



MARKET RESEARCH ON BUILDER'S SELLING PRACTICES AND STRATEGIES FOR ENERGY EFFICIENCY HOMES

Prepared for:
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May 3, 2013

CALMAC ID: SCE0335.01

Acknowledgements to Study Contributors

Navigant Consulting, Inc. wishes to thank those industry actors, program managers, and subject matter experts who provide the core primary research for this study. Each person interviewed has a serious desire to support development of a “best practice” builder sales training module for CAHP program participants. The project team thanks these contributors for their assistance.

- Neil Grigsby (Northwest Energy Efficiency Alliance -NEEA)
- Ben Adams (McGrann Associates)
- Jeff Shaw (Southern Maryland Electric Cooperative-SMECO);Selim Karabulut (ICF –Maryland Utility Collaborative)
- Tom Hines (Arizona Public Service-APS)
- Sandy Lockard (Arizona Public Service-APS)
- Robin Ribble-Harder (ICF); Emma von Moorsel (PNM New Mexico)
- Chuck Perry (North Carolina Energy Alliance - NCEEA)
- Annette Bubak (Nevada ENERGY STAR Alliance)
- Kelly Helmes and Laura Bellcoff (New Tradition Homes-NW)
- C.R. Herro (Meritage Homes)
- Robert Broad (Pulte Homes)
- Anjelina Barraza (Shea Homes)
- Jon Morton and Donna Weaver (Southern California Edison-SCE)
- Chip Fox and Robert Gertz, (San Diego Gas & Electric- SDG&E)
- Matthew Christie (Hershong-Mahone Group –H-M-G PG&E implementer; Derek Fletcher (Pacific Gas & Electric-PG&E)
- Ganesh Venkat and Mark Drake (Southern California Gas - SCG)
- Linda Mamet (Pulte Homes)
- Ken Hillgoss (KB Homes)
- Derek Barbour (Brookfield Homes)
- Charles Segerstrom (PG&E)
- Jill Marver (PG&E)
- Borre Winckel and Michael Harris (Building Industries Association of San Diego- BIASD)
- David Shepherd (Building Industries Association of Los Angeles-BIALA)
- Sam Rashkin (U.S DOE)
- Jon Passe (EPA ENERGY STAR)
- Karen Thull and Nancy Bakeman (The Energy & Environmental Building Alliance -EEBA)
- Lisa McLain (McLain Instructional Design Consulting)

The project team also wishes to thank Project Coordinating Group (PCG) members who provided feedback and support for this project, including the CAHP Program Management teams from SCE, SCG, PG&E and SDG&E (noted above); Cathy Fogel, CPUC; Lonnie Mansi, SDG&E EM&V Group; Robert Kasman, PG&E EM&V Group; and, Rich Pulliam and Shahana Samiullah, SCE EM&V Group, who managed the study.

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Executive Summary

Introduction

In April 2012, Southern California Edison (SCE), serving as the contract agent for the state’s Investor Owned Utilities (IOUs) (a group including Pacific Gas and Electric Company (PG&E), SCE, Southern California Gas Company (SCG) and San Diego Gas and Electric Company (SDG&E)), contracted with Navigant Consulting, Inc. (Navigant) to undertake a study to recommend best practices for an energy efficiency “sales training module” that would subsequently be developed by the IOUs and offered statewide to California Advanced Home Program (CAHP) participating builders and their sales staff.

Established by California Public Utilities Commission (CPUC) Decision 09-09-047¹, the CAHP is a statewide program administered by California’s four IOUs that was created to help the building industry design and develop more environmentally friendly communities. Through a pay-for-performance incentive structure and a whole building approach, the program is designed to increase market demand for energy efficient single- and multifamily² homes and to encourage builders of all production volumes to construct homes that surpass California’s Title 24 energy efficiency standards³ by a minimum of 15 percent. The CAHP is a comprehensive residential new construction (RNC) concept with a crosscutting focus on sustainable design and construction, green building practices, energy efficiency, and emerging technologies.

Recognizing the need of participating builders for additional support in not only building, but also selling CAHP homes, program administrators sought to conduct a research study to understand how builders can be assisted in developing successful sales and marketing strategies to drive demand for energy efficient homes.

Project Scope

This research is intended to support the development of residential builder sales training modules and tools to assist builders increase their understanding of what green purchase decision drivers are and how they can apply this knowledge to improve their sales of energy efficient homes. With these tools program administrators aim to not only help drive market penetration, but also, thereby, facilitate an increase in builder participation in the CAHP, creating a virtuous cycle in support of market transformation of the residential new construction market. The project’s fundamental goal is to assist the CAHP builder community to increase effectiveness of builder sales efforts, thereby increasing demand for energy efficient homes that also receive incentives from the CAHP. More specifically, Navigant was to research California builder and national best practices in the field of energy efficient home sales and provide the California IOUs with recommendations for tools, best practice approaches, materials, and strategies to incorporate into a new IOU-sponsored builder sales training module and course for CAHP

¹ CPUC Decision 09-09-047. <http://www.cpuc.ca.gov/NR/rdonlyres/A08D84B0-ECE4-463E-85F5-8C9E289340A7/0/D0909047.pdf>

² Multi-family projects built in PG&E’s service area are administered by a third-party program and are eligible for separate incentives.

³ California Code of Regulations, Title 24, Part 6, 2008 Building Energy Efficiency Standards for Residential and Nonresidential Buildings. <http://www.energy.ca.gov/title24/>

participating homebuilders. It should be noted that the study focused on the issue of how best to implement sales training, not specifically on the question of if sales training would be the most cost-effective use of program resources compared to other activities.

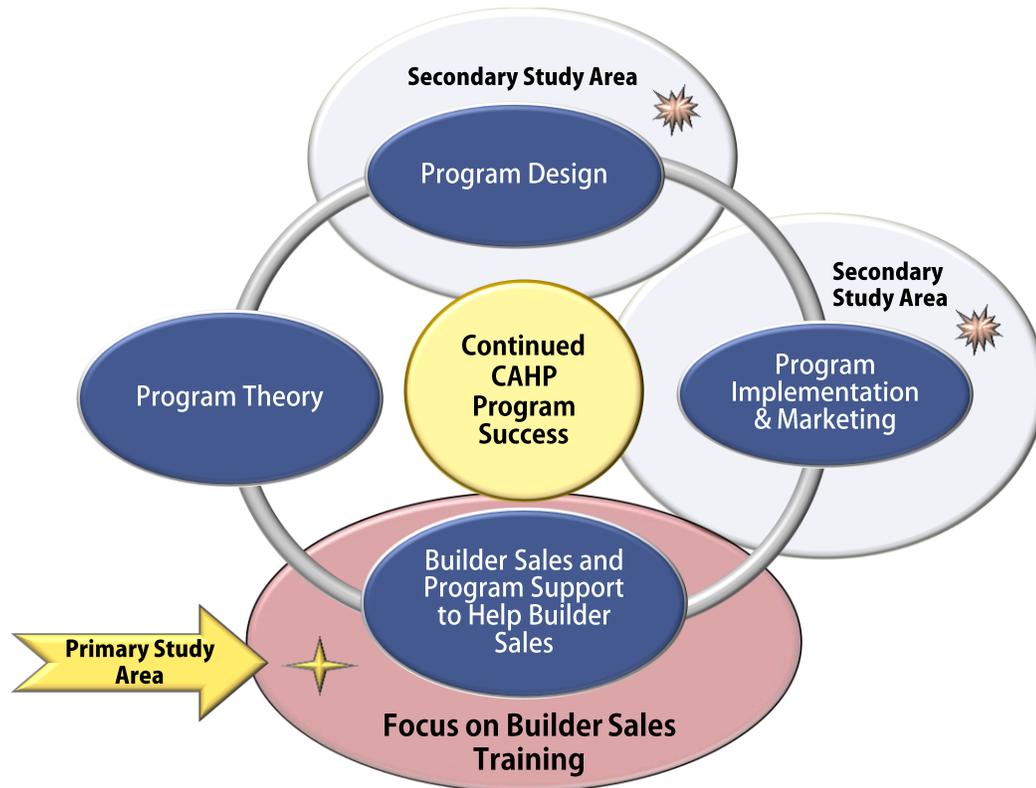
While the areas of consumer marketing practices and RNC program design were not initially a focus of the study, it quickly became apparent that marketing and related program design issues were integrally tied to best practice sales efforts with marketing being a key element supporting builder's selling processes and "best practice" program design helping create long-term, stable and successful relations with program builders. Because of this, Navigant included into the project's research and discussions its findings on successful marketing of energy efficient program homes⁴ as well as findings related to program design.⁵ Navigant designated two levels of study effort within the scope of the project: A Primary Study Area, focusing on research leading to direct recommendations to the IOUs for development of a sales training module; and a Secondary Study Area, focusing on marketing and program design insights and findings gathered as part of primary study activities.

The interrelationship of the various elements of successful RNC program delivery is shown in Figure ES-1, which points not only to the primary areas of study focus, but to the secondary areas as well.

⁴For purposes of our research and this report, we generally define consumer marketing as that which drives demand for the product -- in this case, an energy efficient or CAHP home, and brings prospective homebuyers "to the door." In this regard, "sales" relates to the part of the RNC builder process that convinces potential buyers to "close the deal" once a consumer is "in the door." It should also be noted that consumer marketing, which focuses on driving demand for efficient homes by homebuyers, is something quite distinct from program marketing, which focuses on enticing builders to participate in the program.

⁵ While marketing issues were the primary focus of the Secondary Study Area, excellence in program design inevitably came to the fore as a major issue for successful RNC programs. The area of program design is addressed throughout the document. However, our summarized conclusions on the subject are presented in Section 5.2.1 of the study's Conclusions and Recommendations Section. Further valuable information on excellence in program design can be found in literature review articles that address this issue. A simple "find" search for "program design" within the literature review will point to several excellent presentations and articles on the subject.

Figure ES-1. Interrelationship of Project Primary Sales Focus to Other Areas of RNC



Approach

Between the spring of 2012 and early December 2012, the Navigant team undertook the following project activities to arrive at the team conclusions and recommendations:

- **RNC Program Manager Interviews** -- In-depth RNC program manager interviews in both California and other states with successful programs
- **RNC Builder Interviews** -- In-depth RNC program builder interviews from both California and other states with successful programs
- **Literature Review** -- Comprehensive literature review of available information, and sales and marketing materials
- **Focused Sales Staff Interviews** -- Focused interviews with builder sales staff to receive feedback on Navigant’s draft recommendations

This type of approach allowed the team to gain an understanding of the often-complex relationship between program theory, design, marketing and, eventually, the sales process, necessary to fully appreciate the context for and needs of a successful sales training module.

Key Study Principles and Findings

While the study generated numerous findings (which are presented in both the main body and appendices of this report), two of the most important key findings -- based on program staff interviews-- that informed our recommendations were that:

- Sales training is a key component of overall program design; and
- A relationship appears to exist between RNC program sales training, building science training, marketing support and long-term relationship building, and a program’s overall success in market penetration of program homes.

Our research and analysis resulted in the development of three general principles that formed the base of our recommendations for an IOU-developed CAHP Builder Sales Training Module and which Navigant believes will help ensure project success. These principles include:

- *Focus on Long-term Commitment to Market Transformation of the CAHP Builder Sales Market*
- *Focus on the Training Approaches and Tools Relevant to the Work of Builder Sales Staff*
- *Use Multiple Formats and Approaches to Learning to Ensure Uptake and Use of the Materials*

Conclusions and Recommendations

Following the principles noted above, Navigant developed its study recommendations for IOU development of a CAHP Builder Sales Training Module. These are based on using a five-prong approach to developing a successful CAHP sales training module that includes recommended instructional formats and approaches, and ancillary tools in support of the training. Table ES-1 provides a high-level overview of our recommendations related to training, program design, and consumer marketing, along with key supporting findings. Additional recommendations are provided for consideration in Section 5.

