not feel forced to do so.

Required:

- identify a communication channel which is high-profile, consumer-facing and has a homes mandate
- in partnership with that organization / channel create consumer campaigns with sufficient impact to own the low carbon issue within the housing market

Hub actions to date:

- the Hub is in discussions with the New Homes Marketing Board on this issue
- the Hub is co-funding a project on consumer terminology on this issue.



Implication 4 - Constant innovation motivates consumers – radical change does not

As stated above one of the implications for strategy is the need for an effective consumer proposition. We are suggesting that integrating sustainable features within the entire housing stock is a more motivating and realistic consumer proposition than creating a new subset (green homes/ eco-homes) with these same features. This will obviously need to be a progressive strategy over time with the ultimate goal that every home reaches a carbon neutral level.

A key support for this suggestion is that this is consistent with consumer behaviour which is more receptive to constant innovation than to radical change – especially in connection to something as critical as their home.

In our previous Report, we stated that consumers generally support the agenda to make homes more sustainable. But as we have seen, they do not currently see an effective solution. They are in wait-and-see mode. They see the issue currently in terms of “should” (or even, “I’m being told to / forced to”) not “want”. They also see the issue in large part as an issue for tomorrow not today. All of which makes it difficult to sell in green / eco / sustainable issues at point of sale.

Further investigation since our initial Report backs this up.

Our interviews with consumers – and particularly with existing residents of homes with green/eco features – found that while they were “nice to have”, sustainable features had little bearing on people’s home-buying decision when buying a new home from a mainstream volume builder (this in itself is not news – developers know this already). In fact, we’ve found that the presence of some lesser-understood features (bio-mass boilers for example) actually have been putting some buyers off if they thought these would be more complicated or more hassle than conventional technologies.

However, the picture becomes more positive when speaking to buyers (now residents) who have experienced several months minimum in homes with some sustainable features installed and integral to the home. In our discussions we’ve found that while few residents speak of the actual features in use (or indeed, have the technical vocabulary to do so), these residents are noticing and can articulate benefits in terms of livability which are in fact, caused by the sustainable features. The residents generally do not explain the benefit in this way – that is, they discuss the benefit without always knowing the cause (feature).

For example, in several interviews, conducted in one development, residents said they loved the fact that the rooms were very light (which was something that surprised them generally in a new build house). They did not seem overly concerned with why. The developer (though not the residents) could tell us that this was due to better insulation and higher-spec windows which allowed a larger window area which both enhanced the feeling of space and light and also reduced the need for additional artificial light. For the residents, this was just a welcome and well-perceived benefit. (And for the developer, the light and spacious layout was a key selling point).

In another development, a resident who had moved from an older home (and described herself as “really an older house person”), the benefits were the even heat and the lower utility bills. As she said: “I’d never had these advantages in a home before – now I’ll always insist that my homes are like this”.

In other words, these benefits were now normalized (and in these cases, preferred), for residents who had experienced them.



Another aspect of the way residents describe their new homes is that they speak of individual benefits – light, heat and so on – as opposed to saying they live in a green / eco / sustainable home. In fact, it appears as though green / eco (zero carbon?) homes mean something quite different. As one resident said “no – it’s not an eco house – that’s for those people who build it all themselves – this is just a normal house”. What this suggests is that incremental innovation (as long as the benefits are positive) are motivating in themselves as they are improvements on the familiar whereas green homes / sustainable homes or any other macro or official definition may be too radical – too big a leap. These buyers certainly saw their homes as mainstream.

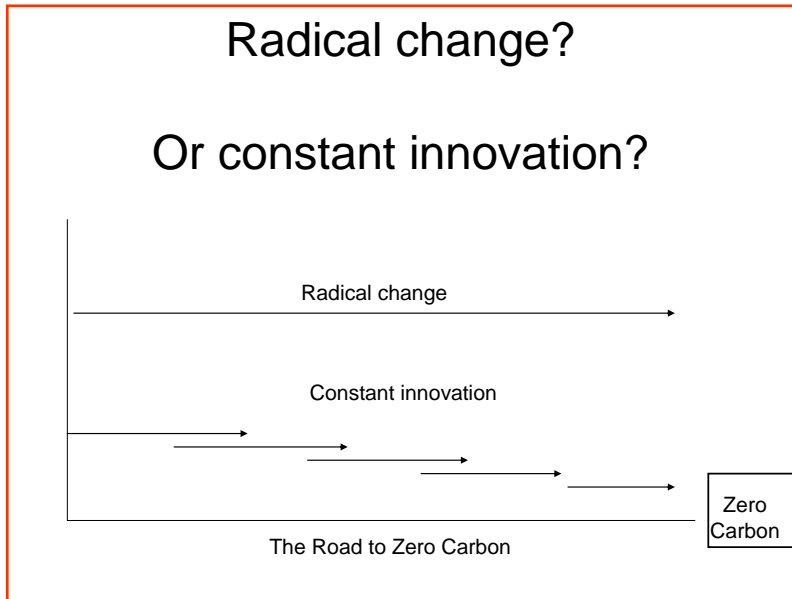
This thinking also suggests that there is a hierarchy of innovation that consumers will see as improvements and innovations as opposed to radical leaps. Currently, better windows, higher levels of insulation and solar panels are valid sustainable features which appear to be motivating (or at least acceptable) to new home buyers in a way that biomass boilers are not yet. This suggests that there may be an order in which features are integrated into new build for maximum take-up. Likely this will also correlate with the feature’s suitability as a building material / technique - both re technical maturity (neither buyers nor builders are keen to be guinea pigs) and their costs both to install and maintain.

While this thinking is based on consumer behavior, it is good news for developers as it suggests constant innovation is a more motivating consumer platform than radical change. In business terms, this makes it more achievable, takes account of the fact that different developments will lend themselves to different innovations (as opposed to a single prescriptive template), allows for brand and development differentiation and also makes more sense financially in terms of the required changes and learning curves regarding new materials, new skills and new building methods.

And regarding government targets, while this strategy looks like a slower burn, it will likely actually be faster. If both consumers and industry buy into this constant innovation, it will normalize behaviour (consumer and developer) sooner. In creating demand, it will also encourage and increase the level of innovation on the skills, materials and maintenance side. In fact, overall, in creating positive momentum, the idea of constant innovation will serve to accelerate the move to homes with lower carbon profiles in a way which mandated targets alone will never achieve.

Again, there can be a real advantage for new build in that innovations can be designed and built in from the outset as opposed to existing homes where they would need to be retrofitted. Another advantage would be that developers could also work to constant innovation. By installing the right technologies for the development at hand as opposed to waiting until their homes were above a certain Code, developers could innovate, could differentiate and could take advantage of a growing consumer background of increasingly sustainable housing.





In terms of a marketing plan, constant innovation and consumer-focused articulation should set the campaign agenda. Within an overall theme of constant innovation, specific campaigns could be built around one innovation at a time – beginning with the most market ready or market mature. Essentially a roadmap to ultimately carbon neutral homes. While these campaigns could overlap, the overall message to the consumer would be one of constant innovation backed up by real product (and maintenance and backup) choices as opposed to a broad and somewhat wooly zero carbon concept which will just confuse.

Constant innovation and consumer-focused articulation should set the tonality. Benefits should lead. Features should support, be well explained and allow for different levels of detail regarding explanation and interest in the technologies. Some people will want none. Others will be very interested or will demand more proof. For some, it may be a condition of financing or grants. Most importantly however, it will be answering a consumer need – not forcing unwanted information.

Required:

- translating features in to consumer benefits
- creating a road map of constant innovation to benefit both consumer and developer
- aligning with policy directives, such as changes in building regulations (2010 and 2013)
- aligning with infrastructure support and financing
- aligning with skills, materials and maintenance.

Hub Action:

- interviews are scheduled through September with developers and their residents to flesh out these specifics
- working with Zero Carbon Hub Skills and Training Workstream on an innovation roadmap.



Implication 5 - Industry must seize the opportunity of a “new normal”

One signal of the feeling of industry toward the zero carbon issue has been the tenor of the meetings during the course of this Hub project on Consumer Engagement. This has ranged from positive endorsement and buy-in to the overall strategies to instances of real and vocal annoyance that a detailed promotional and sales plan is not immediately in place to drive sales of mainstream low and zero carbon homes.

One can understand the frustration. There is a very real sense that in the UK, targets have been mandated without direction, support or infrastructure to enable industry to achieve them. Moreover, this has occurred against a backdrop of the worst housing market in anyone’s memory.

However, it is these very circumstances which make it foolhardy to rush into a hasty or overly prescriptive solution. Without doubt, there needs to be a sense of urgency. But equally, this urgency needs to be linked to a re-think into the usual marketing strategies and conventions of the housing market.

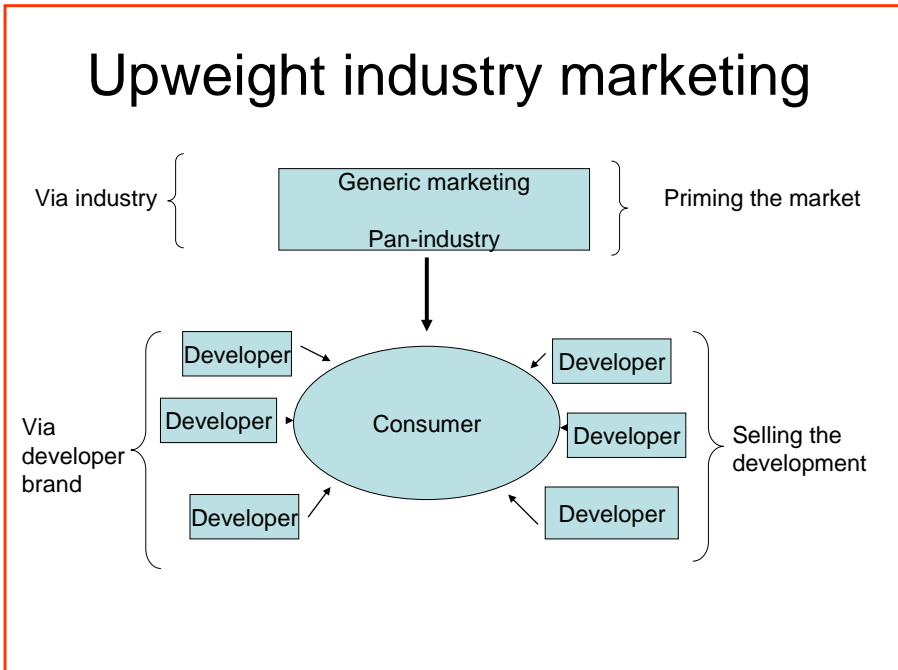
In a very real sense, both the economy in a macro sense (including the tightness of mortgage markets) and the global search for a response to climate change (which regarding the UK’s response is unlikely to change substantively even in the advent of a new UK government) means that for the mainstream housing markets, things will not soon – if ever – return to “business as usual”.

What they will return to is a *new normal* – which will include new building codes encompassing sustainable features, new materials and new methods of construction. To respond to this, business models will have to change and there will undoubtedly need to be a level of investment – both funded by builders and subsidized by government – until that new normal is achieved.

One implication of this new normal is that developers - both as individual brands and as an industry - must re-examine the way new homes are marketed.

The new normal – and consumer demand for constant innovation (as above) - means that consumers as potential buyers will need significantly more information about new homes in general and in a generic (non-brand) sense as opposed to just information about the features of one development over another. It will also mean that marketing will need to have a larger industry-level role in priming the market while selling retains its role in closing the deal. This is a pan-industry imperative and one which will require some fundamental new structures and industry alliances. Certainly the task is bigger, more fundamental and more strategic than simply creating a new zero carbon promotional plan.

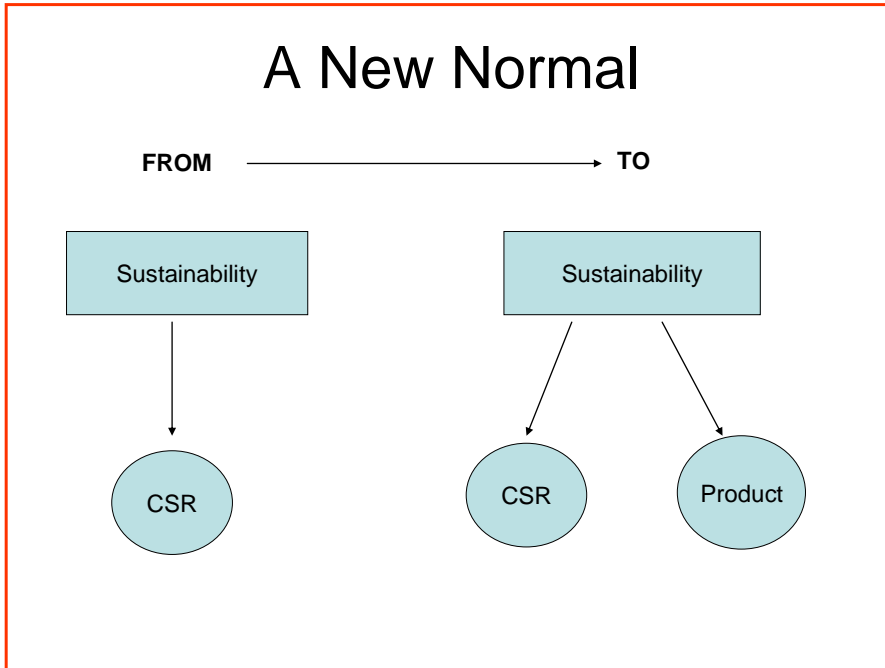




Additionally, marketing will need to address more than demand (consumer engagement, need for marketing materials and so on) but also address supply. The greatest barrier now to the take-up of sustainable features is not lack of consumer demand but lack of consumers’ willingness to pay for features which are perceived as expensive and often unproven in a mainstream sense. Until these costs come into line, no amount of consumer marketing, Consumer Engagement or otherwise will move this market. Developers will (as now) be unwilling to invest in expensive elements which consumers are not demanding. There will continue to be a gap between supply and demand.

While focus on the supply side falls outside the remit of the Consumer Engagement Workstream, aligning consumer marketing with initiatives to accelerate the supply side should be a given. Within the Hub this has already begun and the Consumer Engagement and Skills Workstreams working together will ensure that this continues.