Table ES-1. Navigant Recommendations for CAHP Builder Sales Training Module and Related Program Design and Consumer Marketing Features

Recommendations	Supporting Findings
Training	
<p>Develop a builder sales training component, incorporating the conclusions and recommendations found herein</p>	<ul style="list-style-type: none"> ▪ “Lack of sales skills” is among the key barriers to the adoption of energy efficiency technologies in the home building industry • Well-trained sales agents support increased market penetration of efficient homes • Offering training as a program benefit supports increased long-term program participation • Program staff interviews from successful programs showed that sales training was a key component of overall program design
<p>Use Adult Learning principles and techniques</p>	<ul style="list-style-type: none"> • Trainings targeting adult professionals are more successful when: <ul style="list-style-type: none"> ○ Designed to ensure that the learning process is experiential, and acknowledges and respects participant knowledge and life experience – adult learners should understand why something is important to know or do. ○ To the extent practicable, participants have the freedom to learn in their own way – and on their own schedule,

Recommendations	Supporting Findings
	<p>but with specific objectives to achieve.</p> <ul style="list-style-type: none"> ○ Approaches incorporated case studies, role-playing, simulations, training exercises that incorporate multiple styles of learning, and self-evaluation. ○ Applied in online trainings as well, which can provide unique ways to meet the needs of adult learners, particularly by providing a sense of control over their own learning. ○ Regular short “refresher” courses are offered as a follow-on to an initial longer and more detailed training.
<p>Translate building science “Features” to “Benefits”</p>	<ul style="list-style-type: none"> ● Maintaining a keen focus on training builder sales staff to identify and understand buyers and buyer attitudes as related to “green” or energy efficiency will help the sales staff best use the benefits of energy efficiency in their sales presentations ● Because there are as many such definitions of “home” as there are home buyers, sellers have to quickly recognize which features will best resonate with different buyers, as well as which approaches and sales tools will best demonstrate them and speak to the buyer ● As sales agents typically will have had some training in “reading” or identifying buyer types, trainings structured in an interactive way to take advantage of existing sales staff knowledge as a base for then incorporating “best practice” training and role-playing on energy efficiency buyer “typologies” and approaches to each are more likely to be successful ● Successful sales agents will be adept at applying industry approaches that focus on energy efficiency as a “Better Than” option to a competing home with lesser energy efficiency features and benefits, as well as those that focus on emphasizing energy efficiency as a key deciding point after a buyer’s decisions related to price, location and floor plan are taken into account ● Being up-to-date on relevant current market trends and demographics (e.g., how “greenwashing” has affected the market, what home features are selling well in the current economic state, and the prevalence of female home-purchase decision-makers) will also aid a well-informed seller ● Successful sales agents tend also to be well-versed in sales tools that work to convey the benefits of efficient features and how best to use them with various homebuyer types (e.g., wall placards and deconstructed homes)

Recommendations	Supporting Findings
<p>Understand buyer types and preferences for energy efficiency</p>	<ul style="list-style-type: none"> • A keen focus on training builder sales staff to identify and understand buyers and buyer attitudes as related to “green” or energy efficiency, including providing tools and approaches (e.g., appropriate language for different “types” of buyers), can help the sales staff best use the benefits of energy efficiency in their sales presentations
<p>Use multiple training formats</p>	<ul style="list-style-type: none"> • Incorporating training formats that builders’ sales agents can use to “stay in touch” with the information learned will help ensure the long-term use and market retention of the learning. This includes a variety of approaches to keep the sales audience informed and interested (we have provided detailed examples of four recommended formats in this report) • Beyond the offering of classroom face-to-face training opportunities, the IOUs should also consider building into the module continued learning opportunities. Incorporating these opportunities will help ensure that the training becomes rapidly integrated into CAHP core program design as an important benefit of the program offered by the IOUs and the CPUC
<p>Provide tools, “rewards” and “benefits” that support ongoing trainee interest</p>	<ul style="list-style-type: none"> • Providing supportive “Rewards” and “Benefits” for attending the training can help both sustain the knowledge gathered in the training and support continued builder sales staff interest • Supportive tools help build confidence within the trainee community that they can successfully use the knowledge gathered in the CAHP trainings on a day-to-day basis to help them sell more program homes. <ul style="list-style-type: none"> ○ Tools such as sales “playbooks” provide support for long-term retention and use of training ○ “Takeaway” Story / Poster Boards of CAHP Energy Efficiency Features can be used by sales agents in their model homes to educate buyers ○ “Rewards” such as framed certificate of completion/attendance provide on-site confidence building support and program recognition
<p>Program Design</p>	
<p>Align program theory and design to focus on: (1) long-term builder relationships, (2) relationship building and training with other parts of the industry (i.e., appraisers, real estate agencies, mortgage lenders), (3) consumer</p>	<ul style="list-style-type: none"> • There appears to be a relationship between sales training, building science training, marketing support and long-term relationship building and a program’s overall success in terms of percentage of market penetration of program homes • IOU efforts will be far more successful with a focus on developing training approaches and materials that can provide a long-term horizon for ensuring that the builder

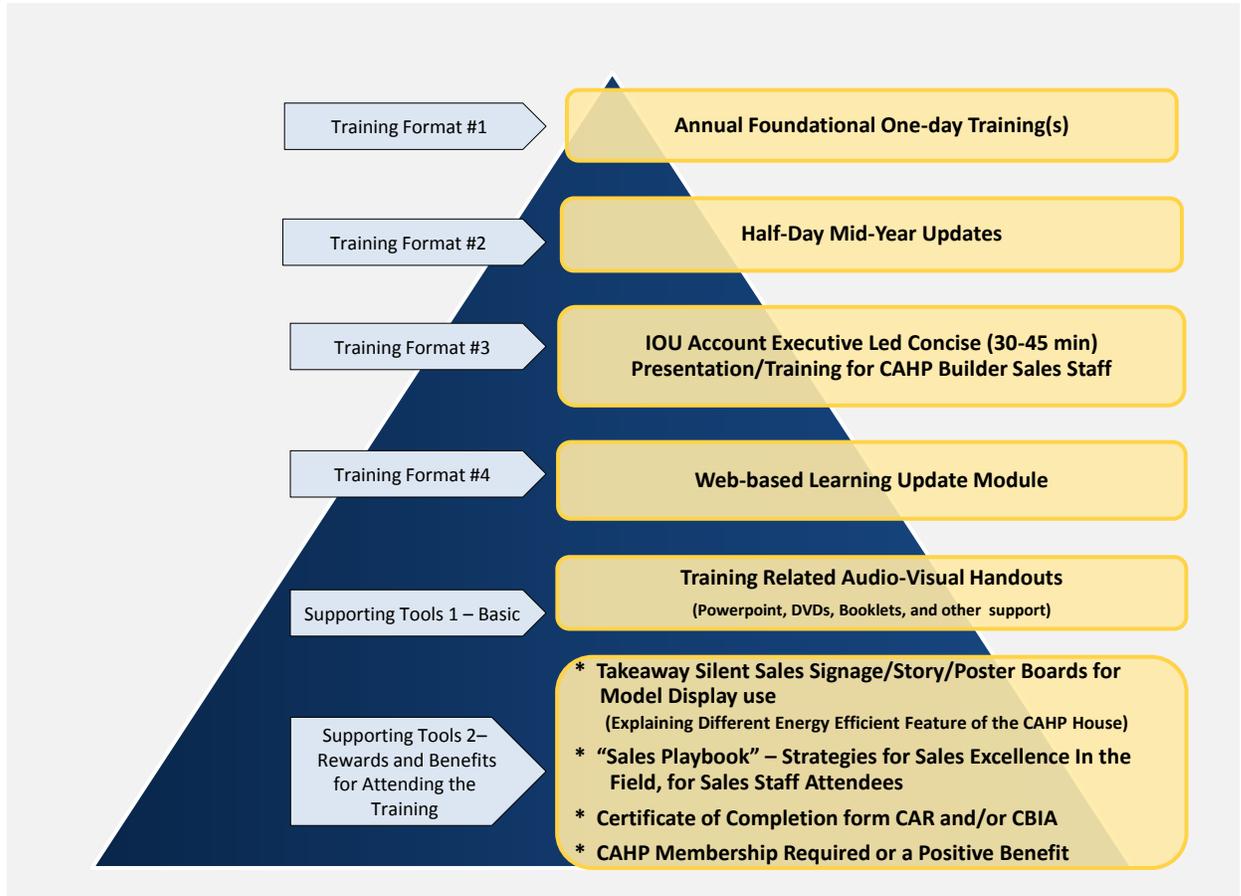
Recommendations	Supporting Findings
marketing advertising, (4) building science training, (4) sales training and (5) story-board/silent sales signs and other consumer marketing support	sales’ staff is: a) kept up-to-date on energy efficiency and b) transformed as market related to excellence in sales of CAHP efficient homes
Offer the sales training as a benefit of program participation	<ul style="list-style-type: none"> • Program-supplied trainings serve to ensure energy savings goals are achieved by helping to ensure real performance in the field. As a benefit to builders, these program offerings work to both recruit and retain participants, as well as position the utility as a valuable trade ally and energy efficiency expert. • Successful programs offer some sort of "sales" training to participating builders – typically building science. More successful program offer both building science and <u>how to sell</u> trainings. The most successful programs offer both types by <u>“handholding” builders through the educational process to build both builder sales staff confidence, and program loyalty.</u> • When builders feel they are receiving a benefit exclusive to program participants (and therefore a perceived competitive edge), it helps build program loyalty, as well as drive participation. This will likely be increasingly important as building codes become more stringent.
Consumer Marketing	
Develop and offer consumer marketing support to participating builders, as ENERGY STAR does, by providing such tools as templates and logos for print and electronic collateral materials	<ul style="list-style-type: none"> • Offering marketing support as a benefit can help to build program participation and loyalty • Providing builders with pre-designed templates and logos will help: <ul style="list-style-type: none"> ○ Build and ensure the integrity of the CAHP brand ○ Ensure accurate and enticing information about the benefits of energy efficiency are being released to the consumer market

The structures and formats in which the training will be delivered represent a key component of the overall training module. Navigant recommends a multi-tiered approach to training that includes four basic training formats. Beyond these, we recommend related “tools” or non-classroom support elements that the project team believes will benefit the overall learning objectives of the CAHP Builder Sales Training package -- which Navigant understands to be significantly influencing the market as related to energy efficiency excellence in the sales process.⁶ Figure ES-2 presents an overview of the Navigant-recommended training formats and related tools for the CAHP Sales Training Module to be developed

⁶ This stated goal is Navigant’s best understanding of the direction of this project. It supports other California initiatives on the horizon based on residential Zero Net Energy construction practices.

by the IOUs. Detailed examples of each are provided in the Conclusions and Recommendations section of the report.

Figure ES-2. Recommended Training Formats and Tools



These recommendations focus on the Primary Study Area. Detailed discussion on each recommendation is provided in the body of the document. Additionally, discussion and findings related to RNC best practice program design and marketing approaches provide rich territory for those interested in reviewing successful program design and delivery, including examples of successful marketing program collateral and approaches used to both "soften the consumer market" for RNC home sales and build participant loyalty and long-term program success.