A further issue for developers is that they will need to re-position “sustainability “within their business models. In our discussions with developers, it is common to see that most have sustainability firmly positioned as Corporate Social Responsibility (CSR) as opposed to as product – so it’s not yet on the build side. We are in no way denigrating CSR and there are valid reasons for sustainability being part of that mandate. Rather we are making the point that in the new normal, sustainability will also need to be applied to product – and in different contexts such as building regulations and standards. One implication is that there may be confusion if consumers and developers are not speaking the same language on this. This is an area we plan to examine further in our discussions with developers.



Required:

- a greater concentration on pan-industry strategic and generic marketing to prime the market and support individual brands' marketing and sales
- aligning the skills and materials side with the marketing effort
 - to assist in turning new technologies into genuine consumer housing options

Hub Action:

- the (draft) marketing plan outlined in this document is structured to upweight generic marketing while giving greater support to developers' brand marketing
- the Hub's Consumer Engagement and Skills Workstreams are working together to align (consumer) demand issues with (skills and materials) supply issues

Implication 6 - Media – is it “too soon?” for the low carbon homes message?

Whatever the final laydown of the definitive marketing plan, a key component will be utilizing the power of the media in disseminating and building interest in homes with a lower carbon profile.

This is absolutely critical in the UK where the media is a key driver of consumer knowledge and interest in the property market. Apart from personal experience, much of what UK consumers know about housing is media-driven. Additionally, “Property” as a media topic shows little signs of slowing down even while the property market itself has stalled.

However, to date, sustainable housing – whether referred to as green/eco or whatever – has not become a consumer media topic in anything but a niche sense. As one consumer journalist we interviewed said “it’s too early for this message – there’s not a lot of (commercial housing) product for people to see”. While this is a current and well-covered issue in trade media and political news, for the consumer, it is not yet mainstream. As we mentioned in our previous Report, most consumer titles and programmes relegate “green” to special, niche columns and segments.

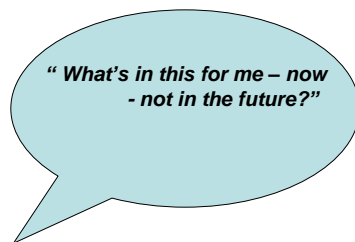
This is not to say that green/eco/low carbon is not a story in its own right. It is. And it is clear from most interviews we’ve conducted with journalists and programme makers that it is an issue most are very keen to cover as it develops. However to engage the consumer (and the media itself), the issues and innovations need to be positioned in a real-life housing context that increasingly normalizes the opportunities as opposed to keeping them in future-oriented, niche mode.

Additionally, there is a requirement in consumer media to highlight the most market-ready innovations so that innovations can be set within the context of developments currently in the market and therefore available to consumers.

Language is also key. As another consumer journalist said: “I’m put off talking about a Code. If you build a warm house, that’s tangible and I understand. Builders and consumers should be talking the same language”. This is not the case at the moment where the debate is largely conducted in industry-speak.

How to engage the media?

Answer the question their audience will ask:



Essentially, media needs to see the issues portrayed in ways that are relevant to their audiences – that will answer the questions their audience will ask “what in this for me at the moment, not in the future?”

Another key to increased media take-up is more generic information. As another consumer journalist told us “in editorial, we won’t cover one development or one brand specifically – so we really need information that’s unbiased – that’s looking at these as an industry - not selling X or Y development”.

An exception is local media – which will cover X or Y development if it is saying something of interest to the community (“an exciting new development” etc). Local coverage is critical in respect of selling the development but is not enough in itself to drive large scale awareness and desirability of the overall concepts. For that, one needs the larger reach and larger scale of national media delivering the generic message. In fact, against a backdrop of greater consumer awareness of the concepts, local media would work even more effectively.

In terms of the marketing plan, consumer media will be a key channel for the low carbon housing message going forward. But industry must take the lead and not wait for consumer media to come calling. This requires development of a compelling narrative, real life examples and consumer interest stories to back it up and a strong media contact strategy to distribute the message. Equally important is that these narratives are positioned as mainstream housing / property angles as opposed to being limited to green / eco / low carbon angles.

Required:

- a strong generic pan-industry media plan
- direction and support within that plan for linking with and supporting developer brands own media efforts
- positioning within wider housing / property sections as opposed to green/eco columns and programmes

Hub Action to date:

- interviews with developers (September) include gathering material on which to craft consumer media angles
- beginning a programme of media investigation to help create story angles and media titles

Implication 7 - The labelling issue is largely irrelevant to the consumer

Without doubt, consumers expect the homes they buy to measure up to agreed standards of efficiency, safety and so on. Also they expect these standards to be set and enforced by the industry – or some combination of industry and government. Beyond that, standards, codes, labels and other categorizations are largely irrelevant to the consumer and can actually confuse the issue.

In all the interviews we have conducted or have reviewed (including the research as examined in the previous Report) not one consumer has mentioned a label, rating, category, code or otherwise in relation to housing with the exception of the EPC. The latter, when mentioned was referred to in connection with an additional cost in selling a home.

What this highlights is consistent with consumer behaviour across purchasing patterns generally – especially for high ticket items. Standards yes. Yet another label, no. Furthermore labels often backfire. Because they are now so prevalent in almost every category imaginable, consumers often dismiss them as a PR ploy or an excuse by the seller to levy an additional charge. What labels often fail to do is the very thing they often seek – that is to clarify and reassure consumers.

There are exceptions – WHICH being one. Due to its longevity, its roots in consumer activism, its stated independence, the fact that it operates pan-category and most importantly, the fact that it does not seek to sell anything other than its own reports, this “label” has credibility with the consumer.

But expecting to replicate that marketing reassurance and muscle in a specific part of a single industry-specific sector such as low carbon new build homes – will likely be more of a diversion to the real consumer-demanded goal of increasing the supply of the most up-to-date, efficient and cost-effective homes for themselves and their families.



To restate our earlier position, most consumers look for homes not zero carbon homes. At the moment, the zero carbon and even low carbon - terminology debate seems to be casting a negative stranglehold on progressing what could actually be a motivating opportunity for both sides in tapping into the innovation, better building possibilities and therefore better product possibilities that exist.

Categorization within the industry itself is another matter – whether the full build itself (so the house/unit) or component parts (the boilers, the solar panels etc). Code levels etc make sense there (even to the consumer – some of whom may well want to delve deeper into the techniques and technologies behind the building codes and the technologies affecting their homes). But even there, the plethora of codes, levels and grades (quite apart from these being costly mechanisms to enforce and maintain) is confusing and suggests that the industry is divided within itself as to what standards it should be aiming for. The addition of codes originating in ancillary industries (energy companies for example) confuses the issue even more.

Finally, labels may actually be counterproductive to the goal of engaging the consumer in the take-up of homes with lower carbon profiles and definitely are counterproductive in terms of normalising consumer behaviour in this issue. They can be inflexible in a one-size-fits-all manner which could mean that some valid lower carbon options may “fail” if they don’t adhere to a template. We’ve suggested above that constant innovation would be appealing to both consumers and industry. Labels often stifle innovation which would cut off a major area of opportunity for the industry going forward.

Within the industry, codes and standards are a reality and a necessity. Regarding the task of consumer engagement, the task is more likely to be crafting messages around the industry codes as a support for the consumer campaigns as opposed to creating any specific consumer-facing labels simply as a marketing element.

Required:

- consultation on options of crafting consumer messages around the industry codes vs. creating specific consumer-facing labels

Hub Action:

- Consumer Engagement and Standards Workstreams at the Hub are working together to craft consumer messages around industry codes



CONCLUSIONS - A WAY FORWARD

In this section:

- *the nature of the marketing task*
- *how to position the issue*
- *a proposed strategic direction*

The nature of the marketing task

All our findings to date have led us to the conclusion that the task at hand is a fundamental one of market creation as opposed to simply an updated promotional plan. Quite simply, from a consumer perspective, a mainstream market does not yet exist for homes with a lower carbon profile. The purpose of the Hub's initiative is to help industry to create one.

Overall Objective

- Task: market creation
- Support: target / regulations
- Barriers: affordability//new (unfamiliar techniques & technologies
- Complication: current technology
- Leverage point: consumers expectation of progress

Generally, markets are created to meet consumer needs. In this case, the government imperative precedes the consumer's full awareness of the specifics of that need (which options are best for me?). So in essence, the support for the initiative comes from government targets and regulations. Essentially, new homes will have to be built to certain standards – this is non-negotiable. So a way must be found to create a consumer proposition to attract consumers to this “new normal “product.

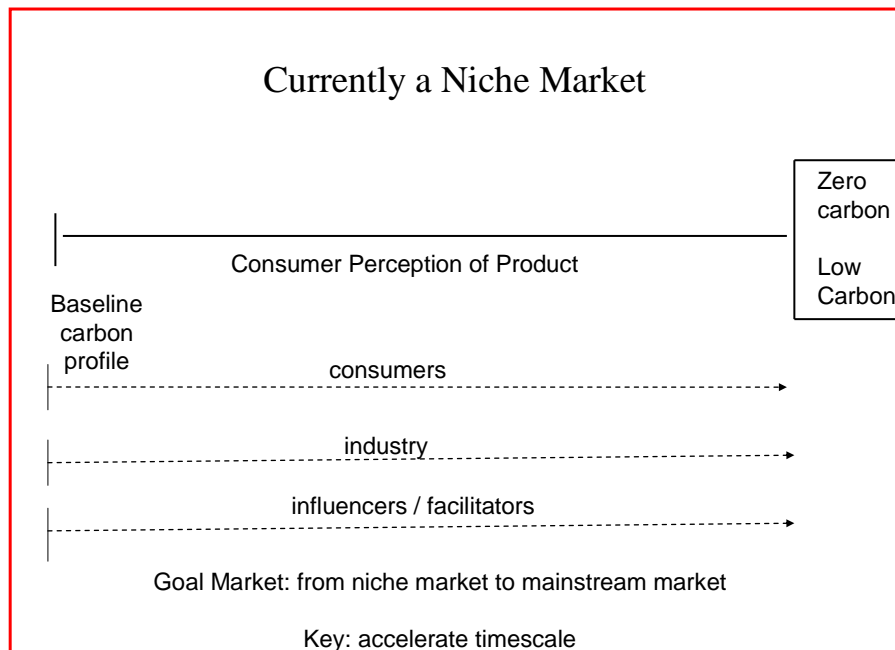
There are genuine barriers – both to industry's creating supply and to consumers' demonstrating demand. Some of these barriers are that in the near term at least, new homes with sustainable features are likely to be more expensive to build and more expensive to buy. Additionally, in use, they will contain new technologies and techniques which will constitute a learning curve for industry and consumer alike.



A complication is that the technology to achieve some of these new targets is still in its infancy – at least in terms of implementation in the UK. Neither consumers nor industry will be keen on changing the status quo. In each case, it adds cost, time, and uncertainty. There will be resistance by both industry and consumer to be the guinea pigs and take the first step until the technology is tried and tested.

However, alongside the mandate of government regulations, there is a critical point of leverage for this task which is increasing consumer expectation and demand that this “problem” will be solved. This is the bedrock upon which a marketing plan can be developed.

So – where do we start?



We need to acknowledge that we are starting with a niche market.

At the moment, only a small proportion of homes are low or zero carbon homes. Some are indeed in development and most of those have some degree of government funding, co-funding or demonstration status. But in terms of a mainstream commercial market, we are at ground zero.

While the mandate of the Consumer Engagement Workstream is the consumer, we must acknowledge that to reach the consumer we must also educate the industry (how should it market these homes?) as well as the influencers and facilitators of the customer. These include a wide range of targets – from the banks and building societies to the valuers, to estate agents and even to retailers who sell replacement parts for some of the technologies which will be installed.

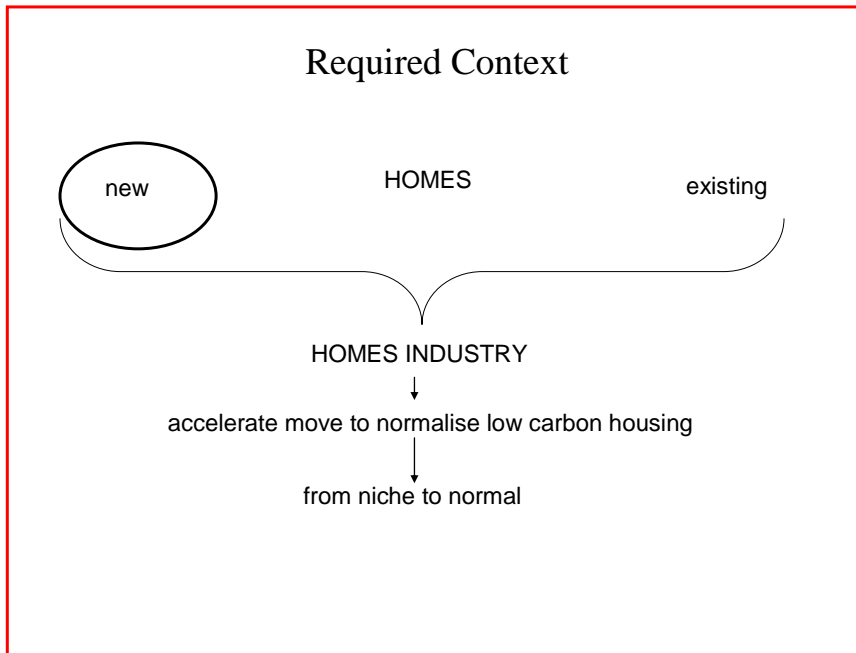
The goal of the marketing programme is to turn a niche market into a mainstream market.



As this is a global issue, these developments will likely in any case happen in time even without any additional marketing. The international policy ethos is definitely – and at increasing pace - turning this way. However, waiting is not an option and in fact, it is key in terms of creating sustainable housing in the UK that the timescale for consumer demand and takeup is accelerated.

It is also key in terms of marketing new homes with lower carbon profiles that this not happen in isolation but in the context of the housing market as a whole.