Study Organization

The study is organized to facilitate ease of access to key high-level study findings and recommendations in its main body, while providing more detailed discussion and resources in its appendices. Report sections are as follows:

- Executive Summary
- Section 1 – Introduction: Background, Scope and Approach

- Section 2 – Direct Interviews: California and Non-California RNC Program Managers, Builders and SME
- Section 3 – Literature Review
- Section 4 – Focused Sales Staff Interviews
- Section 5 – Conclusions and Recommendations
- Appendix A - Annotated Bibliography
- Appendix B– Non-California “Best Practice” Program Selection Methodology
- Appendix C – Market Actor and Focused Sales Staff Interview Instruments
- Appendix D - Interview Summaries
- Appendix E – Literature Review
- Appendix F - Successful Best Practice Program Marketing and Sales Materials Examples
- Appendix G – Highlights of Phase I Interim Report-out

1. Introduction: Background, Scope and Approach

1.1 Introduction

In April 2012, Southern California Edison (SCE), serving as the contract agent for the state’s Investor Owned Utilities (IOUs) (a group including Pacific Gas and Electric Company (PG&E), SCE, Southern California Gas Company (SCG) and San Diego Gas and Electric Company (SDG&E)), contracted with Navigant Consulting, Inc. (Navigant) to undertake a study to recommend best practices for an energy efficiency “sales training module” that would subsequently be developed by the IOUs and offered statewide to California Advanced Home Program (CAHP) participating builders and their sales staff. From April through early December 2012, the Navigant team⁷ conducted a three-pronged set of research activities that included a comprehensive literature review, in-depth interviews with California and non-California residential new construction (RNC) program staff, builders, and subject matter experts, and a limited follow-on set of focused interviews with builder sales staff to receive feedback on Navigant’s proposed recommendations. This approach allowed the team to gain an understanding of the often-complex interrelationship between program theory, design, marketing, and most importantly -- the sales process, which Navigant deemed as necessary to fully appreciate the market context for developing recommendations for a successful IOU sales training module. This report presents the findings and recommendations from the Navigant team research.

1.2 Background

Established by California Public Utilities Commission (CPUC) Decision 09-09-047⁸, the CAHP is a statewide program administered by California’s four IOUs that was created to help the building industry design and develop more environmentally friendly communities. Through a pay-for-performance incentive structure and a whole building approach, the program is designed to increase market demand for energy efficient single- and multifamily⁹ homes and to encourage builders of all production volumes to construct homes that surpass California’s Title 24 energy efficiency standards¹⁰ by a minimum of 15 percent. The CAHP is a comprehensive residential new construction concept with a crosscutting focus on sustainable design and construction, green building practices, energy efficiency, and emerging technologies. As outlined in CPUC D.09-09-047, the CAHP targets interim goals of the California 2010-2012 Energy Efficiency Portfolio Statewide RNC Program¹¹ of 50 percent of residential new construction being 20 percent better than the 2008 Title 24 Standards, and 10 percent of residential new construction being 40 percent better than the 2008 Title 24 Standards.

⁷ The Navigant team includes personnel from Navigant Consulting and Wilkins Communications.

⁸ CPUC Decision 09-09-047. <http://www.cpuc.ca.gov/NR/rdonlyres/A08D84B0-ECE4-463E-85F5-8C9E289340A7/0/D0909047.pdf>

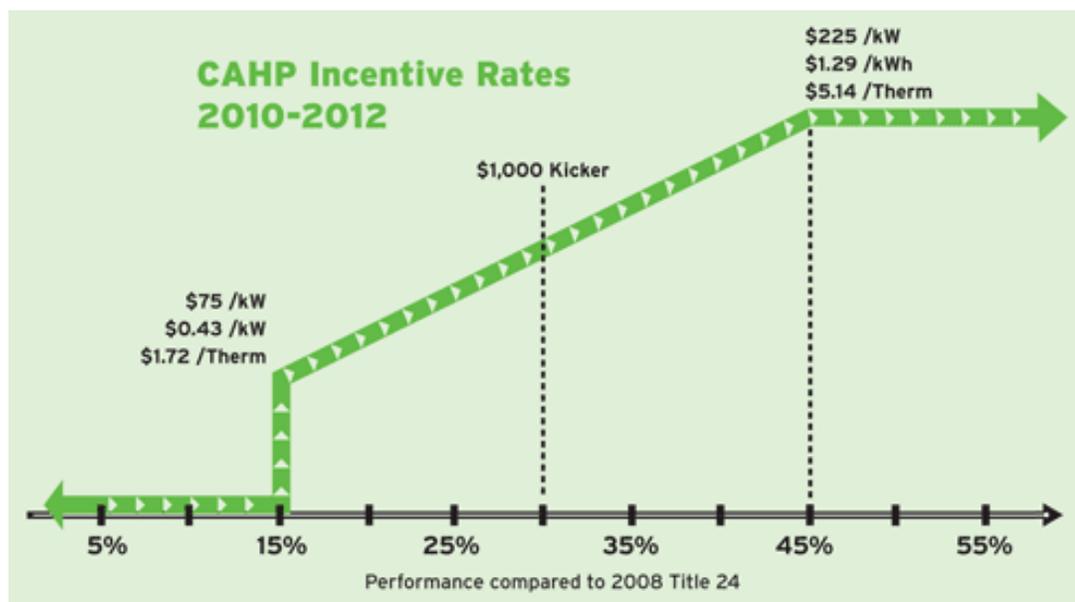
⁹ Multi-family projects built in PG&E’s service area are administered by a third-party program and are eligible for separate incentives.

¹⁰ California Code of Regulations, Title 24, Part 6, 2008 Building Energy Efficiency Standards for Residential and Nonresidential Buildings. <http://www.energy.ca.gov/title24/>

¹¹ The RNC Statewide Program supports transformation of California’s residential new construction market consistent with the California Energy Efficiency Strategic Plan. Market transformation occurs via incentive, education, outreach, marketing and training strategies aimed at the California building industry. The program consists of the CAHP and an ENERGY STAR® Manufactured Homes program.

Using a pay-for-performance incentive structure and a whole building approach, CAHP program design aims to achieve its goal through a combination of financial incentives and customer support. Performance Bonus adders, Design Team Incentives, and prescriptive measure incentives are included to encourage green building initiatives, ENERGY STAR® appliances, “compact” homes, and solar thermal installations. Figure 1 shows the various incentive rates for the 2010- 2012 program cycle. Non-financial incentive customer services offered include technical support to energy analysts and design teams, Design Team Assistance, economic modeling/measure selection support to builders, marketing support, and demand-side management coordination support for builders.

Figure 1. CAHP Incentive Rates 2011-2012



Source: <http://www.californiaadvancedhomes.com/about-cahp/financial-incentives>

Recognizing the need of participating builders for additional support in not only building, but also selling CAHP homes, program administrators sought to conduct a research study to understand how builders can be assisted in developing successful sales and marketing strategies to drive demand for energy efficient homes.

1.3 Purpose

This research is intended to support the development of residential builder sales training modules and tools to assist builders increase their understanding of what green purchase decision drivers are and how they can apply this knowledge to improve their sales of energy efficient homes. With these tools program administrators aim to not only help drive market penetration, but also, thereby, facilitate an increase in builder participation in the CAHP, creating a virtuous cycle in support of market transformation of the residential new construction market. The project’s fundamental goal is to assist the CAHP builder community to increase effectiveness of builder sales efforts, thereby increasing demand for energy efficient homes that also receive incentives from the CAHP. More specifically, Navigant was to research California builder and national best practices in the field of energy efficient home sales and provide the California IOUs with recommendations for tools, best practice approaches, materials, and

strategies to incorporate into a new IOU-sponsored builder sales training module and course for CAHP participating homebuilders. Additional focus was placed on developing strategies applicable to the California marketplace as it moves towards the goal of a zero net energy (ZNE) building code by 2020. It should be noted that the study focused on the issue of how best to implement sales training, not specifically on the question of if sales training would be the most cost-effective use of program resources compared to other activities.

1.4 Scope

This project was aimed exclusively at providing recommendations for best practice sales techniques, tools, training and approaches for the IOUs' CAHP builder component of the RNC program. Additionally, PG&E's ZNE Pilot Program¹² as an element of IOU and Commission planning, along with codes and standards changes and expected enhancements, are critical components of understanding the context and operation of the CAHP, especially as related to primary research questions and approaches to this project. The manufactured housing component of the statewide RNC program was beyond the scope of this effort.

While the area of consumer marketing¹³ practices was not initially a focus of the study, it quickly became clear that this aspect of the sales cycle is so integrally tied to best practice sales efforts that it needed to be included in our research as a key means of stimulating market desire and demand for efficient homes. Indeed, one of the key issues that the project team faced early on in defining the scope of the effort was the intimate relationship between RNC program design, marketing and sales, and sales training. The team became acutely aware that those non-California "best practice" RNC programs that offered sales training in support of participating builders often linked these trainings with other program design elements to create successful long-term working relationships with their builders. For this reason, this report contains findings related to areas of RNC program focus i.e., program design and marketing beyond that of sales training. However, the team noted that the CAHP and its predecessor programs, which have been historically recognized as "best practice" ones, had not yet integrated "a builder sales training module" into the program design. Hence, while much information was gathered (and findings conveyed) about the relationship of program design, marketing, and sales training, the project team's primary focus was on those elements of successful RNC program sales training that could be easily integrated into existing IOU CAHP efforts.

In addition to expanding our research to include applicable areas of consumer marketing and a limited focus on program design, the following also represent changes to the initial work scope:

¹²PG&E's ZNE Pilot Program launched in 2010 and supports the [California Long Term Energy Efficiency Strategic Plan](#) zero net energy goals that all new residential construction in California be ZNE by 2020 through a portfolio of research, development, and demonstration (RD&D) projects around ZNE buildings together with complementary education, outreach and information activities. The non-resource program is focused on achieving maximal energy efficiency and load reduction by leveraging advanced design, construction and building operations before the addition of on-site renewable energy generation, such as solar PV. A zero-net energy building is considered one that produces as much clean, renewable, grid-tied energy on-site as it uses when measured over a calendar year.

¹³ For purposes of our research and this report, we generally define consumer marketing as that which drives demand for the product (in this case an energy efficient or CAHP home) and brings prospective homebuyers "to the door," and sales as that part of the process that convinces potential buyers to "close the deal" once "in the door." It should be noted that consumer marketing, which focuses on driving demand for efficient homes by homebuyers, is something quite distinct from program marketing, which focuses on enticing builders to participate in the program.

- **Literature Review:** The literature review was initially proposed as a more “traditional one,” intended to inform the study with current knowledge of the customer research conducted on consumer attitude and preferences for energy efficient homes as well as to include both IOU and non-IOU studies that have been completed in recent past. Additionally, part of the initial focus was on existing research on consumer attitudes and preferences and the barriers to adoption of energy efficient homes. However, the scope of this activity changed as early research efforts revealed the lack of existing information specifically germane to the project’s overall goal of developing recommendations for training modules to support CAHP builder efforts to sell program homes. Consequently, the Literature Review was designed to both capture those traditional literature sources related to home sales of energy efficient properties as well as incorporate review of current and recent past best practice marketing and sales materials that may inform the study recommendations. In this way, the Literature Review represents the results of both secondary and primary study research, and acted to provide specific support to, and was integrated within, the best practices research for this project.
- **Focused Sales Staff Interviews:** The scope as originally proposed by the IOUs called for consumer focus groups to receive input about the study conclusions, recommendations, and results. However, because of the importance of builder staff as the targeted recipients of the project outputs, staff proposed that the focus groups be aimed at receiving input directly from the sales staff that would benefit and be affected most by the results of Navigant’s recommendations. Focus Groups in Los Angeles, San Francisco, and San Diego were scheduled, but due to challenges in recruiting this population, project staff in conjunction with SCE project management determined that structured phone interviews would provide equally effective input from this population. This proved to be a successful strategy as sales agents provided keen insights, comments and inputs to the Navigant recommendations for IOU development of the CAHP sales training module.

1.5 Approach

Figure 2 illustrates an overview of the primary study focus. The project goal targeted development of recommendations for an IOU-developed CAHP Builders’ Sales Training Module that would assist builders’ sales staff to “close more deals”¹⁴— in a market where new homes increasingly compete with the existing stock of prior generation energy efficient homes that have come back on the market. The focus on developing these recommendations provided the framework for development of project team

¹⁴Particularly in the current economy, being able to *sell* program homes - and to do so relatively quickly, especially when in competition with less expensive, less efficient existing construction – is critical not only to continued program success, but also to increased market penetration and consequent market transformation of energy efficient residential new construction market. This aspect of helping builders “close more deals” becomes even more significant when considered in relationship to the State’s future Zero Net Energy goals that will require CAHP builders to be even more nimble in the sale of their program homes. In a related note, study research found that none of the programs reviewed tracked homes sold, but only homes built. While in today’s market this is likely to be a one-to-one relationship (as builders tend not to be building on speculation i.e., spec homes), it may be that a concentrated focus on helping builders sell their homes could support future program success and the overall growth of the efficient RNC industry.

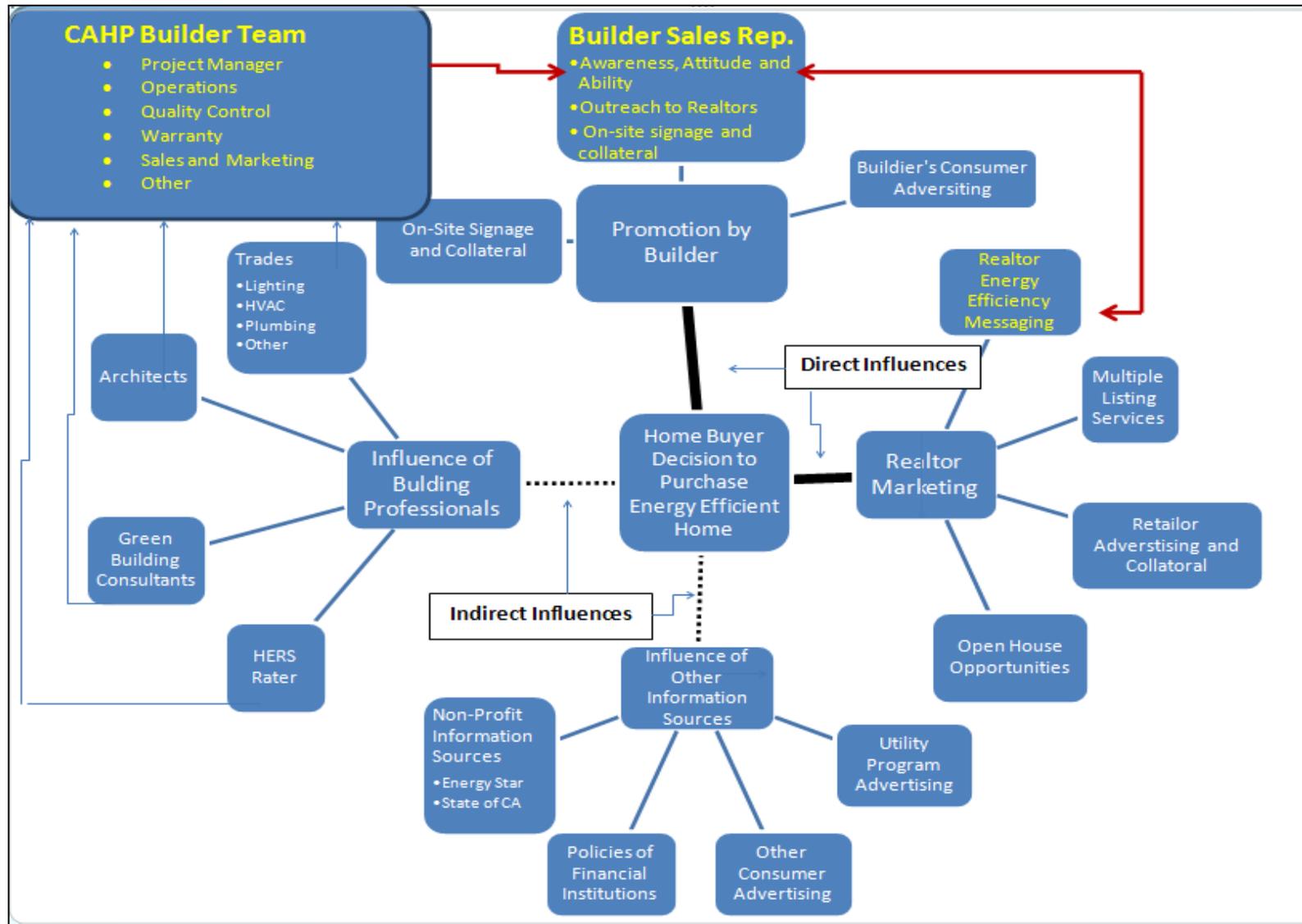
interview guides, research of the available literature, and interviews with key program managers and industry actors in both California and elsewhere.

Figure 2. Residential New Construction Program Elements and Project Focus



The work was also informed by Navigant’s understanding of the market and its “influence” mechanisms. Figure 3 provides an illustrative “market channel map” of the residential markets in which the CAHP program operates. Highlighted influence channels provided the focus for the study: CAHP Builder Teams, Builder Sales Representatives, and Real Estate Sales Staff used by builder.

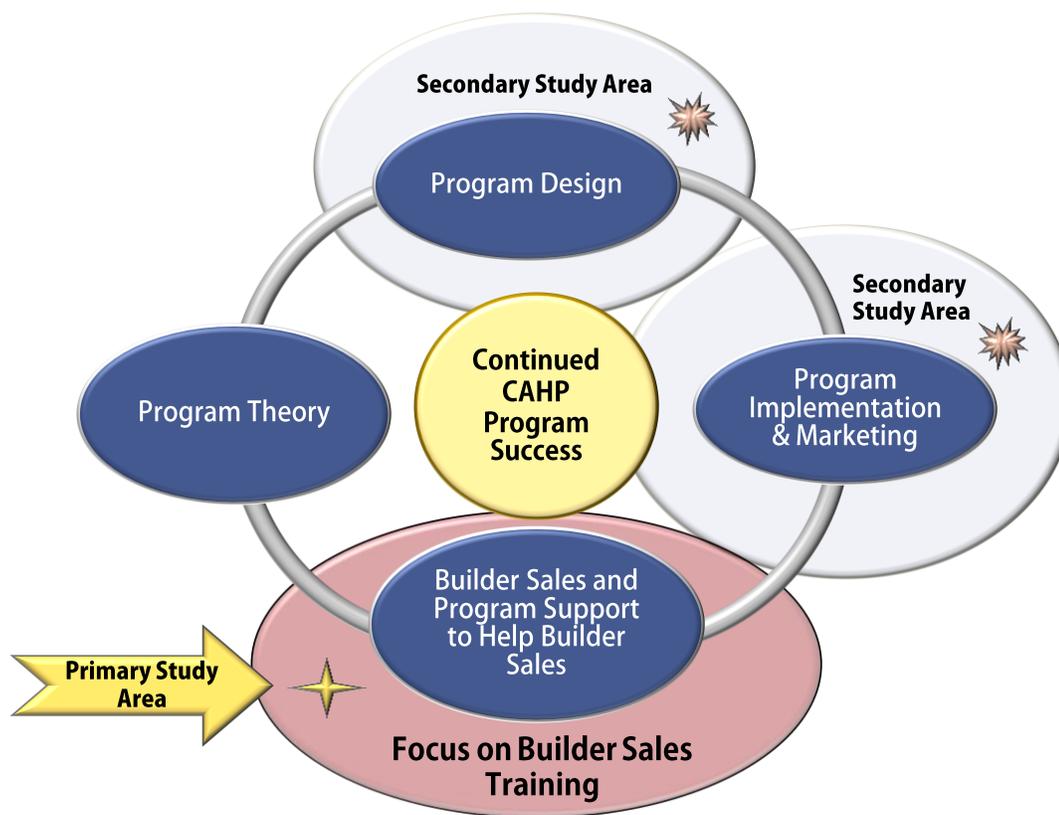
Figure 3. Market Channels Map Showing Research Focus



1.5.1 Interrelated RNC Program Issues

As discussed above, the interrelationship among the various elements of successful RNC program delivery greatly informed our research efforts and approach. While some of these components remained outside the primary focus of the study, they were still considered as secondary study areas beneficial to developing our recommendations. Figure 4 shows a reconfiguration of Figure 2 that provides a more complete understanding of the resources and findings from this study --- pointing not only to the primary areas of study focus, but to the secondary areas as well.

Figure 4. Interrelationship of Project Primary Sales Focus to Other Areas of RNC



These additional “Secondary Study Areas,” as noted, relate to overall program design that integrates the various elements of the RNC program excellence. These elements include program theory and design alignment that focus on (1) long-term builder relationships, (2) relationship building and training with other parts of the industry (e.g., appraisers, real estate agencies and mortgage lenders), (3) consumer marketing and advertising, (4) building science training, (5) sales training, and (6) story-board/silent sales signs and other sales support tools (typically enabled by ENERGY STAR).

1.6 Study Activities

Using a phased approach, the Navigant team conducted several important and related sets of study activities to reach the goals of this effort: (1) Direct Interviews with key market actors; (2) a thorough Literature Review of available data and information on the subject; (3) research and analysis of currently

successful RNC program sales tools, materials, strategies, and activities; (4) Focused Sales Staff Interviews to refine the Navigant team findings and recommendations; and (5) final report synthesis.

1.6.1 Direct Interviews

Navigant interviewed experts in the field of selling energy efficient homes. Those included in this research activity were California and non-California best practice builders, non-California RNC energy efficiency program and CAHP program managers, and subject matter experts (SMEs). Through these interviews, the project teams identified and learned best practice sales strategies, practices, and approaches. The major questions for these expert market actors included: “What works and what doesn’t work in selling your energy efficient homes?” “What resources, thoughts, ideas or other support that you currently don’t have, would you like to have that would make your sales job more effective?” and “What specific tools and approaches do you use that work to ‘close the deal’ and ‘make the sale?’”

In all of this work, the Navigant team recognized that California’s CAHP and predecessor programs have historically been recognized as “best practice” programs. Given that, our team focused on what approaches and recommendations we could garner from non-California “best practice” programs in the area of sales training that could be integrated into the CAHP effort – with its expanded focus beyond resource acquisition and builder incentive support.

1.6.2 Literature Review

Navigant undertook a comprehensive review of existing literature on the subject of “sales” and “sales training” in general and in RNC programs in California and elsewhere. Beyond reviewing the best in available literature on the topic, the team also focused on researching the sales training, sales and marketing materials from successful program around the country – with a focus on those programs organized to not only sign-up builders to the program, but also to support builders in the consumer sales process. The literature review aimed to gain as much non-interview market materials and intelligence related to the selling of energy efficient homes as possible. The information reviewed came from a variety of sources, including traditional websites and databases as well as non-California utility websites, builders’ magazines, blogs, presentations, and web searches for general information on sales techniques.