How to position the issue



While the Hub’s mandate is *new build homes*, the consumer’s mandate is *homes*. When consumers look at their next home, while many will have type, style and detail preferences, most will begin their search – their purchasing journey - considering the widest range of options. This is particularly true in the new normal market in which mortgages will be harder to come by, in which all homes (new and existing) will have mandates to upgrade regarding sustainability and in which housing options may diminish (fewer homes on the market, fewer new housing starts overall). As we have said above, the housing market at least for the next several years will not be operating as business as usual.

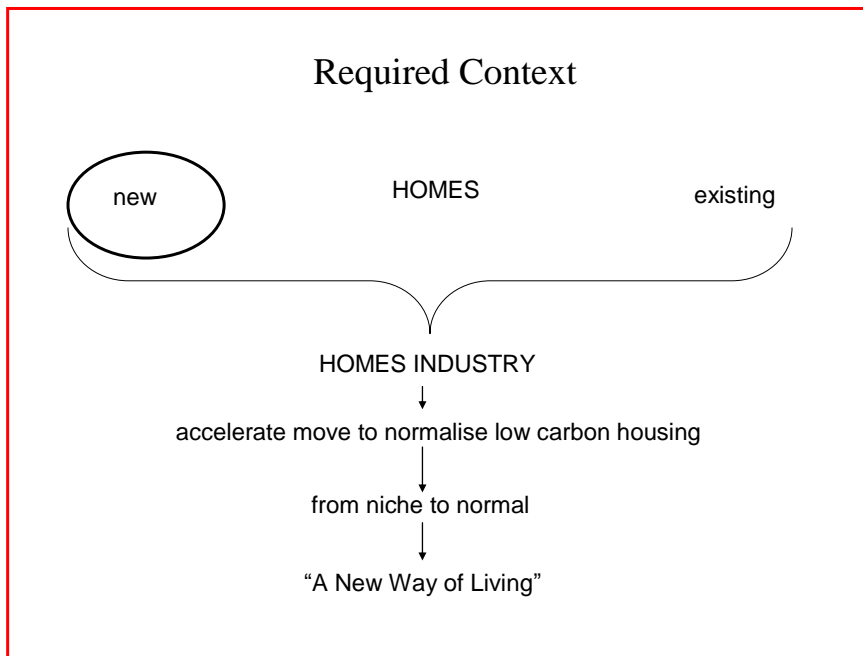
For this reason, the new homes industry will be at a disadvantage if it is marketing into a different strategy to the strategy for existing homes and even for other housing options (renting for example which is on the increase). Therefore, our proposed marketing plan looks as housing in the round and recommends a housing context within which new homes represent a differentiated but equal choice.

At the macro level, the mandate of the whole housing industry must be to accelerate the move to normalize low carbon housing – essentially moving this thinking and the product from niche to normal.

A proposed strategic direction

In our proposed marketing strategy, we have suggested that the strategic direction used for this which will set the overall housing context is:

“A New Way of Living”.



This is envisaged as a long-term strategy – essentially a road to 2016 - which can encompass the overall housing sector. Within this overall strategy, we have constructed our draft plan with programmes specific to new build.

However before we describe this plan in more detail, it is important to look at the 10 strategic recommendations which underpin the plan. These are covered in the next section of this document.

RECOMMENDATIONS

In this section:

- *10 recommendations as to the strategic direction of the way new homes need to be marketed*

10 strategic recommendations

Underpinning the marketing plan which we will outline in the next section, we have 10 recommendations as to the strategic direction of the way new homes need to be marketed to facilitate the delivery of homes which are lower in carbon.

The recommendations are:

- **Overall strategy**
 1. Clarify the vision
- **Targeting**
 2. Target consumers but also their influencers
- **Positioning**
 3. Position Homes as a joined-up homes policy
 4. Integrate - don't ghettoize - green
 5. Create constant innovation vs. radical changes
 6. Help industry to create a more saleable product
 7. Simplify financing
- **Implementation**
 8. Amplify homes marketing not just homes sales
 9. Identify the ideal consumer-facing delivery channel
- **Messages, tonality**
 10. Promote examples not just exemplars.



Overall strategy

1. Clarify the vision

Why?

- *Consumers need to see the big picture*

Consumers will not buy into a concept and proposition they cannot perceive, understand and value. But this is the nature of the current consumer situation as put to us in a question asked early in this process “What does a zero carbon home look like?” In other words, the big picture - “what does this new low and zero carbon world mean for me and my family?”

Until the combination of industry and government can answer that question in a way consumers can visualise and value, no marketing programme will have any effect. At minimum, it will be a waste of money as any marketing will come across with the impact of a mandated “health warning”. However at worst, a bad marketing plan or one created in haste may turn off the consumer altogether and delay the real opportunities and urgencies that lie in this initiative.

As to who clarifies the vision, this must be two-part with the government setting the tone for the overall UK solution to climate change (and this means more than just setting a series of targets with no substantive consumer explanation of how one gets there or what it will be like when one does) and the housing industry outlining the housing response within this overall strategy.

As already discussed, this gives the new build segment of the market an opportunity to be a different but equal choice as opposed to a segment with a totally different strategy and potentially an unfamiliar and more expensive product. In addition, as we’ve discussed previously, this also gives new build the opportunity to position itself as the better choice in terms of having innovations built in from the start as opposed to having to retrofit.

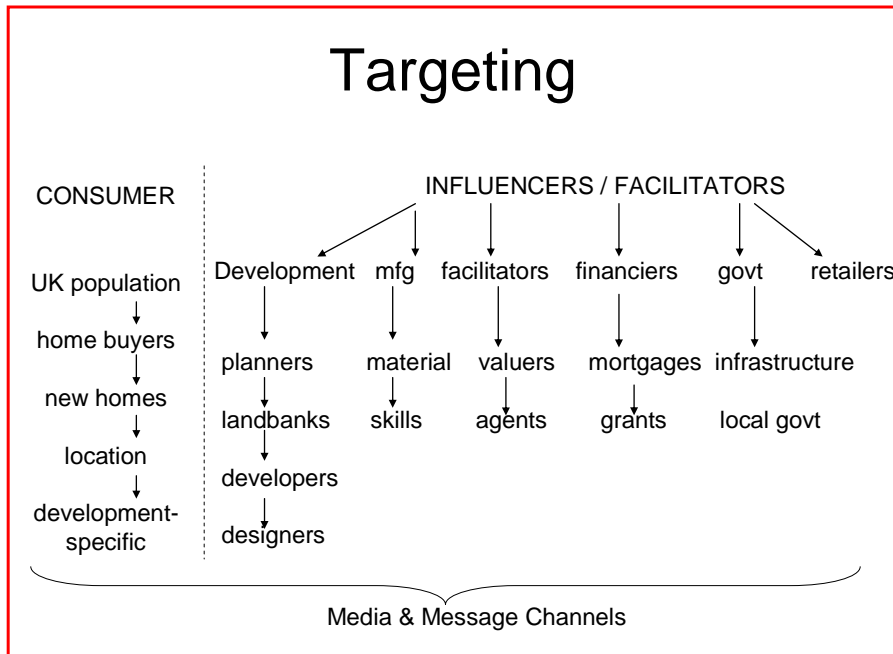


Targeting

2. Target consumers but also their Influencers

Why?

- Consumers are the primary target but not the only target



The primary target of the marketing strategy will be the consumer – from the widest remit of the UK population (to build broad awareness) through to home buyers through to the specific buyers of specific developments.

However, in terms of the overall goal of creating consumer demand, it will also be important to target the influencers and also the barriers to that demand. For example, finance is a huge barrier currently to housing generally – not only regarding mortgage provision but also valuers, insurers and grants. In addition, the new technologies associated with lower carbon homes present additional problems in terms of acceptability with these gatekeepers of consumer finance. There is little point in creating consumer demand if we do not also break down the barriers to realizing that demand.

Equally, as the chart above shows, there are multiple influencers which can impact consumer demand. A marketing plan will need to ensure that the message is cascaded down to each of these influencer groups via the right media, the right messages and the right message channels.

It goes without saying that segmentation will be key. As in any marketing plan, these consumer and influencer audiences will need to be segmented and specific message streams and message channels identified for each one. However, there is a danger of focusing on segmentation (narrowcast) to the detriment of promoting the macro messages (broadcast) to the widest audience – in this case the UK population – to establish a broadly-held level of base awareness. The marketing plan needs to do both.

Positioning

3. Position new homes as a joined-up homes policy

Why?

- *Consumers think homes “in the round”*

As we have discussed in the previous sections, new homes cannot and should not set a strategy that is not in line with the strategy of all homes – new, existing, self-build, social housing and both purchased and rented (socially and privately).

This does not mean that new homes marketing will not have control of its own destiny. It can and it must.

What it does mean is that setting a strategy in isolation of the overall housing strategy, risks new homes becoming a worse choice for consumers – more expensive, more experimental – and therefore less appealing to both developers and to consumers.

Conversely, if integrated within an overall housing positioning, new homes have the opportunity to become a better choice. If existing homes will be subject to energy targets and retrofits that are costly, time consuming and complicated, new homes could actually be seen as a better option by delivering a turnkey, hassle-free solution as long as the cost differential can be portrayed in their favour (see below).

Additionally, many developers are themselves involved in housing “in the round”, in that new build residential is only one aspect of their business. It makes more sense in that case to work to an overall housing strategy which can work across activities and cross fertilize where appropriate as opposed to having different strategies for different market subsets. Equally as even within housing, different subsets have different specific requirements. For example, unlike private build, social housing already has to be built to Code Level 3 standards (Code for Sustainable Housing). The more learning, technologies and best practice that can be shared across building types, the more likely and quickly, sustainable practices will become mainstream.

Finally, as consumers themselves become more mobile across housing types (for example, current renters who will become buyers, older home residents who will downsize to a new build), consistent strategies will serve to integrate the sustainable ethos across UK housing.



4. Integrate - don't ghettoize – green

Why?

- *Consumers see sustainability as an integral part of progress in housing - not as an isolated issue*

A review of developer's websites shows that many feature a separate green / eco option. This usually comprises a small group of units or developments which meet one of the many official sets of standards or codes. The reasoning for these separate sections is likely differentiation. In addition, this thinking is usually part of a wider CSR programme.

However, the message this style of presentation is sending to the consumer is that green/eco/sustainable homes are different, they are not mainstream and that choice in this area – and from that developer - is limited.

It would be very unfair to say that such developers are just paying lip service to sustainable housing. For some possibly, but for many, these developers have invested significant sums in demonstration projects, flagship projects and the like in an effort both to differentiate their developments but also to push the envelope in terms of innovation and general product improvement.

However, in “ghettoizing” their green products, developers are missing an opportunity. We do know from consumer interviews so far that while green is a very difficult *lead* proposition in the mainstream housing market, it is a very significant *support* – and can be so even with a few (as opposed to all) installed sustainable features. What this suggests is that instead of ring-fencing a green product, developers should progressively *green their product* – and market the benefits of this in their mainstream product portfolio.

The reality of home building is that not all sustainable elements are suitable for all homes – it is not a consistent recipe. But it would make more sense to the consumer – and more business sense to industry both in construction and in marketing - if instead of some homes being green and most not, that all homes were moving progressively (though at different speeds and using different elements) via constant innovation toward a more sustainable proposition overall.

Furthermore, while consumers are looking to the housing market along with the government to create solutions in this area, they are looking for a progressive solution and do not expect fully compliant standards to be reached overnight. Therefore we are recommending that while developers maximize the benefits of the new innovative (sustainable) features, they do this within their mainstream product as it comes on board. This will begin to normalize product in the marketplace both for consumers and for builders for whom these products and new building methods are proving to constitute a significant learning curve.

In addition, this will move the usual list of “features” away from the purely technological which consumers see as “shoulds” not “wants” into areas which while also contributing to a more sustainable product, are also more compelling to the consumer. For example, the landscaping and other elements of outdoor living which can be a definite sustainable benefit is also (according to the recent YouGov poll for the NHMB) high on buyers' wish lists. We do believe that there may sometimes be a case for a developer featuring “green product” separately for demonstration, CSR, funding acknowledgement or other reasons. However, this is a better fit within the Corporate section of a brand's promotion as opposed to featuring – but ghettoising it – in the homes for sale sections. The overall benefit is that in time (which is mandated to be 2016 but ideally would come sooner), the market will achieve the target of every new home being a good, effective attractive, innovative home which in fact, meets government's zero carbon levels but which consumers want and value and for which they are willing to pay.



5. Create constant innovation as opposed to radical changes

Why?

- *Significant consumer behaviour change is the result of many incremental changes*

In the literature and research we examined in the previous Report, we found that there was a policy and institutional bias against incremental or step changes as being too small to matter. In fact, we believe that with regard to the mainstream delivery of sustainable housing, incremental changes should be encouraged both regarding the consumer and the developers' offering.

It is not consumer behaviour to make giant leaps – particularly when there is significant cost involved and particularly where the nature of the change is unclear (see: 1. Clarify the Vision). Consumers generally resist this all-or-nothing approach unless forced to by legislation or punitive cost. Instead changing consumer behaviour works best when the consumer (at their pace and consistent with their lifestyle) willingly makes smaller and cumulative changes which together add up to a significantly different behaviour.

In terms of marketing, this is also a much more effective way to build consumer engagement. As long as it is integrated within a larger whole (see Clarify the Vision), this step-by-step approach has the best chance of creating lasting behaviour change as it both builds on an existing consumer inclination and gives them the practical tools via which to take action.

A small but significant example here is the uptake of energy-efficient lightbulbs. The key here was not only making the case to consumers, promoting it in a broadly-based and compelling manner but also supporting the change – in an everyday retail sense via supply and choice editing. Where today there still exists resistance, it is generally not consumer resistance to a better, more sustainable solution so much as an inability to take the action (the bulbs don't fit the light fixtures) or the technology (the lights are not as bright as the old ones). But in essence, low energy lightbulbs have been normalized – they are now the new normal.

We believe that this phased introduction and integration of lower carbon measures is also the most effective and motivating strategy and positioning for the development industry itself. Introducing individual elements (with the testing, re-skilling and so on that that demands) is a more motivating and more realistic way of changing the way industry operates and the product it offers. For one thing, it will facilitate an end to "ghettoising" the green product as all homes will have an increasing number of these features in the run-up to the 2016 dateline (though not always the same features in each home).