1.6.3 Research and Analysis on Successful Program Selling Tools, Materials, Strategies and Activities

Builders’ sales staff uses many resources to help them first market the home and then close the deal, i.e., sell the home, once a prospective buyer is on-site looking for a home to buy. Navigant conducted a “literature review,” or what might better be called a “compilation review,” of these resources used by the “best and the brightest” to sell their energy efficient product. Beyond the traditional literature review report searches and annotation that was completed, the project team gathered key sales materials, collateral, co-op advertising, tools, websites and strategies used by successful builders not only in California, but in best practice energy efficient homes programs around the country.

1.6.4 Focused Sales Staff Interviews

The initial project design called for consumer focus groups to test sales training module recommendations. However, after considering that the audience most able to test these recommendations would be the builder sales staffs, themselves, the team shifted it direction to holding focus groups with this target audience. Subsequent scheduling issues resulted in the initiation of

Focused Sales Staff Interviews, which proved to be a beneficial approach for the team to receive needed feedback on its recommendations.

1.6.5 Final Report Synthesis

Compiling, analyzing, and filtering through and identifying the best of the reviewed materials that complements the information gathered from builder and subject matter expert interviews and have been used to inform the project team's final report recommendations.

1.7 Report Structure

The report is organized to facilitate ease of access to key high-level study Findings and Recommendations in its main body, while providing discussion that is more detailed and additional resources in its appendices. Report sections are as follows:

- Executive Summary
- Section 1 – Introduction: Background, Scope and Approach
- Section 2 – Direct Interviews: California and Non-California RNC Program Managers, Builders and SME
- Section 3 – Literature Review
- Section 4 – Focused Sales Staff Interviews
- Section 5 – Conclusions and Recommendations
- Appendix A - Annotated Bibliography
- Appendix B – Non-California “Best Practice” Program Selection Methodology
- Appendix C – Market Actor and Focused Sales Staff Interview Instruments
- Appendix D - Interview Summaries
- Appendix E – Literature Review
- Appendix F - Successful Best Practice Program Marketing and Sales Materials Examples
- Appendix G – Highlights of Phase I Interim Report-out

2. Direct Interviews: California and Non-California RNC Program Managers, Builders and SME

2.1 *Research Objective and Approach*

The research goal for this important project component was to identify workable, practical, and effective tools, techniques, strategies and practices in use within the CAHP builder community that could be effectively incorporated into the Navigant team’s final recommendations for sales training curricula, materials, tools and strategies to enhance sales of energy efficient homes. In all, Navigant conducted 30 direct interviews across the following five groups: (1) non-California RNC program managers; (2) CAHP program staff; (3) non-California builders; (4) participating CAHP builders; and (5) SMEs.

2.1.1 Non-California Successful RNC Program Managers

In order to select best practice programs from around the country, the Navigant team undertook what we termed a “best practice” review of non-California programs – understanding that California programs have historically ranked amongst those recognized as “Best Practice” ones. Our approach and methodology for the selection process is presented in Appendix B. Before interviewing the selected best practice program staff, the Navigant team conducted informational interviews with individuals from ENERGY STAR and Builder’s Challenge programs. This allowed us to hone in on major marketing messages that drive the structure of the programs.

When interviewing the best practice program managers, the Navigant team addressed the following components:

- The relationship between the program staff and the program participants
- Any sales training offered by the program and how it is conducted
- How the program has changed in the face of increasing building codes
- The major marketing/sales messages that the program conveys

2.1.2 CAHP Program Staff

The Navigant team interviewed the CAHP program managers and key program staff to gather as much information and direction/guidance as possible prior to addressing or interviewing CAHP program participants. Key components of the CAHP program manager interviews included:

- Presentation of early information gathered from best practice program reviews
- A draft of the builders’ interview guide for review and input
- Gathering of direct input and guidance for the Navigant team on approach and questions the program managers -- who operate the program with builders on a day-to-day basis -- feel are most important

2.1.3 Builders (California and Non-California Programs)

After interviewing both the out-of-state best practice programs and the CAHP program staff, the Navigant team collected contact information for participating builders. The participating builders were ones identified as being particularly successful in the program and approachable for an in-depth interview. The interviews with the builders included the following key components:

- Current sales techniques and tools
- Desires and needs from program participation
- Contact information for home buyers who could potentially participate in the Focus Groups

Findings from all these categories of interviews are presented below¹⁵

2.2 *Non-California Program Manager Interviews*

The Navigant team conducted interviews with the staff of eight programs and two alliances from around the country. The following non-California program representatives were interviewed:

- Program Manager, NEEA, Northwest ENERGY STAR Homes Program – implemented in Washington, Oregon, Idaho and Montana
- VP, Program Development, McGrann Associates – Operating ENERGY STAR new home utility programs in New Jersey, Pennsylvania, Ohio, Kentucky, Hawaii
- Program Manager, Southern Maryland Energy Cooperative (SMECO) ENERGY STAR for New Homes Program; Account Manager ICF (implementation contractor)
- Program Managers (2), Arizona Public Service Company (APS) ENERGY STAR Homes Program
- Account Manager, ICF (implementation contractor) and Program Manager, Public Service Company of New Mexico (PNM) ENERGY STAR Home program
- Program Manager, North Carolina Energy Efficiency Alliance (NCEEA) (non-utility statewide alliance)
- VP, Better Building Performance, Nevada ENERGY STAR Alliance (non-utility builders’ alliance)

2.2.1 **Findings and Discussion**

The interviews with non-California program staff focused on a few main topics. One topic was how the program staff markets the program to both the builder population and the potential home-buying customers. Another topic was the sales techniques and tools used by the program and by the participating builders. The Navigant team also asked about sales training that the program has provided and how it was received by the builders.

2.2.1.1 *Key Findings*

1. Consumers need “comfort” and peace of mind with the home-buying process and this is the most impactful on the home-buying decision. Consumers respond to these topics: a “homey” feeling, being healthy, and not having to worry about short-term home repairs.
2. Building science training focuses on both the specifics of the equipment and its impact on comfort, health, durability, and energy conservation.
3. General sales training is crucial for builders and other market actors to receive as it will ensure that the knowledge they gain from builder science training is relayed to the consumer in an effective manner.
4. In addition to sales topics and sales techniques, the trainings include information about the utility program and how builders can sign-up for incentives and meet code requirements.

¹⁵ Survey instruments/interview guides for each group is found in Appendix C. Individual interview summaries are included in Appendix D.

5. Utilities that offer sales training have been very successful in retaining participating builders and creating a long-lasting partnership with builders.

2.2.1.2 Discussion

Sales

Though most interviewees noted that they were not absolutely sure of the sales techniques used by builders specifically, most were able to communicate how the program has attempted to assist builders in selling the program homes. Many programs offer materials that builders can use to help sell a home with energy efficient features that are often intangible or unobservable. These materials include “silent sales signs” which highlight the features and benefits of the energy efficient features and building practices. These signs are designed to move the buyer to ask questions about the features instead of relying on the realtor to highlight the features. Another tool used is a “deconstructed model,” which shows the features inside the home in a manner than helps the homebuyer understand how the features are built into the home. For example, a section of wall may be cut away to show the insulation inside the framing. These tools help builders to distinguish themselves from other homes on the market and having that additional competitive edge is essential for builders to be successful in selling homes.

Builders use the same general messages to sell the home that they use to market the home – comfort, durability, and utility cost savings. However, since each builder must distinguish themselves from other comparative builders, all the sales materials are often modified to fit the specific builder’s needs. Often, the energy efficiency features are seen as a “tipping point” for homebuyers if they cannot decide between two comparable homes.

Some challenges that program staff noted in regards to builder sales practices had to do with the key market actors understanding the benefits and how to communicate them to a homebuyer. Everyone, from the builders to the real estate individuals to the home appraisers, needs to have an understanding of the energy efficient features and be able to show these benefits to the homebuyers. For builders, they have a hard time explaining what “cannot be seen” in a home so program sales materials can help them show the features to the homebuyer. For a real estate individual, it is important to know the features of the home so they can be highlighted and compared against other homes on the market. The home appraisers is a difficult spot as it is their role to show the cost benefits of the home and if they are unable to accurately account for the cost savings that the energy efficient features add to the home, then that negates any sales efforts on cost savings by the builder.

The relationships that program staff has formed with the key market actors have helped them to overcome the challenges of selling energy efficiency in program homes. Builders, real estate individuals, and home appraisers know they can use program materials and services to help them understand the energy efficiency technical features, explain them to a homebuyer, and incorporate them into the home-buying experience.

Training

Almost all of the best practice non-California programs offered some type of training to their builders. The only exception was New Mexico as they have chosen not to continue the program due to cost-effectiveness issues. All the programs that offer both building science training as well as sales practice training have been very successful in retaining participating builders and creating a long-lasting partnership with builders. Some of the trainings also include the application process for the program and other available incentives.

Building science training focuses on the specifics of the equipment and its impact on comfort, health, durability, and energy conservation in the home. Building science training for home builders help them to understand enough of the feature specifications so they can begin to understand how they fit into the whole house systems. Trainings provide pictures of job sites being framed and pictures of equipment to get builders to understand the process. Some sales training take place on job sites themselves so builders can see the energy efficient features in action. To help builders use what they have learned in the builder science training, certain programs will give poster boards to set up in the homes and brochures that explain how to speak to a customer about the points in the home.

General sales training is crucial for builders' sales staff and other market actors to receive as it will ensure that the knowledge they gain from builder science training is relayed to the potential homebuyer in an effective manner. Trainings for real estate individuals and home appraisers are important to raising awareness and speaking confidently on the energy efficient building features. Some customers say energy efficiency is important to them but if they do not hear the information from the builders or the real estate staff, they tend to forget about the energy efficient features and focus on the traditional home selling features, such as granite countertops.

The sales training structure for APS has been particularly successful in conveying the information to builders. APS hires EEBA and Advanced Energy to perform most of their formal trainings and they split up the content of the training into one half-day class and a one-and-a-half hour follow-up class. In the half-day class, the trainers focus on in-depth building science components as well as sales techniques, which are practiced through role-playing. Role-playing is seen to be a vital training technique in order to practice sales skills and make the sales force more comfortable about the selling points of ENERGY STAR homes.

In the shorter follow-up class, APS account executive provides on-site training for builder sales staff that emphasizes the support provided by APS and shows the builders the tools available to them through the program. APS feels these follow-up trainings are vital not only to builder knowledge retention on sales, but also to building a bond with builders. They help to target builder misconceptions about sales and energy efficiency as well as encouraging builders to be confident in their product.

Another sales training strategy that is used by other best practice non-California program are "lunch and learns" where the utility will sponsor a trainer or Energy Efficiency Alliance to come speak to a group of builders. This training happens for a few hours and engages many builders. The utility can then use email reminders or break room flyers to keep builders updated on upcoming "lunch and learns" and any additional trainings available, so the builder community is well aware of the options available to them. At the end of the training, an evaluation form is filled out and participants are encouraged to be candid. In addition, they will often conduct an iClicker "pop quiz" in the middle of the session. This allows the trainer to poll the attendees on their knowledge of the material throughout the process rather than at the end.

Marketing

All of the programs interviewed were affiliated with ENERGY STAR and noted that having the recognized ENERGY STAR brand was a great marketing point. The ENERGY STAR logo is well received by builders and consumers recognize it and can relate to its features. Some utilities have the ability to co-brand with ENERGY STAR and have used this to connect the RNC program with the trusted ENERGY STAR logo. This strategy has been used well in the northwest by NEEA as they have spent a lot of time

softening the consumer market with the Northwest ENERGY STAR program logos and messages. In fact, NEEA and ENERGY STAR have the same marketing messaging focus that was put into the market about the same time.

The focus is less on the technical aspects of a newly constructed home and more on the “feeling” of the home and how ENERGY STAR features and energy efficiency overall leads to a healthier and more comfortable home that is durable and safe. Utility cost savings are also a part of the benefits that come with an ENERGY STAR home and these savings values are given in general terms in some program marketing materials. The technical aspects are not forgotten and mentioning any emerging technology options for the home is useful to show that a program home is going beyond what is being done for code homes, but the ENERGY STAR main message is that a home built to ENERGY STAR standards will give you “peace of mind” and overall comfort.

The methods through which the interview utility staff markets the program vary greatly and are dependent on the amount of funds available for marketing purposes. The most common outlets are brochures, yard signs, print media, and online resources. Those who have the means to market heavily do so through radio and television advertisements, builder community outreach, co-sponsoring a parade of homes for participating builders and even offering giveaways at the events, such as a hybrid car. Another noted form of marketing was the use of customer testimonials by builders to help spread the word about the program homes. This “word of mouth” advertising beneficial as it allows consumers to understand the benefits of a program home from one of their peers. Overall, program marketing needs to be consistent to have a positive effect for builders and to adequately soften the consumer market.

In regards to future marketing efforts, many respondents noted that leveraging online resources would be the most effective form of marketing as consumers do almost all of their pre-buying research online. Just like with any other major purchase in their life, homebuyers are doing research before they meet a builder or see a house. Builders can position themselves to energy efficiency a priority to homebuyers by including information about the features of the program homes online so consumers will understand the benefits and include energy efficiency as part of their home shopping criteria.

2.3 Non-California Builder Interviews

From the non-California best practice interviews, the Navigant team collected contact information for builders who were noted as being particularly successful in their market penetration. The interviews were conducted with three national builders and one regional builder and focused on the topics of sales, training, and marketing.

Non-California Builder Interviews included:

- Marketing Manager, and Owner, New Tradition Homes (NW) (Operates primarily in Washington State and Oregon)
- VP Environmental Affairs, Meritage Homes (operates nationally and in California)
- Director of Purchasing, Southern California and Southern Nevada, Pulte Homes (operates nationally and in California)
- Regional Director of Purchasing, Southern California, San Diego, Arizona and Florida, Shea Homes (operates nationally and in California)

2.3.1 Findings and Discussion

Below we provide information from non-California builder interviews related to three topics: Sales Approach, Staff Training, and Marketing.

2.3.1.1 Key Findings

1. Builders use the energy efficient features of the home as a way of differentiating themselves from the existing homes market and from other new construction homes that are only up code.
2. Builders' sales personnel are most successful when they are trained to understand the building science of the homes and know how to sell the features in a way that potential buyers will understand.
3. It is useful to have a ratings system, such as a HERS score, that buyers can identify with and understand the energy and cost savings of the home. ENERGY STAR is a really powerful label for consumers and helps to validate the energy potential of the home.
4. Builders use "silent selling" materials such as storyboard materials and in-home displays that educate the potential buyer on the features of the home and help to remind the sales staff to talk about the features.

2.3.1.2 Discussion

Sales

Builders believe that people will choose the "better than" option and energy efficient and sustainable homes create the market opportunity to include this "better than option" and allows for the differentiation between better and standard homes. As the new homes construction market begins to bounce back, all builders are looking for a competitive edge to show how their homes are better than others are and leveraging energy efficiency is a useful selling point. In order to do this, many builders take ENERGY STAR materials and adjust them to be specific for their needs. This includes brochures, "silent sellers" such as poster boards and storyboards, and "show and tell" materials such as cut-always in walls to show insulation. The co-labeling with ENERGY STAR helps builders show the quality of their homes.

Most builders have bought into the ENERGY STAR message that selling the quality of the home and the overall comfort of the home will be more effective than focusing only on the building science features or the energy savings numbers. They highlight the building science features of the home in a way that the potential buyers will relate to and that includes focusing on such topics as the improved air quality, less noise due to improved insulation, and the durability of the home. Builders do use rating systems to show potential buyers how the home scores in terms of energy efficiency, but they aim to keep the scoring systems simple. The HERS rating system is popular among builders because it is both easily understood by customers and by the builders.

Training

All builders interviewed had some form of sales training that was offered to the sales staff. Trainings are often required for new sales staff members and there are refresher trainings offered to educate staff on new technologies and to make sure they understand the sales techniques. Sales training focuses both on understanding building science and how to engage customers and understand their purchasing desires. To accomplish this, the trainings include many role-playing exercises as sales staff needs to have direct practice with the information learned in training and know how to answer questions from the buyer.

The sales trainings also include example customer typologies and how to identify them. One buyer even consults a market research firm to understand the potential buyers in their area. A sales technique used by a builder is the “42 sentences” approach, which requires sales staff to identify the typology of a potential buyer and then give them a sales pitch on the home in 42 sentences. This ensures that the sales agent gets all the important sales points across without wearing the customer down. Speaking to the energy efficient features of the home becomes more or less a focus of these 42 sentences depending on the desires of the customer.

Most builder sales training consists of one half-day training that includes lots of role-playing exercises to solidify the information learned on building science and sales techniques. There are regular refresher trainings that are made at sales staff meetings. Builders use a multi-pronged approach to training, ranging from classroom exercises to online quizzes. This ensures that all builders have access to the information they need to accurately sell the home features. For one builder, sales training is mandatory and skill testing is required before sales personnel are allowed to practice in the field. They use “mystery shoppers” to test the sales knowledge of their staff and if they do not meet the requirements, they must receive additional energy efficiency sales training.

Marketing

Some builders have the ability to co-brand their materials with ENERGY STAR and they use this on all of their marketing materials. From radio adds to print and online media, the logos for the builder and ENERGY STAR are present. The builders make sure to reference energy efficiency, indoor air quality, and how energy efficiency relates to monthly utility savings and cost savings for homes. One interviewee said they would rather spend “\$10 on consumer education before \$10 on builder education.” This is because the best customer is the one who walks in asking for energy efficiency.

2.4 California Program Manager Interviews

Navigant interviewed CAHP program managers to receive their input on what best would accomplish the goals of the study.

2.4.1 Findings and Discussion

The Navigant team interviewed CAHP staff representing each of the California IOUs to understand their perspective on the program in terms of marketing, sales and training with the understanding that California programs have historically been recognized nationally as “best practice” ones – though the CAHP program has not up until now been focused on sales training support to participating builders. The Navigant team first briefed the staff on the project findings to date and the general themes from non-California best practice programs and then asked the California program staff what they wanted from the study going forward.

2.4.1.1 Key Findings

1. Though the program priorities differ slightly between IOUs, all interviewed staff members agreed that sales training would be a benefit to builders and the program.
2. Create CAHP brand marketing for builders to understand and use. Once builders start using the CAHP brand, it will become relevant to consumers.
3. ZNE marketing may play a role in future branding of the program.
4. The sales training is intended to provide enhanced program benefits to existing as well as new program participants in order to help CAHP builders “close more deals.” Utility staff

focus is on providing more tools for the sales process to CAHP builders who are excited about energy efficiency and are proud to sell these features.

5. Use Energy Resource Centers for training and use connections with the BIA to make sure the right people are receiving the training.

2.4.1.2 Discussion

In general, program managers were excited about the prospect of offering the benefit of a sales training to program participants. Several of the program managers spoke of the need to offer more benefits for participants in the program, rather than focus on signing up new members as programs reach their program cycle participation limits.

Training

Each utility approaches builder training in their own way and many use the Energy Resource Centers as a starting point. This allows utilities to offer builder science training to all who are interesting in learning, from builders to sales personnel to contractors. They train on building science, energy rating systems and new building code requirements.

A goal for utility staff for the program is to increase the quality of builder participants. Some interviewees noted that builders might not even use the differentiation of their program home features from non-program homes during the sales process. Other interviewees noted that builders' sales staff is very focused on the traditional selling features, such as granite counter tops and square footage, and they do not emphasize the energy efficient features. This is seen as an issue that can be fixed with proper sales training. If builders understand and care about the features in the home and know how to confidently speak to buyers about these features, they will be used as a selling point.

An issue for builders' sales staff training is that some builders use temporary sales agents because it is not economic for them to have full time sales staff. This means that new people would have to be trained on the features of the CAHP home frequently and utility training is currently unable to provide that level of support. Potentially, as the market improves, this will become less of an issue as builders will be able to maintain a full time sales staff.

Marketing

There was split in interviewee responses to the value in marketing the CAHP brand to consumers. Some saw the benefit to turning the CAHP brand as a "seal of approval" for consumers where as others believe the CAHP brand should be better marketed to builders. Having a robust marketing budget is important for softening the consumer market and the utility programs currently do not have the means to soften the consumer market. Though it would be valuable to have consumers correlate CAHP on the same scale as the ENERGY STAR logo, most utility interviewees agreed that the focus should be on the builders so they see the benefit of the CAHP logo in conjunction with their ENERGY STAR marketing -- and be proud to use it on their homes. This will eventually help to bring the CAHP brand and its features to the attention of consumers.

HERS scores are seen as an important and impactful rating system that should be used by builders to market the program homes. Builders may use HERS scores here and there, but it has the potential to be a rating system that is well understood by the potential buyers. Educating builders on how to properly portray HERS scores to buyers could be an important part of the builders' sales training module. Confusion still exists in some builders, however, between the California HERS and the one used nationally. This will need be addressed and clarified.

2.5 *California Builder Interviews*

While project staff had interviewed national company staff of builders who also have California staff, the team felt it important to interview staffs of builders actually involved with the California market and the CAHP.

California builders interviewed included:

- VP of Sales, Southern CA and Southern NV, Pulte Homes
- VP for On-site Purchasing, KB Homes
- VP Environmental Affairs, Meritage Homes (California specific)
- Regional Director of Purchasing, Southern California, San Diego, Arizona and Florida ,Shea Homes (California specific)
- Project Manager, Brookfield Homes

2.5.1 **Findings and Discussion**

2.5.1.1 *Key Findings*

1. General sales training is provided to staff but energy efficiency training may come as an additional training course or may not be provided at all.
2. Builders understand the importance of identifying customer desires during the sales process and knowing how to incorporate energy efficiency accordingly.
3. Quantifying energy savings is seen as an important selling tool.
4. Builders want to see the appraisers trained in the energy efficient features so they will be able to include those features in the appraisal process.
5. Using Home Energy Ratings can be challenging in California as they do not equate to scales used nationally
6. Energy Efficiency may have or not have impacts related to the buyer profile. For instance, first-time buyers are so focused on “getting into the house” with financing that builders of these properties may not be concerned with energy efficiency

2.5.1.2 *Discussion*

In general, on the issues of Sales and Training for energy efficiency, California builders echoed much of what colleagues nationally spoke about, and as well discussed creative California builder sales approaches to using energy efficiency in the homes sales process. One builder expressed concern that differences between California and other states meant the builder had to re-tool their approach a bit. However, builders interviewed saw no problem and had no concerns or issues with market using ENERGY STAR and their CAHP affiliation – although ENERGY STAR had the greater recognition at this time.