With regard to new homes marketing, it is also more likely that this constant innovation (as opposed to a mandated mega-change) will allow developer brands to integrate sustainable innovation into their marketing as differentiators. In so doing, there is a real commercial incentive to make changes (especially if allied to growing consumer awareness and demand) as opposed to an unpopular and imposed mandate.

It will also help the consumer and therefore accelerate demand, if there is a sense of the timeline or market readiness of the various technologies. At the moment, consumers have little sense of which technologies are market ready or market mature and are unlikely to chance any of them without this knowledge and assurance. Some sense of a roadmap / hierarchy / top 10 market-ready innovations would not only clarify the situation but could be used in marketing to create a critical mass of awareness around these technologies in some sort of order. This would also have a beneficial effect in encouraging additional and faster innovation and supply of these elements.

It is this idea of cumulative phased changes and constant innovation – albeit to an ambitious timetable - that we are recommending in our proposed marketing plan.



6. Help industry create a more saleable product

Why?

- *Consumers want to buy the best home they can buy for the money*

A key barrier to industry's delivery of 2016 targets is the costs associated with doing so. These are such costs as the need for additional skills, training, innovative materials, time costs to implement these changes and the downtime caused by experimentation. Not to mention the increased sale cost that then needs to be passed on to the buyer.

In discussions with developers, we have been told that implementing the targets could add 20% (and in one case 40%) to the costs of the build. We also know that consumers are looking for sustainable solutions but are also looking at options they can afford. So one key task is to work with industry to bring down the cost of the build and to create what will be for industry and consumer alike, a more saleable product.

To a large extent this is more supplier / partner engagement than consumer engagement. However, not addressing it within the overall marketing mix will have the effect of strengthening these barriers to purchase. Therefore influencing these channels will assist in making a more saleable product and in turn a more motivating consumer proposition. For that reason, we have included in the proposed marketing plan.



7. Simplify financing

Why?

- *Consumers are distrustful of complicated costing structures*

In addition to helping industry create a more saleable product, there is also a critical need to make financing for lower carbon new build homes more accessible to the consumer. Certainly, the concern most often stated by housebuilders in terms of the lower carbon homes debate has surrounded the additional building costs associated with reaching lower and zero carbon home standards. The result of which could put new build homes at a commercial disadvantage, particularly against less expensive existing homes. This is a valid concern.

Having said that, one recent development is that these costs are becoming more predictable and not as high as was originally anticipated when the zero carbon definition was set at the Code for Sustainable Homes Level 6 standard. Then the additional cost of reaching zero carbon was being estimated at around £30,000 extra per unit. However the revised definition of zero carbon (70% Carbon Compliance plus Allowable Solutions) will mean build cost figures of under half of the original £30,000 estimate.

While the solution to tackling the issue of ‘additional costs’ lies in financing, we believe it does not necessarily lie in a vastly wider range of financing options. One of the characteristics of current new homes marketing is the plethora of special deals regarding financing a new homes purchase. Some are government programmes. Some are private. All have significant conditions and restrictions. Taken together this is a confusing situation both to the consumer and to the developers’ sales teams and needs to be both clarified and simplified.

In terms of creating a marketing plan, some of the most important messages will need to be about finance and about how the benefits of new build homes with lower carbon profiles can be affordable. At the moment, creating these messages is extremely difficult as the product landscape is so confusing.

While the Hub does not have the definitive answer to financial mechanisms at this stage, it is actively engaged in helping develop one. For example, it has been involved with the UK-GBC’s ‘Pay as you save’ initiative. Their latest report focuses mainly on how the PAYS mechanism could be implemented to improve consumer uptake of energy efficiency measures for existing stock homes. It also provided topline recommendations for how it could work for new build homes as well. These are areas we would propose to test against consumers before considering creating marketing messages around them.

In addition, a significant barrier preventing consumers from purchasing lower carbon homes is caused by a lack of understanding of the new technologies and innovations within financial institutions.

Some of the problems cited have been:

- home valuations not incorporating the value of low carbon technologies thereby resulting in banks making lower mortgage offers to the consumer.
- liability and maintenance issues in respect of low carbon technologies within the home.

Again, while there is no definitive “answer” at this stage and therefore no definitive consumer messages, the marketing plan can incorporate the issues as ongoing developments. Additionally, the Hub is current engaged in discussion with banks, insurers and other relevant financial institutions on these issues.



Implementation

8. Amplify homes marketing not just homes sales

Why? The consumer market needs to be primed before being sold to

In good times, when demand exceeds supply, new homes can simply be sold. When the market tightens (which is now the case) or when the product or market must change (as is the case with the lower carbon mandates), new homes marketing and specifically the generic, industry-wide messages need to be upweighted. This is not a situation specific to housing – but is a situation consistent with the way consumers buy or contract goods – especially major high cost purchases such as homes.

A non-housing example is tourism. Each hotel, attraction, event must sell its own product. But the national marketing body – the overall body - markets the generic concept of the destination.

Essentially what we are recommending is that the new build housing industry needs to upweight its marketing in this overall generic, longer term sense in the light of new mandates for homes with lower carbon profiles.

One characteristic of much new homes marketing is the extent to which sales – and informational material – has moved online. With high demand this works well – buyers will seek out and find the information and contacts they want. Equally, this works well for individual developer brands and developments.

However, it works less well for the type of pan-industry generic messages we are recommending should be added to the existing mix. In a tighter market there is a need for a much more overt and much more broadly cast marketing programme. In other words, upweight marketing not just selling.

While online will continue to play a key role in new homes marketing, we are recommending that we amplify the current messages using a wider range of media channels and opportunities.

These should include the mainstream shelter media – print and TV – and aim to be included in “homes” categories not just “new homes” or “green homes” categories. Browsing is regular consumer behaviour and the browsing equivalent in housing are the glossy magazines, the regular property supplements, the weekend property sections and the property programmes on TV.

Active looking is well-served by online tools but efforts must also be made to position new build homes with estate agents. Even if most sales still go through developers’ sales departments, developers are missing a trick if they don’t promote their offerings through the channels most buyers use.

It is significant that of all the buyers we have spoken to in this project to date, while they all ended up buying new homes from the developers’ sales office (as that is the way the developers we spoke to operated), they had also all visited estate agents – none of whom had mentioned the new build developments. There is a sense that wider knowledge among agents would help increase new build sales. The better “green” profile of new build may well be a motivating differentiator for them.

The caveat to the point of amplifying marketing is that at this stage we have no sense of the budget that will be allocated to this project or the source of the funding. This is a key issue to be discussed at the review phase.



9. Identify the ideal consumer-facing delivery channel

Why?

- *Consumers need more generic information from a consistent accessible source*

Delivering the generic message will require a delivery channel – and body – specifically suited to this purpose. It needs to be consumer-facing, pan-industry and positioned in the homes/housing arena as opposed to only the low and zero carbon homes arena (homes not zero carbon homes).

As to the role of this body, it would be to deliver – primarily to the consumer:

- education and generic advice specifically on sustainability on housing
- impartial advice without any attempt made to interest people in branded product
- links to and advice on other bodies offering specific and related expertise
 - example: in energy efficiency
 - example: in financing options.

An example of its role would be to advise or clarify to new home buyers the implications of the recent government initiatives such as the Clean Energy Cashback Scheme or the Pay-As-You- Save scheme.

Clearly, this organization would need to be sufficiently well funded and supported to achieve these aims but its mandate would not need to be (nor should it be) limited to green messages. As we discussed in a previous recommendation, green should not be an isolated or ghettoized message.

The benefit to developer brands is that they would not each have to educate customers themselves (a cost and resource saving) but would be able to sell into a better informed and more motivated public for its product. The benefit to consumers would be additional, unbiased and convenient information which will help them make their housing choices.

The Hub's role will be to work with this body to support collaborative initiatives between partner organizations looking to engage consumers around new homes (in particular low and zero carbon). An example of which is the consumer facing 'low and zero carbon new homes' website proposal initiated by the NHBC, but which now has support from the Energy Saving Trust and the New Homes Marketing Board – with other organizations due to sign up.

Messages, tonality

10. Promote examples not just exemplars

Why?

- *Consumers respond to realistic examples – not demonstration projects*

Consumers need to see real, day-to-day examples of how sustainability is integrated into real homes and real lives. Media needs these real life examples as a basis for its articles and programmes. Exemplars do not do this. Exemplars are, in the main, the prototypes, the flagships, the demonstration projects – in other words, the future, not the present.

Exemplars have a real role to play within the industry and to a certain extent with influencers such as valuers and planners. However for consumers an exemplar is often a target too far – something to keep in the watch-and-wait category until it is mainstream. Or something to buy – but with some form of subsidy for the beta nature of the product.

In addition, focusing on exemplars suggest that whatever the solution, it is not valid unless it is already at the highest standard. This goes against consumer behavior which tends to progress in smaller constant innovation stages as opposed to a giant leap to a fully code-compliant solution.

Another aspect of this same point is that examples are described in real consumer language whereas exemplars are usually described in quite technical terms. One of the tasks in the marketing plan will be translating these technical terms into consumer language that is not only accurate and motivating but is consistent across the industry.

One of the key objectives of our discussions with developers in the consultation phase is to gather real examples of how real people (the residents in their developments) are living in real homes with sustainable features and how they describe them. These examples, we believe, will be genuinely motivating to consumers as they will be real life examples – and relevant to their real lives.

In the next section, we outline our draft marketing plan.



DRAFT STRATEGIC MARKETING PLAN

Overall positioning

This is a plan specific to new homes.

However, as we have stated in this document, it is critical that new homes marketing – whether regarding lower carbon homes or just generally – needs to exist within the context of homes marketing overall.



At the broad level, consumers think homes first of all, then new vs. existing homes after that. With the market in such flux, many potential buyers are widening their options and considering housing choices that may be new and different for them. New homes therefore will lose out if they are not positioned within the widest context of homes overall. Additionally, within this, there is the opportunity for new homes to use powerful differentiators – some of which may give them a significant edge even with buyers who may not have considered a new home in the past.

The mandate of the housing industry overall with regard to the low carbon mandates is to accelerate the move to normalize measures which achieve this. Essentially such features – and homes – need to move from niche to normal.

We have suggested a strategic direction to achieve this encapsulated in the phrase:

"A New Way of Living"

This strategic direction becomes the overall consumer proposition. It reflects the fact that the new mandates are requiring consumers to make major changes to the way they live and given that we want these changes to be perceived by the consumer as positive and progressive, we have chosen this phrase as it can be both motivating and broad. It can:

- encompass housing as whole (and new homes within this)
- apply both to consumers (demand) and to industry (supply)
- major on livability (so benefits as opposed to being features-led)
- be applied as much to the user (the person doing the living – so encouraging behavior change) as well as to the fabric of the home
- empower consumers – making them feel in control of their destiny
 - as opposed to forcing change on them.

Most of all, “A New Way of Living” avoids the negative, nanny-ing tone of much of environmental promotion. We want consumers to feel that they are making the right choice for themselves and their family and that the “New Way of Living” [in a home with a lower carbon profile] will actually enhance, as opposed to restrict their lives.

Equally, industry needs a motivating platform. “A New Way of Living” suggests the homes on offer are better choices than before. It makes sense of innovation, new techniques, new building skills, higher standards and codes. It allows the homebuilding industry to use such “new” elements as exciting innovation as opposed to positioning based on restrictive government mandates.

Additionally, “A New Way of Living” allows for progression. It does not suggest that all homes must achieve whatever top code standard before becoming a viable lower carbon option. As we have suggested “ghettoising green” actually skews the market by potentially making some homes less good options. Our recommended positioning allows for phased yet definite progression and uptake of sustainable elements – in a manner which encourages builders to accelerate their timetable for doing so.

This will be further supported in this programme by a separate stream of marketing aimed at the suppliers of materials and skills to the industry. (This will also work in conjunction with the Skills Workstream of the Hub).

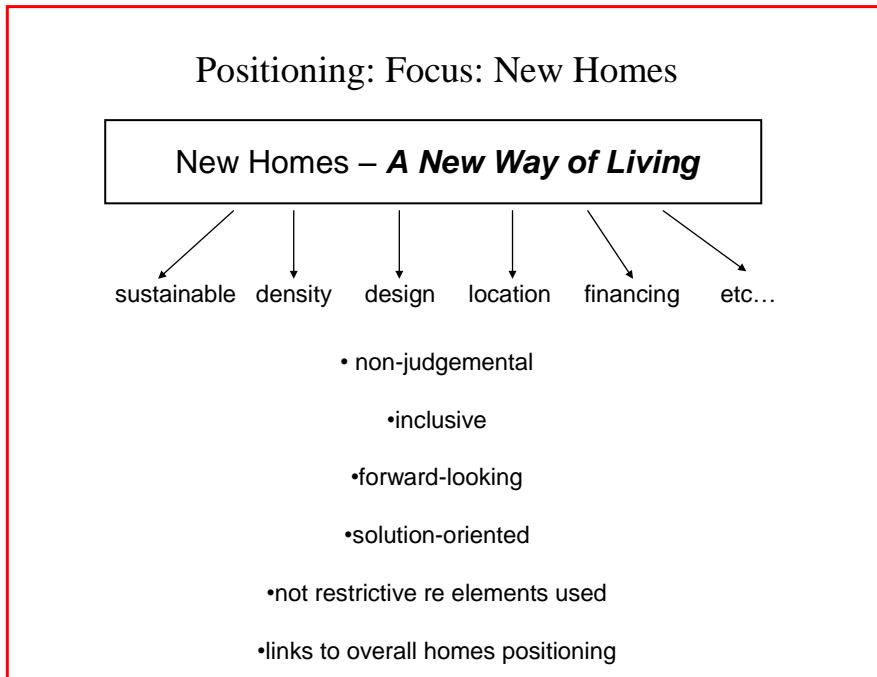
Positioning regarding New Homes

One of the advantages of “A New Way of Living” is that it works for both housing overall and for new homes as a sub-group. In fact, it possibly works even better for new homes – with its emphasis on “new”. For new homes, the strategic direction becomes:

“New Homes – a New Way of Living”

This integrates with housing strategy overall but allows differentiation for new homes.