Sales

Though some builders are more in tune with the benefits to selling the energy efficient features of the home, all builders agree that selling the “better” of the home is the ultimate goal and highlighting the program home features is a way to make this distinction. One builder has developed an EPG score and they show people in a chart how much they will save in energy as compared to a non-ENERGY STAR home. This builder offers estimates on monthly energy savings to customers but with the disclaimer that homeowners must use their homes to their advantage and “not abuse energy.” The builder is able to

provide fairly accurate monthly energy savings estimates by showing customers actual past energy bills from program homeowners. They hold a contest within neighborhoods to see who can have the lowest monthly energy bill and then they are able to obtain these bills and show other customers actual energy usage sans the customer information.

Training

Builders provides their sales staff with general sales training to help them approach and speak confidently to different types of customers who come through the door. However, only some builders do specific training on energy efficient features. One interviewee stated that energy efficiency is not a driving factor in home sales and they do not focus on these features during the sales process. On the other hand, most builders feel that understanding the energy efficient features of the program homes is part of the sales training and they incorporate these into the general sales training on how to uncover a customer’s desires in a home. Many builders see the benefit to training appraisers as well as their sales staff on the energy efficiency of the home as this will translate in a more robust customer understanding of the benefits to buying an energy efficient home.

2.6 California and Non-California SME Interviews

At the outset of the study, Navigant sought input and insights from California experts with historic knowledge in the RNC program arena, as well as ENERGY STAR lead staff at both the Environmental Protection Agency (EPA) and the Department of Energy (DOE). These interviews helped inform further SME interviews.

SMEs interviewed include:

- Manager, Energy Centers, PG&E
- Technical Specialist, Codes & Standards Program, PG&E
- Executive Director and Staff Lead - Building Industries Association of San Diego (BIASD)
- CEO, Building Industries Association of Southern California (BIASC)
- Residential Program Manager, U.S. DOE
- Program Manager, ENERGY STAR, EPA
- Executive Director and Staff Lead, The Energy & Environmental Building Alliance (EEBA)
- Owner, McLain Instructional Design Consulting

2.6.1 Findings and Discussion

In general, SMEs provided the Navigant team with key information related to “best practice” marketing and sales techniques and approaches, background, history and status of the national and California RNC programs, and early feedback and support for the project.

2.6.1.1 Key Findings

1. The most effective training incorporated Adult Learning: metrics to gauge understanding and role-playing exercises.
2. Sale training needs to convey information, apply the information in role-playing/team brainstorming. An example question: if the features are vastly different among houses, how would you match these houses to these prospects?

3. A good training framework: Pre-work that conveys information online (building science and demographic groups) (levels the playing field), and then bring trainees into a classroom and do quick review of online material, then you apply the information in the classroom (presentation, role-playing). Conduct face-to-face interactive role-playing and practice what you do with the pre-work information “in the field.” Conduct periodic refreshers depend on the training objectives.
4. Building science training must be combined with more “general” sales training in order to provide the full quiver of sales arrows for builders.
5. An effective sales training module will educate people on how to convey information about the product and understand the people buying the product.
6. Students need time to practice the intellectual skills AND how this plays out in the real world. This works best in a classroom. Only time used online would be if it were not logistically feasible to get everyone in the room.
7. An experienced trainer who knows the language and issues is important to the success of the training
8. California’s unique program approach may make it difficult to easily incorporate national lessons learned

2.6.1.2 Discussion

The subject matter experts interviewed ranged from ENERGY STAR residential leads to independent consultants who specialize in training development. Their perspective on the RNC market as well as the needs of builders put much of the best practice material learned from other interviews into context. It was noted by one interviewee that the ENERGY STAR label carries strong weight with customers and should be readily used by builders who participate in ENERGY STAR programs.

Sales training was confirmed to be most successful when building science education was presented in a manner that shows builders how to communicate the value of the features in a way that resonates with buyer. A sales agent must focus on the benefits rather than the technical features and these sales skills come from a general sales knowledge that allows sales personnel to incorporate the energy efficient features into the sale process. Sales training must also be constructed around adult learning theories, such as multiple opportunities to test the lessons learned, role-playing exercises, and training exercises that incorporate multiple styles of learning.

3. Literature Review

3.1 *Purpose, Scope and Approach*

The literature review was initially proposed as a more “traditional one,” intended to inform the research with current knowledge of the customer research conducted on consumer attitude and preferences for energy efficient homes and to include both IOU and non-IOU studies that have been completed in recent past as well as existing research on consumer attitudes and preferences and the barriers to adoption of energy efficient homes. However, the scope of this activity changed as early research efforts revealed the lack existing information germane to the project’s overall goal of developing recommendations for training modules to support CAHP builder efforts to sell program homes.

In order to gather as much non-interview market materials and intelligence as possible related to best practices in the selling of energy efficient homes, the literature review focused on gathering best practice sales and marketing materials as an accompanying activity to builder and program manager interviews. Included in this research were sales tools and techniques, collateral material, program approaches, cooperative advertising approaches and materials, social networking, website reviews and related materials, practices and techniques.

As noted above, beyond the traditional review of the limited number of past sales studies for energy efficient homes, the literature review provided specific support to, and was integrated within, the best practices research for this project. As a result, the materials gathered as part of this “Literature Review and Materials Compilation” task were used to inform our final recommendations.

Navigant performed a comprehensive review of relevant research reports, conference proceedings, industry and market assessments, evaluations, and market assessments related to the sales and marketing of “green” and/or energy efficient products generally, and with a specific focus on the tools, techniques and trainings used in the sales and marketing of energy efficient residential new construction. Resources represented a wide range of publication types, from more scholarly publications to trade web sites and popular press, as well as a range of industry types, which included demand-side management (DSM), energy efficiency, and measurement and evaluation industries, and the housing and green building industries. Table 1 lists key literature review resources.

Table 1. Key Literature Review Resources

Builder Selling Practices and Strategies Literature Review Resources		
DSM/EE/M&E Industry	Housing & Green Building Industry	Misc. – Search Engines (e.g., Google, Bing)
<ul style="list-style-type: none"> • American Council for an Energy Efficient Economy (ACEEE) • Association of Energy Service Professionals (AESP) • Alliance to Save Energy (ASE) • Consortium for Energy Efficiency Market Assessment & Program Evaluation Clearinghouse (CEE/MAPE) • California Measurement Advisory Council (CALMAC) • U.S. Department of Energy /Environmental Protection Agency (DOE/EPA ENERGY STAR) • U.S. DOE Office of Energy Efficiency and Renewable Energy (EERE) • International Energy Program Evaluation Conference (IEPEC) • Northwest Energy Efficiency Alliance (NEEA) • Northeast Energy Efficiency Partnerships (NEEP) • National Renewable Energy Laboratory (NREL) • PG&E Pacific Energy Center (PEC) Resource Library 	<ul style="list-style-type: none"> • American Institute of Architects (AIA)/ecoHome Magazine • Building Industry Association (BIA) • BuildingGreen.com • California Building Industry Association / Pacific Coast Builders Conference (CBIA/PCBC) • GreenBuilder Media/Magazine • Greensource.com • Home Energy Magazine • National Association of Home Builders (NAHB) • United States Green Building Council (USGBC) 	<ul style="list-style-type: none"> • Popular press and other resources • Both industry- and non-industry-specific (e.g., sales techniques)

Additionally, CAHP consumer marketing and sales materials, as well as those from the residential new construction programs and builders identified as “Best Practice” ones by this study were reviewed.¹⁶

¹⁶Program consumer sales and marketing materials were included in this review to the extent that they were supplied by the respective Program Managers and/or Implementers or were available publicly via program Web sites.

Overall, the Literature Review is broken into seven key sections. While all aspects of the Literature Review proved valuable in helping inform the Navigant team’s recommendations for creation of an IOU-developed CAHP Builder Sales Training module, the team felt it best to identify within the Literature Review, and related materials compilation, two distinct categories: Primary Study Areas and Secondary Study Areas. Primary Study Areas include those that the team felt most important as direct influencers of the project team’s sales module recommendations. Secondary Study Areas include those that have impact on the reader’s overall understanding of the RNC market, its “best practice” marketing and other techniques, as well as unique “best practice” program enablers. Table 2 lists each of the major Literature Review sections and identifies each as a primary or secondary study area. Following this table is a review of key findings in each area. A full discussion of these areas, along with more detailed source citations, is included in a more robust Literature Review report in Appendix E.

Table 2.Literature Review Study Areas

Literature Review Study Areas		
Literature Review Section	Discussion Area	Subject Area Category
3.2	<ul style="list-style-type: none"> • Consumer Demographics and Market Trends <ul style="list-style-type: none"> ○ Home Ownership ○ Homebuyer Demographics ○ Energy Efficiency & the RNC Market ○ Barriers to Purchasing Energy Efficient Homes 	Secondary Study Area
3.3	<ul style="list-style-type: none"> • Marketing <ul style="list-style-type: none"> ○ Marketing “Green” ○ Marketing Green Homes 	Primary/ Secondary Study Area
3.4	<ul style="list-style-type: none"> • Sales <ul style="list-style-type: none"> ○ Sales Technique ○ Sales Tools 	Primary Study Area
3.5	<ul style="list-style-type: none"> • Unique Enablers <ul style="list-style-type: none"> ○ Alliances and Cooperative Efforts ○ Home Valuation 	Secondary Study Area
3.6	<ul style="list-style-type: none"> • Best Practice Consumer Marketing and Sales Review <ul style="list-style-type: none"> ○ Energy Efficiency Programs ○ Builders 	Secondary Study Area
©	<ul style="list-style-type: none"> • Builder Sales Training and Adult Learning Approaches <ul style="list-style-type: none"> ○ Adult Learning Approaches ○ Sales Training ○ RNC Best Practice Program Builder Sales Training Review 	Primary Study Area

3.2 Consumer Demographics and Market Trends

The literature review revealed that, generally speaking, the news is good and the message simple for the housing market: People want to be homeowners. In addition, a large percentage of those driving home-

buying decision are female. Regardless of the current economic climate and state of the housing market, industry experts feel that consumers still have a “strong emotional desire to own a home.”¹⁷ However, as we start “peeling the onion,” the complex nature of homebuyer preferences becomes clear, as real estate represents both an investment and a place to live. Understandably, total cost of ownership and enduring value are expected to continue to impel investment-driven decisions, and comfort, convenience, and safety will retain their place as the perceived greatest attributes of homeownership.

3.2.1 Key Findings

Home Ownership:

- Despite the fragile housing market, consumers still have a strong emotional desire to own a home
- Real estate represents both an investment and a place to live
- People want value – And to “live better” in their homes
- Total cost of ownership and enduring value expected to continue to impel investment-driven decisions
- Comfort, convenience, and safety will retain their place as the perceived greatest attributes of homeownership.