The proposition has the following advantages regarding new homes:

- it can encompass a number of elements within the way homes are developed
 - from density to design to financing
- it is non-judgmental
 - no sense that it is better/worse in connection with whatever targets or standards
- it is inclusive
 - can encompass any type of home and any combination of elements included in the home
 - and does not ghettoize green or eco or low carbon houses
- it is forward-looking
 - so avoids the regressive tone of much environmental positioning
 - some of which we know has applied to “zero-carbon” when tested
- it is solution-oriented
 - without dwelling on the problem / issue
- it is not restricted to whatever elements / features make up the low carbon aspects
 - thus increasing opportunities to install the best elements for each house / development
 - as opposed to a prescriptive list, some of which may not suit the circumstances
 - or the market readiness of the technologies
- it links to overall new homes positioning
 - allowing new homes to be an equal but different – and in many ways, better -choice.

Specific advantages for industry



The positioning has specific advantages to the development industry. This is important as overall the new carbon mandates have not been viewed as a business opportunity. In fact, there has been – and remains – significant industry resistance to the targets.

So an important role for the positioning of “A New Way of Living” is to ensure it creates a real and motivating advantage to the new homes industry to encourage all players to consider the mandates as an opportunity as opposed to a restriction of business.

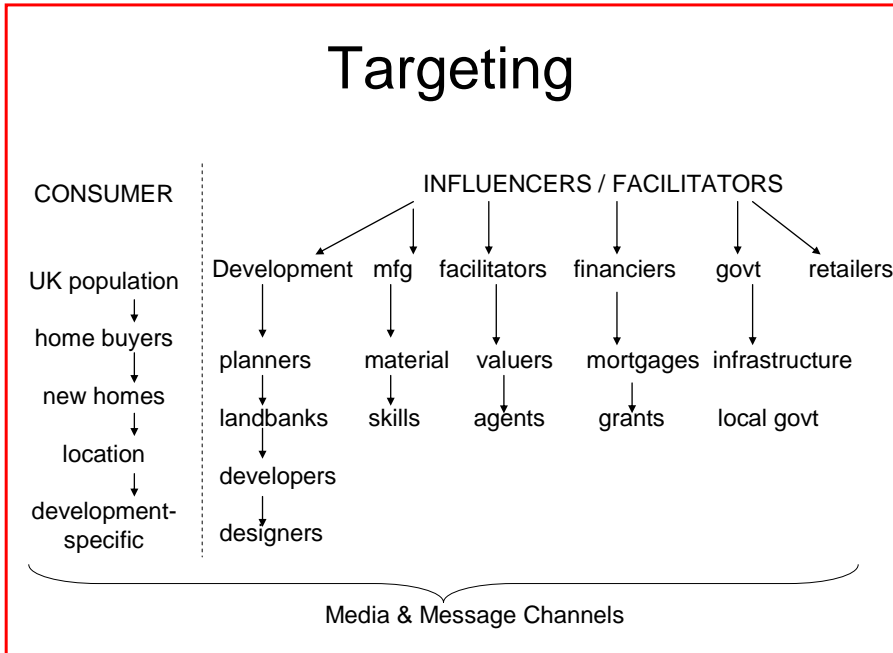
The new positioning supports that objective in that it allows new homes to:

- differentiate from existing homes
 - in that new homes are already more energy efficient than most existing homes
 - in that it is easier to build new features in at the outset rather than retrofitting later
 - these are positive – and also provable – differentiators
- brands the category
 - in that new homes by definition deliver a new way of living
 - in discussion with consumers we have seen that “everything new” is a motivator not just in a practical (less hassle, less maintenance) sense but emotionally as well
- it defines the market
 - as “new” vs. existing
- it pushes the market
 - newness is a spur in itself – suggesting constant innovation
 - this will create a momentum within the supply side which will be welcomed by consumers (and thus increase demand)
- “A New Way of Living” builds on known consumer motivation
 - for something new / fresh / different
 - and for the improvements that brings in their lives
 - some of which – though not all – will be lower carbon improvements.

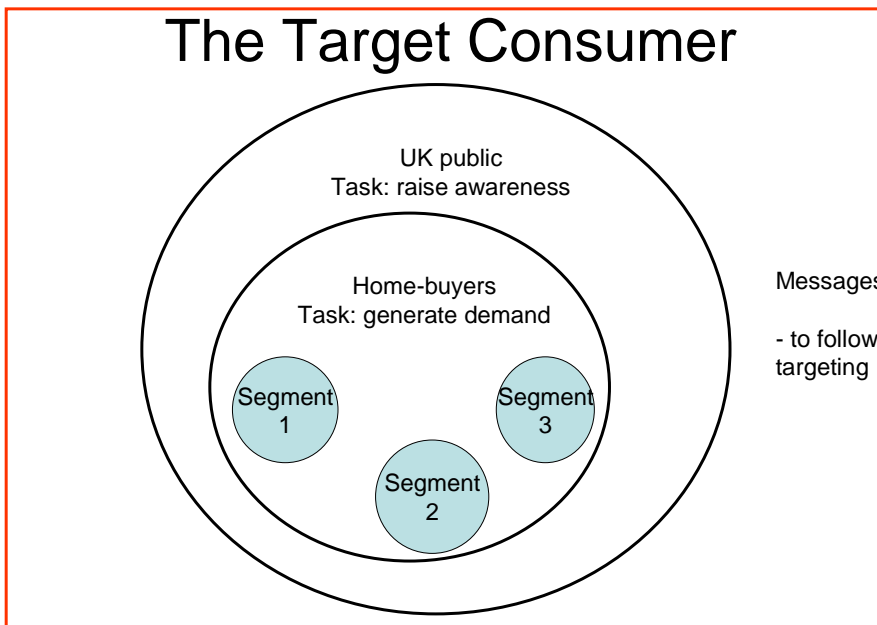


So – how will this strategy be delivered? The first task is to look at targeting.

The need to broaden the targeting



The primary target for the Consumer Engagement Workstream and for the marketing programme is the consumer – specifically the home-buying consumer and more specifically, those likely to buy a new home.



However, as stated in our first Report, one must avoid too narrow a target. To change consumer behaviour and to grow the market for new homes, one must begin targeting with the UK consumer overall, then move down to the various sub-markets of that – from home buyers, to new home buyers to more specific targeting by location and by development.

Key issues here include:

- they must become as literate regarding new homes as they are with existing
- targeting people only at point of sale (or even point of enquiry) is important but this is almost too late in the process to begin a wide consumer education
- the programme we are suggesting calls for beginning with a generic message delivered industry wide to as broad a target as possible
 - with sub-messages as per segmentation
- this will then allow each developer brand and location to build on the resulting bedrock of consumer awareness with brand-specific and development-specific messages
 - in their ongoing marketing
 - and at point of sale.

However, in addition, whatever programme one develops to change consumer behaviour must be accompanied by a parallel programme to change the attitudes, behaviour and activities of the “gatekeepers” to consumer behaviour.

With regard to housing these include:

- The development “community”
 - developers
 - planners who govern options
 - designers who influence and implement the prevailing styles
- Manufacturers
 - of innovative materials
 - of new building skills
 - both of these channels are the subject of separate Hub Workstreams
 - however, there is a link with Consumer Engagement as these groups – as much as the housebuilders themselves – need to be ensured of consumer demand
- Facilitators
 - valuers
 - which according to developers we’ve spoken to are a particular issue and often a deterrent to financing low carbon options
 - agents
 - as discussed earlier, many developers do not use estate agents
 - however, in changing consumer behavior regarding housing, estate agents – even if just to change their knowledge base – need to be a target
- Financiers
 - mortgage providers
 - which similar to builders have seen their industry change as never before
 - and have become risk-averse regarding any new lending
 - especially on homes with new technologies
 - Grants



- Local areas
 - local governments regarding decisions on land use
 - infrastructure
 - if part of a lower carbon lifestyle is dependent on non-housing aspects (transport etc) then any programme of Consumer Engagement needs to ensure that local infrastructure is aligned

- Retailers
 - Especially in proving to them that consumer demand for lower carbon technologies will grow
 - And that this constitutes an opportunity for parts, replacements etc
 - And also design elements / homewares to complement.

- Media
 - Especially regarding the role of message dissemination.

As the Consumer Engagement project progresses, this list of targets will likely grow. The key issue at the outset is to recognize the required breadth and depth of the targeting requirement. Each of the targets will be further segmented.

Marketing will act differently against the primary target - consumers – and influencer targets. The overall strategic direction will be the same – “A New Way of Living”. The specifics of the marketing tactics will be different. It is important that the right motivators are used in each case.

How can the marketing plan activate this?

How Marketing Can Activate This	
CONSUMERS	INFLUENCERS
<ul style="list-style-type: none"> • Browsing mentality <ul style="list-style-type: none"> – Building the broad base • Looking mentality <ul style="list-style-type: none"> – Active sources • Peer endorsement <ul style="list-style-type: none"> – “normalised” behaviour • Key: <ul style="list-style-type: none"> – Broadcast concepts – Narrowcast resources 	<ul style="list-style-type: none"> • Compliance mentality • Opportunity mentality • Peer endorsement <ul style="list-style-type: none"> – Credibility – CDP as leverage • Key: <ul style="list-style-type: none"> – Accessible facts – “off-the-shelf” presentations



In terms of consumers, the plan must activate three types of consumer behaviour:

- Browsing behaviour
 - browsing may not be immediate purchase behaviour
 - but it is not passive
 - it is essentially the first step in the customer's buying journey
 - it will be key in the objective of educating the consumer
- Looking behaviour
 - active – and essentially where most new homes marketing now kicks in
- Peer endorsement
 - This will be critical to avoid a continual “experimental” nature to this market
 - Peers can be people one actually knows (“ my friend's new house”)
 - But also the wider public as seen through media / experience

The key to communication aimed at consumers will be:

- Broadcasting the concepts
 - The widest possible reach
- While narrowcasting resources
 - The right information, at the right time, delivered in the right way.

Equally, in terms of influencers, the plan must activate three types of behaviour:

- Compliance mentality
 - In theory the easiest – driven by codes and standards
 - However, the least motivating to industry and the one which will cause most resistance
 - But a real pressure which can be leveraged
- Opportunity mentality
 - Significantly more motivating
 - Demonstration of real businesses opportunities inherent in innovation and new developments
- Peer endorsement
 - Both in terms of credibility and brand reputation
 - And also structural – for example regarding Continual Professional Development.

The key to communication aimed at industry will be:

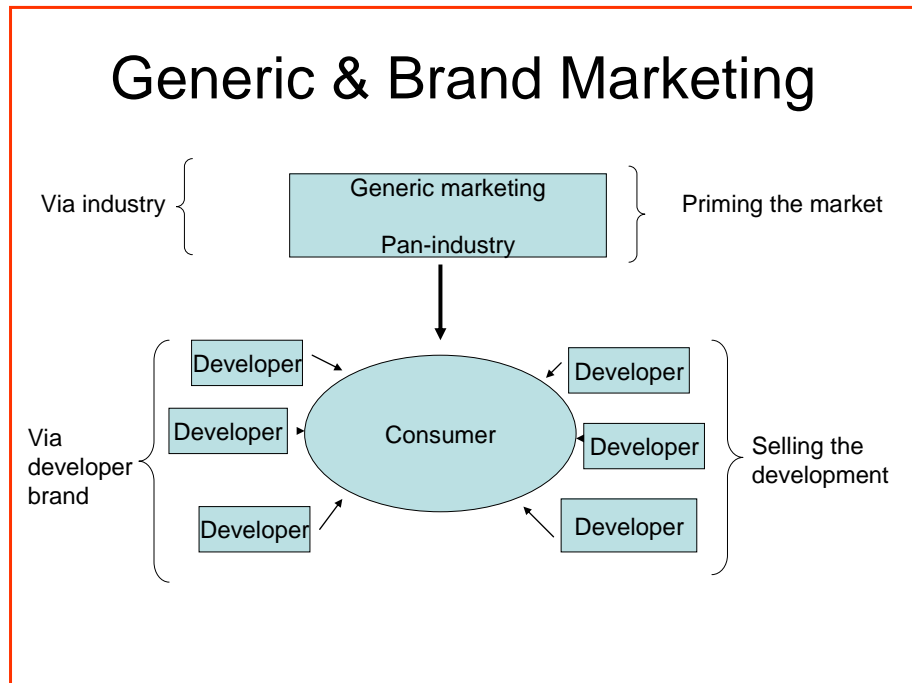
- Accessible facts
 - Delivered both via industry channels
 - And indirectly via consumer channels
- Off-the-shelf presentations
 - Essentially doing the background/ groundwork for them
 - So information and materials which are easy to use
 - This includes the support which the consumer marketing elements will provide.



The Marketing Plan – Generic and Brand

One of the elements in activating both the developers' activities and those of the wider influencer audiences will be to create off-the-shelf campaigns and support which they themselves do not have to originate but which are industry consistent.

These activities need both to sell the big picture / the big concepts to consumers and also allow for use at a more tactical level – regarding specific developments and specific offers.

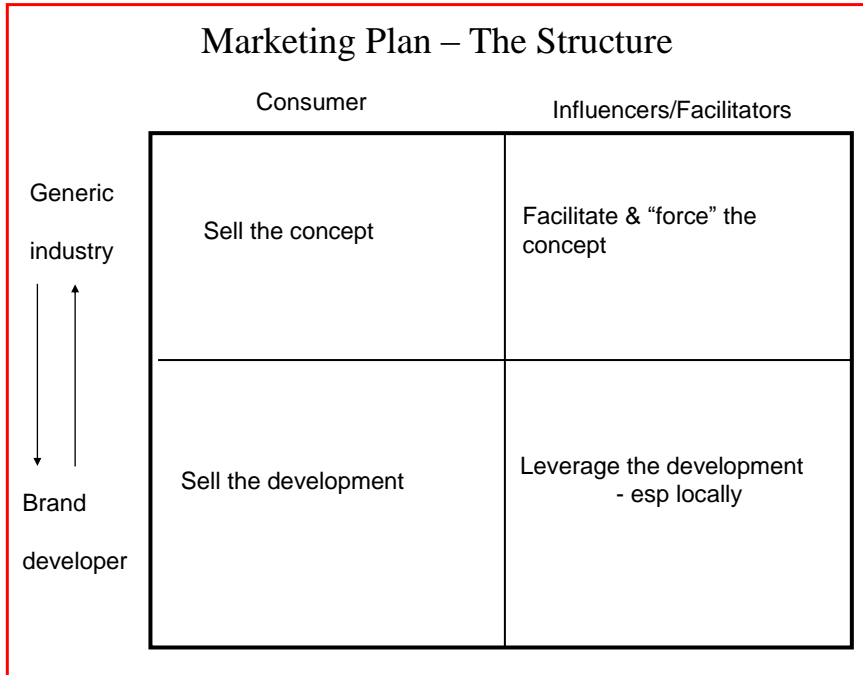


To accommodate this, the marketing plan we are recommending is divided into:

- Generic marketing – pan industry
 - The main purpose of which is to sell the big picture
 - And to prime the consumer market for the brand-specific offers
- Brand marketing
 - marketing conducted by each brand
 - primarily to sell the developments and their offers
 - and using as support some of the strategies and materials created at a generic level.

While the consumer is the ultimate target of the marketing plan as a whole, in terms of marketing activities, the plan will be divided into:

- primary target: consumers
- secondary target: influencers of those consumers.



The structure needs to act together if it is to have impact. However, it is key that each aspect of the plan has a specific goal and remit and that the marketing of each complements and is consistent with the whole.

Structure mirrors consumer behaviour & that of their influencers

The structure is based on consumer behaviour especially with considered purchases such as housing. Consumers will rarely buy a major purchase such as a home without some degree of generic searching of the category as a whole. The big picture. They look at the category / category trends before they look specifically at the different brand options. Therefore marketing must start at that level as well.

With new and complex concepts – such as low carbon housing – the marketing needs to take an even longer term horizon. Its effect needs to be both immediate but also capable of building over time. For purposes of the low carbon issue, this means marketing that begins now but can maintain consistency of purpose to 2016.

Also to engage the consumer and to build credibility for homes with a lower carbon profile, consumers need to see that this is an industry-wide development as opposed to being isolated initiatives by each developer brand. This is critical in normalizing consumer behaviour (goal consumer reaction: “all homes are now being built this way”).

It is equally critical that the influencers and gatekeepers of consumer behaviour and purchase see the big picture. They will want to see evidence of pan-industry marketing which will create critical mass and influence widespread consumer behaviour change as opposed to only single-brand initiatives which will have more limited impact on the market overall.



Structure supports developer initiatives

This is also critical in terms of developer opportunities. We have discussed in this document that there are opportunities for developers in terms of differentiating in terms of lower carbon features. In a sense, if industry-wide marketing can create a context in which these features are seen by the consumer as beneficial to them, developers who include them will be at an advantage.

Conversely, if such features are not seen as a pan-industry development, developers who feature such technologies may be at a disadvantage if their product is perceived as too different or too expensive. Ultimately, this will discourage innovation from developers.

A generic marketing initiative will mitigate against this. If all developers are seen to be acting with one voice in innovating more sustainable features (though each may use different features), it will normalize such behaviour, practices and features in the marketplace and will send an immediate signal to consumers that this is the new normal in housing. Essentially “A New Way of Living”.

Equally a baseline of generic marketing will energize the market overall by portraying the big picture – one which individual brands would find too costly and time-consuming to promote on their own. In terms of consumer engagement, consumers will be more likely to value such industry-wide information if they see it as state-of-the-industry as opposed to the offer of a single brand or development.

Finally, a generic stream of marketing can be used by the media in a way that they will not use marketing material from any single brand.

Specific goals

It will be important to differentiate the various goals of the different parts of the marketing plan as follows:

- The generic marketing will focus on the concepts
 - Sell the concept to the consumer
 - Facilitate and “force” the concept to influencers and facilitators
- The brand-specific marketing – which will be delivered by the developer brands themselves – will build on this generic baseline but will:
 - focus on the specific developments
 - sell the developments to consumers / buyers
 - leverage the development regarding influencers and facilitators
 - for example, locally.

In our recommendations, we suggested that a pan-industry body be identified to deliver the consumer-facing marketing programme. Its role in connection with the above would be to:

- implement the generic marketing
- provide support to the marketing initiatives of the different developer brands and their developments.

As we have stated elsewhere in this document, the Zero Carbon Hub is in discussion with the New Homes Marketing Board to create a collaboration to take this forward. Once agreements are in place the marketing plan can be updated to take account of this. However, rather than wait for these agreements, the Consumer Engagement Worksteam has already made a start with specifics – particularly in terms of messaging – as the next section describes.



Messages are differentiated - generic and brand

		Messaging	
		New Homes – a New Way of Living	
		Consumer	Influencers/Facilitators
Generic	<p>New homes</p> <ul style="list-style-type: none"> - how it delivers a new way of living - a “ solution” 	<p>New homes</p> <ul style="list-style-type: none"> - new opportunities - new imperatives <p>In your profession</p>	
Brand	<p>New Homes</p> <ul style="list-style-type: none"> - delivering a new way of living - in this development -across our brand 	<p>New Homes – a new way of living</p> <p>(feed back to influencers)</p> <ul style="list-style-type: none"> -How this development is delivering -How our brand is delivering 	

The overall message is tied together at the point of the main strategy “A New Way of Living”. The specifics of the message are broken down depending on the type of message – generic or brand – and the target – consumer or influencer/facilitator.

Using a message tree (a common core with messages spreading out like individual, but connected branches), we can see how the different messages begin to lay down.

		Message Tree	
		New Homes – a New Way of Living	
		Consumer	Influencers/Facilitators
Generic	<p>New homes</p> <ul style="list-style-type: none"> - how it delivers - a “ solution” <p><i>What new homes are like now</i></p> <p><i>What they deliver</i></p> <p><i>What advantages for you (consumer)</i></p>	<p>New homes</p> <ul style="list-style-type: none"> - new opportunities - new imperatives <p><i>Here’s exactly what you need to know</i></p> <p><i>Note: this is where you can be more technical</i></p>	
Brand	<p>New Homes</p> <ul style="list-style-type: none"> delivering a new way of living - this development -across our brand <p><i>What elements this development takes in</i></p> <p><i>What we as a brand are doing</i></p>	<p>New Homes – a new way of living</p> <p>(feed back to influencers – the CSR imperative// industry stature)</p> <ul style="list-style-type: none"> -How this development is delivering -How our brand is delivering 	



For example, the generic consumer messaging would promote “New Homes - a New Way of Living”. Specifically, it would show consumers how new homes deliver this by covering the issues we know consumers want to know concerning new homes overall – especially those with low carbon features new to them.

For example, it would cover:

- What are new homes like now
 - What are some of the features
 - What do these actually look like
 - What advantages do they have
 - What practical issues does this raise in terms of living with them
- What do the homes – and the features – deliver
 - Everything from what this means for energy efficiency
 - To the cost implications (generically)
 - To the design implications
- The in-use advantages (and any downsides) for consumers
 - So essentially making the case for these new homes.

These broad message areas allow a great deal of scope for developing more specific messages and campaigns using message hooks.

Campaign strategy using message hooks

The message tree above begins with the messages in a fairly broad sense – so, for example with regard to the generic, industry-wise consumer campaign:

- *What are new homes like now?*
- *What will they deliver?*
- *What advantages to you?*

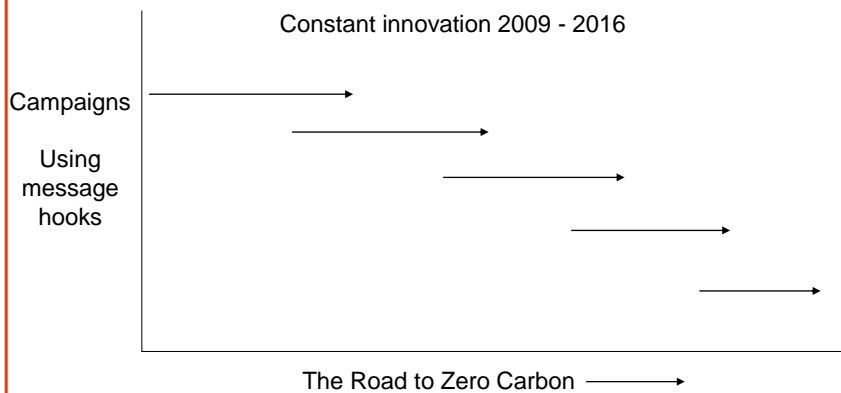
This will be important as a key purpose of the generic plan is to build awareness of the concept overall.

The next stage will be to add specifics to this. We want consumers to *buy into* a concept. But we need them to *buy* a product – whether that is the home itself (a low carbon home) or more realistically especially in the immediate and near term, a home with some low carbon features.

We have recommended earlier in this document that the marketing plan be based on an idea of constant innovation which allows us to sell both the overall concept and also the different elements as they become market ready. This strategy lends itself to specific campaigns built around the different elements. The order would be determined by a combination of which technologies were more consumer-acceptable at the time (so beginning with those most familiar and normalised) and which were at a realistic stage of market readiness. In time, all technologies would be covered.



Campaign strategy - in order of market-ready features



So for example, there may be a campaign built around insulation, one around windows, one around solar and so on moving to the larger and more complex elements as they become both market ready and moved into the mainstream.

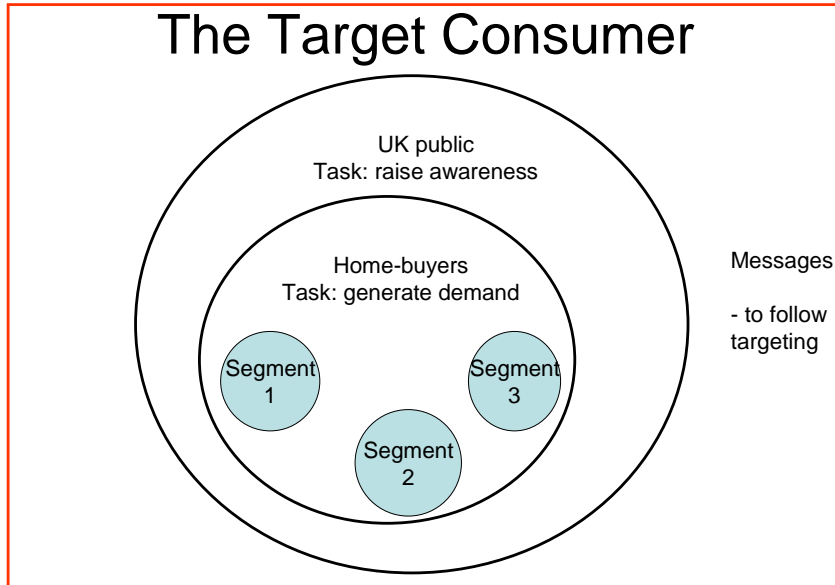
Advantages to this strategy include:

- It breaks down a large message into bite size bits
 - Specific elements within the overall message (low carbon homes) and the strategy of “A New Way of Living”
- It can align with the market –ready status of the technologies as in:
 - The technology is market-ready
 - The materials, parts, replacements etc are market-ready
 - Both for builders
 - And for consumers where applicable
 - In respect of replacement parts, repairs
 - The skills are market ready and at a critical mass
 - For customers “ who can repair this for me ? “ is a key issue
- It provides more angles to discuss to consumers and via media
 - Different promotional possibilities
 - Different media options
 - Different timing options
 - Different customer segmentation options.

Consumer Engagement is working with other parts of the Hub to generate a market ready schedule of technologies which will help in planning the overall campaigns and the order in which specific technologies are given a major promotional push.

Tailoring the messages

We have already covered targeting so will not repeat those comments here. But it is important to note that messages will be tailored to the targeted audience as per the following chart.



It is premature to develop further segmentation at this stage until overall strategies are agreed. However, whatever segmentation is used must be consistent with the segmentation of new homes marketing and be further specified by consumer awareness and motivation whatever "offer" is the subject of the specific campaign. It is important also to state at this stage that the segmentation used will need to be dynamic – that is reflect the true nature of the consumer and the market at the time as opposed to automatically using a particular segmentation model.

As important as the consumer segmentation (and obviously also influencer segmentation) is the need to tailor the message to reflect the source of the message.

This means that the messages will be tailored for context both in connection both with:

- the type of housing
- the type of builder

House building industry

	Commercial	Affordable	Social	Private rental
Volume builder				
Small builder				
Custom builder				

While the overall consumer proposition “A New way of Living” will apply to all housing, the detail will be different. The offer – and therefore the message – from a volume builder of new detached homes will differ from the offer – and message – of a smaller builder of social housing. This will differ yet again from the developer of private rented property (and the targeting will differ as well needing to take account of both the property buyer/owner and the renter).

Again, it is premature to pursue this in detail in this document except to confirm that such considerations will be inherent in developing marketing messages.

- Brand-specific consumer segment
 - Link with mainstream media
 - Using the generic communication as background and support
 - Additionally local sales media
 - Backed up by generic messages
 - Online search

- Brand-specific influencers / facilitators segment
 - Industry / “corporate” media
 - To promote the brand’s successes back to its own influencers/facilitators and its own industry
 - Government / funder CSR collateral
 - Some (not all) of which may also be on interest to consumers.

Using this structure of generic & brand, consumer & influencer/facilitator, all audiences will be targeted with the messages they require, delivered in the ideal media and all brought together within a single strategy – “A New Way of Living”.

Filling in the detail

Once we progress to filling in detail, we will be using the following template to assist in doing that.

In each case, the objective is based on the behaviour we want to affect. The tactic is the potential marketing action.

Filling in the Detail - Template					
Objective	Tactic	Measure	Timescale	Budget	Resp



As an example, we have already started to look at specific options in terms of the generic consumer segment as follows:

Generic - Consumer					
Objective	Tactic	Measure	Timescale	Budget	Resp
show the reality	Examples bank H&G style				
Create a shopping list	Checklist style				
Experience	Open House showhomes				
Broadcast hi profile	Location, Location				
Show leading edge	Using examples re " what's next"				
Local news uplift	Local news template				
Development specific	Support materials				

For example:

- We know that consumers are unfamiliar with the day-to-day reality of sustainable elements in homes. One way of upweighting this knowledge is to provide real world examples (as opposed to exemplars), featuring real case studies. The case studies that currently exist generally focus on the technology – so while this works for the trade, it does not have consumer media interest. We are proposing (and have started work on) an examples bank which can be presented in a manner which can be presented direct to the consumer (via collateral) and also to the media. In our chart above, we have used the direction of “House & Garden” (H&G) style to indicate the tone of the material as opposed to the publication itself.
- Another example is based on our recommendation to increase the broadcast nature of this issue. As we’ve noted, editorial – specifically TV editorial – is responsible for a great deal of what the UK consumer knows about housing. New homes with lower carbon profiles constitute a broadcasting gap that we can leverage. “Location, Location” noted above indicates the idea as opposed to the actual TV programme one would aim for. But it is a possibility and we would be recommending a programme with that reach and impact
- A final example is concerned with narrowcasting – in this case with local media. The message here would begin with the broad concept and would create a template which could be tailored via local media both in terms of the concept itself “A New way of Living “/low carbon housing / possibly a specific technology as part of a campaign. Additionally, the template would allow for developer brands to use this locally to promote a local development.

In each case, the plan would also indicate deliverables and responsibility. Taken together, these templates would ensure that all audiences would be targeted and would keep the overall marketing plan on track.



The ultimate goal? The consumer response?

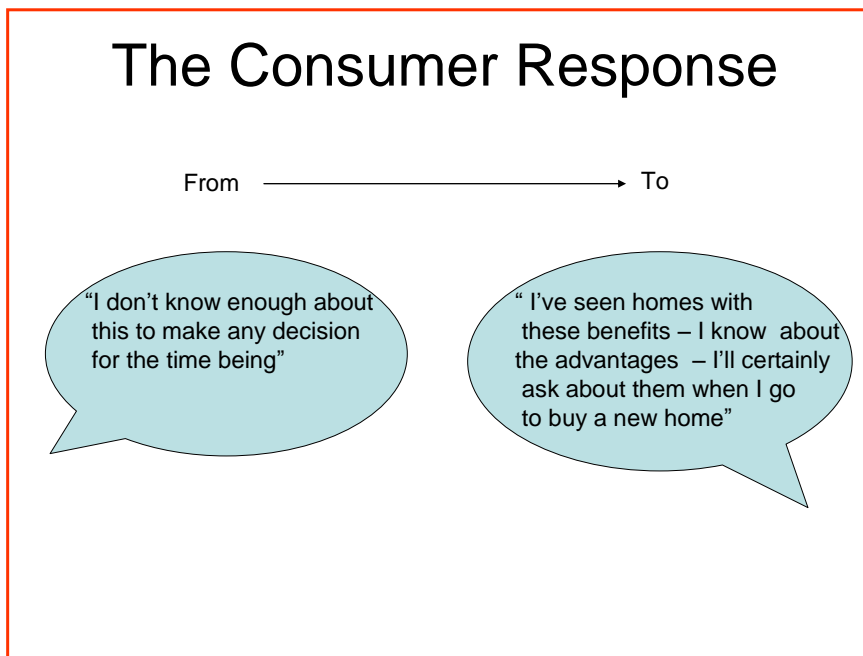
What is the ultimate goal? What do we want consumers to think, feel – and do – as a result of the marketing plan we are proposing?

Currently the consumer stance is generally one of disengagement. There is some background knowledge of government housing initiatives in response to global warming and certainly initiatives such as EPC's have brought this more to the fore (even if not wholly positively). But suffice to say that at the moment, consumers do not feel they see the big picture, do not have a clear idea of what they are being asked to do and what it means for them and would not be sufficiently literate in any of the low carbon housing initiatives to request them at point of sale or appreciate and value them if offered.

This – and the fact that all the technologies are perceived to add cost at point of purchase - coupled with a dire housing market generally - do not bode well in terms of the customer becoming engaged any time soon in any solutions in terms of low carbon housing.

However, we know that there is inherent concern about climate change and a fast accelerating consumer expectation that government and industry working together will “solve the problem”.

We are proposing that the marketing plan we have outlined in draft in this document will be seen as the first stage in bringing that solution to UK consumers. We propose that the marketing plan will inform, educate and motivate consumers about the opportunities and advantages of low carbon housing. But more fundamentally, we propose that the marketing campaign will apply the pressure and the support to actually create the market in low carbon housing. It will do this by generating a consumer groundswell which will drive and prove demand to the development industry – both developers and also suppliers and influencers of that market and also assist the industry in answering this demand.



As we said at the beginning of this document, this is not a situation where the solution is a simple, prescriptive promotional plan or a sales plan. The requirement here is a strategic marketing plan which will both help create the market in low carbon homes and also create and accelerate demand for that market.

NEXT STEPS

This document has outlined the draft marketing plan proposed by the Hub to further its goals of “facilitating the mainstream delivery of low and zero carbon homes”.

We have provided:

- Analysis & conclusions of the current situation
 - Including strategic implications for creating a marketing plan
- Recommendations
 - 10 recommendations which require industry input and ultimate buy-in
 - Some which require additional work at this stage regarding setting up structures etc
- A proposed marketing plan
 - In draft form but with the possibility of immediate action
 - And in fact, a plan which we have already taken actions to begin filling in detail.

Next actions are as follows:

- Reviewing this plan with top 20 industry brands
 - To get feedback, amend and refine from a practical industry perspective
 - To get access via these brands to their recent buyers with a view to ensuring that the marketing plan will reflect real consumer motivations, experiences and language
- Reviewing additionally with the Consumer Engagement Steering group
 - Which includes a mix of developer and non-developer organizations
 - And includes individuals pertinent to the discussion – journalists etc
- Discussions with industry bodies
 - For example, discussions are ongoing as to which industry body would be best placed to promote the generic message outlined in this document
 - possibility of an existing body
 - Or a newly created body
- Discussions with government agencies
 - For example, we want to ensure that our strategy of housing in the round (existing as well as new) is workable as it is core to our plan.

The Review Process

During September 2009, the Hub will circulate this document for review and input. This review will be carried out by the Consumer Engagement Workstream led by Workstream Manager, Matt Robinson and assisted by Margaret Egan, Director of Sinclair Barnes Limited.

We are looking for reaction and feedback both on the overall direction, strategies and insights as well as practical feedback as to the implementation of the marketing plan itself.

We will be gathering this input actively by organizing sessions (both by phone and face-to-face) with individuals and groups as outlined above. All input is welcome.

The end deliverable will be a definitive marketing plan scheduled for end October 2009.



APPENDICES

- Appendix 1: Workplan to develop the Marketing Plan
- Appendix 2: Stage 1 Report (The Marketing Context) in March 2009
- Appendix 3: Update on Current Work
 - gathering feedback and input from industry & government
 - conducting a market investigation among the UK's top mainstream builders and developers as to how lower carbon developments and features are currently marketed and how our proposal will impact and must integrate with marketing going forward
 - examining comparisons with other markets.

Appendix 1: Workplan to Develop the Marketing Plan

ENERGY SAVING TRUST & ZERO CARBON HUB PROJECT

Consumer Engagement Workstream - Creating the Marketing Programme (15 February 2009)

PREPARED BY:

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BACKGROUND

The core objective of the Consumer Engagement Workstream of the Zero Carbon Hub is to create customer demand for the proposed zero carbon homes which will begin to come onstream in a staged manner beginning in 2010 with full implementation by 2016.

While there are a number of necessary strands to the HUB's mandate, the specific remit of the Consumer Engagement Workstream is to work with industry to create a marketing programme which delivers against both overall goals (consumer understanding, motivation and propensity to purchase Zero Carbon homes) and specific goals (marketing at the sharp end as delivered by the manufacturers – specifically housebuilders, manufacturers of technologies and appliances and by the distribution channel – developers, estate agents, also retail re appliances and technologies and finally financing – from incentives to warranties to mortgage providers).

All these issues must be addressed and solved if a mainstream market for zero carbon homes is to be created. The alternative is that this issue will remain a niche proposition – financially unviable for both builders to develop and for consumers to buy.

Sinclair Barnes Limited has been asked to work with the Zero Carbon HUB to develop this marketing plan.

CREATING CONSUMER DEMAND

In most cases of market development (and housing is a classic case), the market is founded on a perceived (and then documented and analysed) consumer need / desire. Essentially the market grows organically and on a base (which varies by stage of development) of consumer demand and likelihood to purchase which is apparent to both the consumer and to the relevant industry/supplier.

This is not the case here.



While there is a general societal move to become more energy efficient and while developers are increasingly including energy-efficient features and options, the larger move to zero carbon homes is being driven by government mandate. So the market driver is not consumer demand but legislative intervention. Essentially, the Zero Carbon HUB is being asked to both create demand (by influencing the consumer) as well as influence supply (working with new Code legislation).

The situation is complicated by the fact that if realised, the move to Zero Carbon homes is likely to - and is certainly perceived to – involve real financial cost for both the consumers and industry. At the best of times, this is not a positive market driver. In the current economy, it is a positive disincentive regarding both demand and supply.

This does not suggest that creating Zero Carbon Homes – and creating demand for these - is an impossible task. But it is a complex task. And this has implications as to how the Customer Engagement Workstream needs to address and deliver on the issue.

IMPLICATIONS FOR THE CONSUMER ENGAGEMENT WORKSTREAM

The main implication – and challenge - is for the Consumer Engagement Workstream is to position its specific task within the Zero Carbon HUB as representing the voice of the consumer. The Workstream must be both marketing-led and consumer-driven. This does not mean either being unmindful of the real and urgent concerns of the house building industry or failing to work with the industry to develop a marketing plan. But it does mean ensuring that the consumer voice and demands are kept to the fore in an impartial and unbiased manner.

The benefits of doing this are that any plan developed will be robust - having run the rigorous test of consumer acceptance and uptake. The consequences of not doing so are that the plan might find favour with government or industry or both but will then fail to gain consumer acceptance and takeup.

HOW TO PROCEED – A RECOMMENDATION

Developing the marketing case and programme needs to be a staged approach. One report – or one additional piece of research – by itself will not answer all the questions which need to be answered. The laydown below has broken down the tasks to allow an integrated series of steps to build to a conclusion.

One further reason for this approach is that a key element is still missing from the investigation – that being a clear and agreed product. What is the consumer proposition? What is the nature of the homes (the product) potential buyers are/will be offered in the marketplace? At this stage in the consultation process, this product is not yet defined and there are a number of variables yet to be decided – an agreed definition of Zero Carbon / a decision on the target Code Level / agreement on the mix of allowables.

The marketing plan cannot be constructed in isolation of this product definition. However, the development process needed to construct the marketing plan can itself help to define the product by providing a structure within which to explore alternatives and test options. This will allow the Zero Carbon HUB both to fine-tune the product proposition and also to create the optimal marketing strategy and plan.



The following plan will achieve these ends and has been organised in two distinct stages.

Outline Development Plan

Stage 1 - Developing the Marketing-specific Consumer case

- Part 1 – current marketing context
 - o Based on existing information & new industry and consumer interviews - see details below
- Part 2 - develop and test concepts
 - o Concepts regarding consumer choices
 - o To be developed within new home marketing category conventions
 - o Developed with industry input
- Part 3 - develop and test prototypes (product proposition)
 - o TBC – and will be informed by findings of Stage 1 & Stage 2
 - o Envisioned to include
 - Further product detail (what will home look like / what features)
 - Pricing models – including any incentives, subsidies
 - If applicable at that stage, some physical product / showhomes

Stage 2 - Developing the marketing plan

- including
 - o positioning
 - broad consumer positioning
 - positioning implications for individual developments
 - o target audience – priority targets
 - o messaging
 - o message distribution
 - marketing materials
 - media
- detail of the marketing plan will be informed by:
 - o Stage 1 discovery process above
 - o Product developments as they happen
 - o Agreed Codes, policies, programmes, allowables and definitions.



Appendix 2: Stage 1 Report (The Marketing Context) March 2009

Zero Carbon Homes: Creating the Marketing Programme

Management Summary

Introduction

It is government policy that all new homes will be built to Zero Carbon status by 2106 with a staged lead-up beginning in 2009. The Zero Carbon Hub, in partnership with other organisations has been charged with delivering this policy. Specifically, it is charged with “facilitating the mainstream delivery of low and zero carbon homes”.

Within the Hub, the Consumer Engagement Workstream is charged with working with industry to create a marketing plan to engage the consumer and specifically to “help raise consumer awareness and generate demand for low and zero carbon homes”.

The Energy Saving Trust, as experts in consumer engagement on issues of energy efficiency, has seconded a manager to oversee the direction of the Consumer Engagement Workstream.

As its first task, the Consumer Engagement Workstream, with the assistance Sinclair Barnes Limited has created a Workplan to develop the marketing plan. The Workplan is included in the Appendix. This document covers the report for Stage 1– Part 1.

The focus of this document is to provide a sense of the debate to date from the viewpoint of the consumer. Specifically, it considered: “what is the extent of the current case for marketing new homes to an increased standard of energy efficiency / carbon saving?”

It looks at what is known and where gaps remain.

The document concentrates on Consumer Engagement in the buying process and specifically that related to marketing (and marketing messages) - as opposed to looking at the specifics of the zero carbon features and technologies themselves.

The report covers:

- a) the current case - a topline review of the debate to date
- b) an analysis – what is needed / direction to take to engage the consumer
- c) recommendations - where does the issue need to go from here?

This deliverable leads into Part 2 – developing and testing concepts.



The current case - a topline review of the debate to date

The reports reviewed were written between 2005 and 2009 and fell into two broad areas:

- Understanding consumer behaviour, attitudes and motivation to sustainable housing
 - from various angles – from features to ways of funding
- Understanding the industry attitudes and actions
 - from how new homes are sold, to planners attitudes
 - to actions in respect of climate change mitigation.

In the main, the reports were commissioned for the purpose of understanding dynamics regarding the sustainable housing issue as opposed to as a pre-cursor to creating an actual market and developing a marketing plan. So to that end, they form a useful background to the issue as opposed to a basis on which to develop an actionable plan.

Significant points:

- Taken together, the reports show a consensus on the broad issues – specifically the direction of will on both the supply side and the demand side to push for more energy-efficient solutions.
- They show that, even without the 2016 mandate, this is a strategic and market-directing issue for the housing market and not just a passing fashion
- The reports show us the arc of the consumer behaviour on this issue. Of significance is the similarity of this consumer behaviour to that in similar social issue fields and also in motivation and purchasing behaviour re consumer goods. This is very helpful as it gives us an indication of how this topic could progress by observing how consumers behaved in similar societal and purchasing situations
- In terms of gaps, there are two:
 - the information provides background as opposed to direction in terms of developing a marketing plan.
 - the weight of the available information is skewed to the environmental/ carbon side of the issue because:
 - this area has been extensively researched
 - and reports are in the public sector
 - reports from the housebuilding industry are increasingly of commercial value to the developers themselves and therefore not publicly available.

Working with the industry and going forward to the next stages of this project, we will seek to fill these gaps but moreover will concentrate on taking the debate forward to support a workable marketing plan.



An analysis – what is needed / direction to take to engage the consumer

A review of the current issue, including reviews of the sources described above show that both consumers and industry have a common objective of moving to more energy-efficient homes. They each have different motivations:

- For the consumer – “if it’s right for my lifestyle”
- For industry – “if it’s right for my business”

To bring these two sides closer together and to move the issue along requires a consumer-centric marketing strategy which:

1. Re-focuses the issue
 - a) from a policy to a product
2. Re-frames the issue
 - a) from zero carbon homes
 - b) to homes which are zero (or lower) carbon.

In doing this, the tenor of the debate is changed from negative to positive and the propositions on both sides become more motivating:

- The consumer
 - “I want to buy a home for me and my family. I like the idea of a new home which has advantages for me over an existing house. And I want it to be built to the most modern and effective standards”
- The industry
 - “Our business is to build and sell mainstream homes – and specifically new homes. We will differentiate by building these homes to increasingly higher standards in building, lifestyle amenities and community life”

With regard to targeting the consumer, it is important to keep in mind that – in the consumer’s perception – there is not currently a zero (or low) carbon housing market. Therefore that market needs to be created in reality (product, proposition and messages) before it can be marketed into.

Similarly, before creating a marketing strategy aimed at a stratified and segmented market, one must first create broad public awareness of this market and public appeal for its products and innovations. So recommended targeting would be:

- First to the general public
 - to raise broad awareness of issues, trends and innovation in new houses and opportunities for the consumer
- Then to specific targets re homebuyers
 - to generate demand
 - to segment with different offers



Essentially, looking from the viewpoint of the consumer – who is the ultimate target - the market for low and zero carbon homes needs to move from an “I should” market to an “I want” market. Furthermore, energy efficient and renewables features need to be normalised within home design and home buying to the point where they cease to be unfamiliar options to the point where they become standard in new, modern, innovative homes.

Recommendations - where does the issue need to go from here?

Creating the market begins by developing an actual, realistic product proposition. The next task of the Zero Carbon Hub Consumer Engagement Workstream project begins by creating the concepts for that proposition.

Here are the steps:

Step 1 – create the product

- Even if initially a prototype
 - CGI etc
- Must be portrayed via category conventions
 - that consumers recognise
 - marketing in a way they are used to
 - that developers recognise
 - marketing that fits their goals and marketing conventions
- And covering the zero carbon trajectory
 - the development benchmarks between now and 2016.

Step 2 – test against a realistic target

- Combination of
 - general public – to create public discourse
 - new home buyers
 - against current demographic - new homes buyers
 - target via current developments
- Need to include (but not be exclusive to) eco-aware
 - otherwise, it remains niche
- But equally begin to identify early adopters
 - variables from DIY’ers to greens to design-led

Appendix 3 - Update on Work to Date

As background and input into this draft plan, the Hub has initiated and is carrying out the following as ongoing activities:

- gathering feedback and input from industry & government
 - industry from operational to CEO level
 - government up to ministerial level
 - meetings and interviews which are ongoing
- conducting a market investigation among the UK's top mainstream builders and developers as to how lower carbon developments and features are currently marketed and how our proposal will impact and must integrate with marketing going forward
- examining comparisons with other markets.

Gathering feedback and input from industry & government

Over the past several months, the Hub has been meeting and consulting with industry and government with a view to gathering feedback and input to our strategies and proposed plans. These have included:

- industry from operational to CEO level
- government up to ministerial level
- meetings and interviews which are ongoing.

Finance – discussions with banks and financial institutions

One of the areas of concentration has been finance. As stated in our report, in our discussions with industry we have discussed that one of the barriers preventing consumers from purchasing lower carbon homes is caused by a lack of understanding within financial institutions.

Some of the issues cited have been:

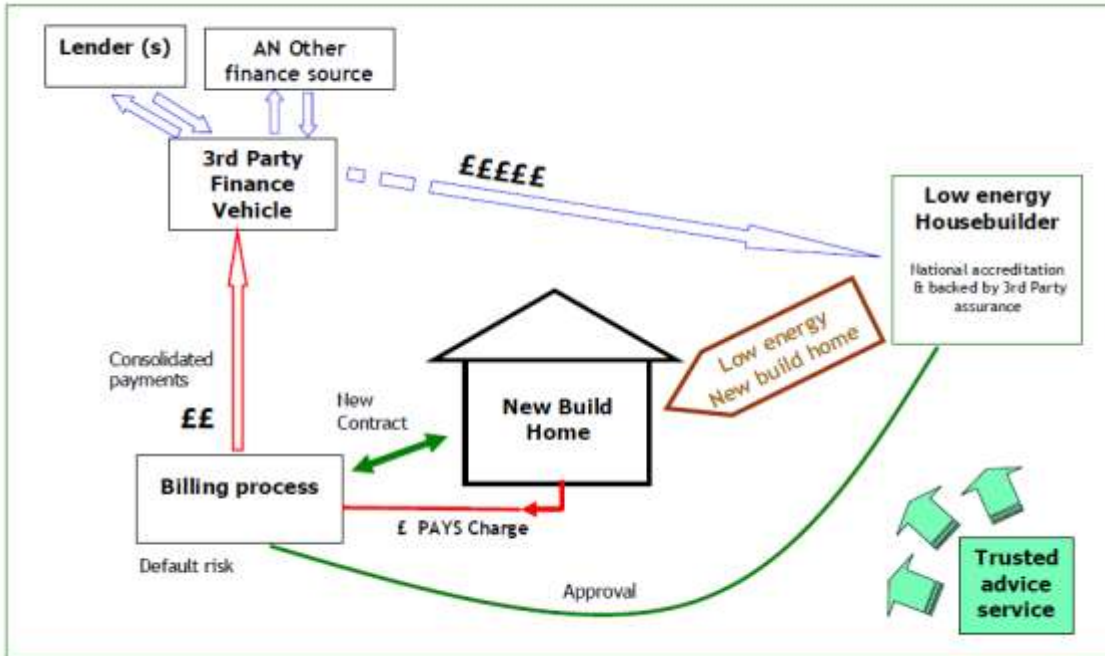
- Home valuations not incorporating the cost of low carbon technologies thereby resulting in banks making lower mortgage offers to the consumer.
- Liability and responsibility concerns in respect of low carbon technologies within the home.

The Zero Carbon Hub has been meeting with and working with banks, insurers and other relevant financial institutions to discuss these issues. These meetings will continue in the coming months.



Finance – consumer incentives

On the other side of the issue – helping consumers afford new lower carbon homes. The Zero Carbon Hub has been supporting the UK-GBC’s ‘Pay as you save’ work. Findings were published in August. While the report focuses mainly on how the PAYS mechanism could be implemented to improve consumer uptake of energy efficiency measures for existing stock homes, it also provided topline recommendations for how it could work for newbuild homes as well. These are detailed below:



How it could work for new build:

- The house builder seeks accreditation to offer the PAYS Finance from a national body. At a local level the billing process approves access to their PAYS billing system.
- A proportion of the difference between the projected energy bills and the ‘stock’ average energy bills, for the particular dwelling type, is allowed to be used as the PAYS Charge.
- The upfront capital this equates to, minus financing charges, would be calculated.
- The prospective homeowner is offered a reduction in upfront cost and the PAYS Charge schedule is provided.
- Any mortgage provider and valuer would be advised that a PAYS Charge is being considered for the property.
- If the householder proceeds with the purchase at the reduced upfront cost the house builder receives the PAYS capital from the third party finance vehicle on completion subject to receipt of a signed PAYS contract.
- The householder would pay the monthly PAYS Charge as per the schedule in the same way as for an upgraded existing home.
- At the point of re-sale the PAYS Charge would transfer in the same way as for existing homes.
- The PAYS Charge could be levied in conjunction with any Feed in Tariff credit to offset the amount paid.

Consumer testing of the PAYS model for existing homes will be undertaken over the coming months by the Energy Saving Trust.

Conducting a market investigation among the UK's top mainstream developers

We make the point in the Report that the key task of any proposed marketing plan is to create a market in low carbon homes as a market does not currently exist in anything but a niche sense. Having said that, what does exist – and what is extremely relevant to our investigation - are developments with sustainable features.

Many developers and most of the top volume developers have a proportion of their product stock which they have labeled variously as “green”, “eco”, or “sustainable”. Some of these have been self-funded by the developer and some others have been developed with government money or in partnership with public or sustainability organizations. Most are in some way, acting as a test bed for new building methods and materials and most are testing the market regarding consumer uptake.

However, importantly, they are all commercial propositions. Therefore in terms of helping gauge consumer motivations regarding low carbon housing they are important for us to examine. In terms of consumer engagement and consumer uptake, they are the first rungs on the ladder toward “normalizing” lower carbon features in new build homes.

To examine these developments, the Hub has instituted an ongoing project of investigation as to how homes with sustainable features are being marketed. In this, we are being assisted by the Next Generation project.

The Hub is conducting this investigation as follows:

1. we have completed a pilot project to scope out the issues and questions which we plan to examine across as many builders as possible
 - a. we first examined the green/eco offerings on developers websites
 - b. we then visited some developments with green/eco offerings and spoke to:
 - developers representatives (site managers, sales teams, show home staff, customer service representatives)
 - internal and external marketing personnel
 - new purchasers and new residents
 - c. we developed a series of questions which will ensure we examine not just consumer feedback but also feedback from consumer-facing or consumer-influencing staff (sales staff, showhome staff, marketing personnel)
 - d. we also wanted to ensure we viewed key technologies in situ – not in a technological sense – but in the sense of how they were described and marketed to consumers
2. from that pilot we have instituted a survey of among the top UK builders.
 - a. again working with the assistance of NextGen which itself is looking at sustainability issues among its members
 - b. our aim is to speak to the top 20 developers in the UK
 - we have already spoken to 6 of these in August
 - and continue through September



- c. What information we are seeking?
 - experiences in selling in real examples of lower carbon homes
 - a range of options open to the consumer
 - from “standard” homes with a few sustainable features
 - to homes with a significantly higher carbon-saving profile
 - we are not only looking at Zero Carbon or Code 6 houses
 - Note: this is not a benchmarking study as companies are at very different stages of development on this issue
 - Note 2: we are not asking for any commercially-sensitive information and have guaranteed confidentiality of findings to developers talking part. All findings will be aggregated and will be reported in a non-brand specific manner.

- d. Who will we speak to?
 - marketing personnel
 - a. both those who are creating the strategies
 - and those implementing them – sales staff , showhome staff, estate agents(if relevant)
 - customers
 - a. particularly those who have been through the buying process and ideally have lived in their homes for at least 6 months

We are part way through this work and will report findings in due course. However, initial findings have been incorporated into the analysis we describe in this Report.

We welcome the input of all developers. Initial contact will be by phone interview in the first instance and by collecting examples of marketing materials. Interviews will be conducted by Margaret Egan, Director of Sinclair Barnes & Consultant to the Zero Carbon Hub working with Matt Robinson, Head of ZCH Consumer Engagement Workstream.

To become involved, please contact:

- Matt Robinson: matt.robinson@zerocarbonhub.org Tel: 078616 70392
- Margaret Egan: margaret.egan@sinclairbarneslimited.com Tel: +44 (0)20 7439 6064.



Examining comparisons with other markets

In Stage 1 – Part 1, we reviewed a wealth of research and opinion that set the backdrop for the debate about lower carbon housing in the UK. One of the conclusions was that very little of this material actually shed light on how one can market such homes.

However, there are two areas to investigate which can shed light on this:

1. the first is how such lower carbon homes are being marketed in other markets around the world
 - a. what successes have they had
 - b. what lessons can we learn
2. the second is how existing homes are being marketed – particularly in the UK
 - a. this is the baseline experience most people have had
 - b. what can we learn from how existing homes are marketed?

Our purpose is not to conduct a comprehensive study of either of these but to look specifically for tips, do's & don'ts and good ideas that can be applied to our purpose of assisting industry create a marketing plan for new build homes with lower carbon profiles.

We will be reporting on some of these in the final version of the marketing plan (October 2009).

However, at this stage, we do want to mention the Zero Carbon Compendium.

This project, jointly supported by the NHBC Foundation and the Zero Carbon Hub and developed by PRP Architects, looks at 15 countries across the globe, from Australia to Canada. Each country is presented as a case study detailing a range of considerations, including housing stock and climate data, future aspirations, government policy and, critically, the types of incentives and support that have been tested. In evaluating experience from the countries included, the Compendium identified seven thematic areas that are considered critical in shaping progress towards low and zero carbon housing. While UK and France are ahead in terms of aspiration, it is clear that successful delivery arises when there is an integration of a number of key strands, in particular new technologies coupled with clear strategies and policy and, significantly, public engagement to ensure diffusion and acceptance

We are looking at a further version of the Compendium which will provide further information on consumer attitudes across global markets with specific reference as to how sustainable and low carbon policies are marketed to consumers, what successes and failures were encountered and what lessons we can learn for the UK.