Homebuyer Demographics:

- Demographics will drive new home design
- Nearly 91% of new home purchasing decisions are made or influenced by women
- Single women represent the second largest home-buying demographic next to married couples
- Although similar in average age, new home buyers have an average income almost 25 percent above that of the existing home buyers
- The active adult community – one that already tends to demand efficient homes and includes early adopters of ZNE homes - is expected to be a major catalyst for new home design

Energy Efficiency & the RNC Market:

- There is an increasing interest in energy efficiency among consumers, and energy efficiency will continue to differentiate new from existing homes
- However, the most critical factors influencing the decision to buy a home remain: overall cost of the home, floor plan and size, and location
- Reasons for purchasing energy efficient homes: reducing energy bills, increasing resale value and increasing comfort; not typically minimizing impact on the environment
- Most wanted green home features: ENERGY STAR appliances, high efficiency windows, and high efficiency furnace or air conditioning equipment
- Energy ratings, scores, and labels will become more prevalent as the drive for ZNE intensifies

¹⁷ Brian Ng, EPA; Joel Machak, Crosby Marketing and Jessica Steiner, The Cadmus Group, “ENERGY STAR New Homes Consumer Messaging Platform And New Marketing Materials”(presentation, 2012 ENERGY STAR Sponsor Meeting, Anaheim, CA, April 18, 2012).

http://www.energystar.gov/ia/partners/bldrs_lenders_raters/downloads/sponsor_meetings/2012/Capitalizing_on_the_compelling_new_ENERGY_STAR_value_proposition.pdf

- Energy efficiency will continue to differentiate new from existing homes as consumers remain on a quest for cost savings on monthly energy bills
- New homes will get greener
 - Energy continues to be the leading green topic for homeowners, followed closely by indoor air quality and water
 - Green homes do not come from brown companies - homebuyers will increasingly expect green builders to practice what they preach and equate green business practices with a high-level of corporate ethics
- New homes will grow smarter
 - Whole home automation and controls that enable products to interact with each other and the utility, reducing resource use and taking human error out of operating a home

Barriers to Purchasing Energy Efficient Homes:

- Cost /Payback period
- Undervaluing of efficiency, which leads to a lack of access to capital for homebuyers
- Buyers unaware of benefits
- Buyers unaware of energy efficient home availability

3.3 *Marketing: Marketing “Green” and Green Homes*

A successful marketing campaign increases consumer awareness and stimulates consumer preference. A green/energy efficient home marketing strategy should aim to drive educated homebuyers to the doors of such houses. It should be designed to create demand through raising awareness, providing validation, and monetizing benefits – and include coordinated marketing efforts across multiple channels such as traditional media, social media, advertising, and a company web site.

The campaign must acknowledge that while consumer interest in energy efficiency is increasing, there remain a number of hurdles to overcome to turn that interest into a purchase. Consumer confusion, apathy, anger (around energy bills), misconceptions, and skepticism continue to present barriers to market penetration and transformation. Sixty percent of housing professionals believe that consumer confidence is the key to energizing the green housing market.¹⁸ In order to gain that confidence, marketing strategies have to speak directly to homebuyers in ways that resonate with them. Forming that type of connection requires understanding a buyer’s values – or at least a value set of a given typology - particularly as they relate to “home,” “energy efficiency,” and “green.”

Marketing should support sales efforts by stimulating desire and demand, and be based on the fundamental sales principle that people buy on emotion and justify with logic. Consumer messaging should be aligned with this theory and needs to work to “prime” the buyer to connect emotionally with the home by featuring its implicit comfort, low-maintenance and healthier, improved air quality. Successful strategies will appeal to the true drivers of buyers of energy efficient homes (which most of the existing literature reported to be such things as comfort, convenience, peace of mind, independence, control, and aesthetics), capturing their attention, and telling a compelling story by leveraging the contrast between the “rational” benefits of homes technologies and emotional language and images

¹⁸Power, “Marketing Green to the Mainstream.”

3.3.1 Key Findings

- Marketing should support sales efforts by stimulating desire and demand, and be based on the fundamental sales principle that people buy on emotion and justify with logic
- Marketing should start to shift the buyer from accepting the “good enough” house to demanding the “better than” option that energy efficiency creates
- Barriers: Consumer cynicism (“Greenwash Backlash”) and misconceptions about energy efficiency
- Solutions: Effective advertising and education to guide home buyers :
- Keep advertising copy short, to the point and without jargon
- Use trusted third-party validation
- Overcome misperceptions about efficiency: teach customers how to be efficient and run their high-performance homes, do not oversell savings
- Strategies: Play to the priorities of various consumer typologies and use multiple marketing channels
 - Understand what actually motivates different consumer groups and play to it (e.g., comfort, convenience, peace of mind, independence, control, aesthetics) – there is no universal way to motivate everyone
 - Consumer messaging should work to “prime” the buyer to connect emotionally with the home by featuring its implicit comfort, low-maintenance and healthier, improved air quality
 - Use a multi-pronged approach – just like no one message will speak to all, no one channel will reach all. Internet and social media marketing is critical component: 88 percent of home buyers use the internet to search for a home

3.4 Sales: Techniques and Tools

As discussed above, a well-executed marketing campaign should act to drive homebuyers to the door, but at this point, the sales person must take over to get the home sold. If the marketing has done its job, the buyer’s awareness of energy efficient homes and their benefits has been increased and preference for them stimulated. This was achieved through a combination of emotional and rational appeal, which will be amplified in the sales process. In order to appropriately hone in on the emotional motivators for each buyer, a salesperson must be able to accurately read and characterize that customer very quickly, using a balanced combination of science and art. Most experts recommend using set of typologies to aid in this process.

While certain aspects of selling energy efficient and green homes are specific to this industry, much of the basic salesmanship and technique holds true across products.¹⁹ The same concept of emotional

¹⁹ Example sources that this section’s findings summarize include: David Barista, “Five Tips on Marketing and Selling Green Homes,” *Housing Zone Magazine*, September 15, 2010. <http://www.housingzone.com/marketing/five-tips-marketing-and-selling-green-homes>; Goodman, “Green Marketing”; Grigsby, “Driving Marketplace Adoption”; Gutterman, Herro and Kleiman, “Selling Sustainability”; Hanson, Bernstein and Hammon, “The Role of Energy Efficiency”; Ron Jones, C.R. Herro and Chad Ray, “SAVE Act: How It Affects Builders/Remodelers,” Part 2 of 3 Part Webinar Series - SAVE Act -Impact Series 2012: Game Changers in Sustainability, *GreenBuilder Magazine*. <http://www.greenbuildermag.com/ImpactSeries/Archive>; Power, “Marketing Green to the Mainstream”; Tomasulo, “Tips for Selling Green.”

buying rationalized by logic applies. In many respects, it is amplified by the weight of emotion that “home” carries for most people. Additionally, as highlighted in the new ENERGY STAR marketing campaign (and the market research supporting it), the average consumer wants the best she can afford today, and she wants to live *better*. It is the “Better” of a sustainable home that should be featured. Selling energy efficient new construction will require understanding the buyer’s personal values and what will turn the for-sale house into a sold home. When selling an efficient house, it is important to remember that for most people, the prime motivators for buying a home are location, community, lifestyle, and space – not energy- or green-related concerns.

Ultimately, the way a home “feels” will likely be the key factor for a buyer. It is critical for the seller to understand what it is about a given house that feels good to the buyer and then play to that, focusing on the ways that a select few of the energy efficient features help create that feeling. Demonstrating these key features is also recommended as a critical sales step. Showing buyers how things work, letting them observe and touch the product, helps cement the benefit in their mind. Once an emotional connection with the home has been developed, these same features should be used to build a rational justification for the purchase decision by monetizing the benefits of energy efficiency.

While a well-trained salesperson, enabled to explain the science and taught not to lead with it, is the best “tool” for closing the deal on an energy efficient home,²⁰ there are several others recommended in the relevant literature, including point-of-sale materials, “Silent Signs” or wall placards, reference checklists, and using a recognized and trusted third label and brand (e.g., ENERGY STAR) for validation on these printed materials is widely recommended. “Show and tell” demonstration homes and learning centers offer salespeople a chance to educate and bond with the buyer.

Some of the existing literature also discusses the importance of a continued builder-buyer relationship after the sale is closed. The trust and loyalty built by providing ongoing customer service serves not only to help gain new customers through word of mouth recommendations, but also to secure repeat buyers as homeowner changes in needs and lifestyles dictate moves. Key aspects of building this type of customer satisfaction include ensuring that the homeowners know how best to run their high-performance homes by teaching them how to use features to fully reap their benefits

3.4.1 Key Findings

Sales Techniques:

- People Buy on Emotion, Justify with Logic and Make Decisions in Silence
- Combination of emotional and rational appeal found in marketing should be amplified in the sales process
- In order to appropriately hone in on the emotional motivators for each buyer, a salesperson must be able to accurately read and characterize that customer very quickly, using a balanced combination of science and art
- Ultimately, the way a home “feels” will likely be the key factor for a buyer. It is critical for the seller to understand what it is about a given house that feels good to the buyer and then play to that, focusing on the ways that a select few of the energy efficient features help create that feeling

²⁰Gutterman, Herro and Kleiman, “Selling Sustainability.”

- Sell Them What They **Want**: Emotional connection with the home; Comfort, low-maintenance; Safety from pollutants, pollen, mold
- Give Them What They **Need**: Rational justification for their purchase; Energy efficient appliances and products ; best practices in building
- Bottom Line: Average buyer wants: The best they can afford today; and to live better
- You need to sell “The Better” of an efficient home
- A continued builder-buyer relationship after the sale is closed is also important to help gain new customers through word of mouth recommendations, and also to secure repeat buyers

Sales Tools:

- Use sales tools to illustrate the benefits of an energy efficient home in a way that engages and resonates with buyer (e.g., “show & tell” demo homes, and “silent sign” wall placards)
- Best “Sales Tool” is a well-trained salesperson: Sales staff must be well-versed in home’s Green and energy efficient features, and know how to sell them.

3.5 Unique Enablers: Alliances & Cooperative Efforts, and Home Valuation Issues

Two issues with direct impact on the RNC marketplace and program design warrant discussion. These include the effect of alliances and cooperative efforts in increasing market penetration of energy efficient and sustainable homes, and the impact of home valuation on home sales.

3.5.1 Key Findings

Alliances and Cooperative Efforts:

- Effective collaborative regional solutions act to help overcome some barriers to transforming residential new construction and to increase market penetration (ENERGY STAR/EPA)
- Builder Alliances that include all members of the industry group in training and support activities seem to promote long-term energy efficient market success
- Groups that should be included in such coalition efforts include appraisers, mortgage lenders and real estate agents

Home Valuation:

- Builders are concerned that appraisers do not take the added value of energy efficiency into account in the appraisal process
- Proper valuation may enable builders to feel more secure that they will recover the additional investment of energy efficient construction at the time of sale, and it may allow them to secure construction loans that cover the additional investment
- Proper valuation should help home buyers obtain a mortgage that covers the added upfront expenses of energy efficient construction
- Information about “green” and energy efficiency is known to appraisers, but industry infrastructure and practice makes it difficult to “across the board” approach this issue
- Appraiser education, industry procedure changes in relationship to valuing energy efficiency and involving appraisers in the program in some ways, may address this issue

3.6 Best Practice Consumer Marketing and Sales Review

We reviewed consumer sales and marketing materials of RNC builders and programs selected as “best practice” ones for the purposes of this study, and also considered related measurement and evaluation findings. Currently, the CAHP does not engage in consumer marketing, as outreach efforts are focused

on driving builder participation rather than on increasing consumer demand or home sales, directly. It does not provide collateral templates or other such support to builders. A study report on SCE's CAHP predecessor program, the 2006-2008 SCE California New Homes Program (CANHP)²¹ did refer to extending outreach to consumers in its review of RNC program best practices, however, it did not recommend it as a change to the CANHP, which, like the CAHP, was designed to only market and conduct outreach to builders and third-party consultants for the program.

3.6.1 Key Findings

Energy Efficiency Programs:

- Many of the best practice programs employ practices aligned with those recommended by ENERGY STAR when they marketed directly to consumers and/or offered marketing support to their participants, however, the degree to which programs engaged in consumer marketing or this support was provided varied greatly.
- Among those that did not conduct either or both of these activities, some were constrained by budgetary issues – both related to regulations of how marketing and outreach funds could be spent, as well as funding availability, and others by legal and liability concerns.
- Some, however, simply did not see the benefit of consumer marketing to attaining their goals.
- The most robust consumer-targeted campaigns were implemented through cooperative efforts and alliances, which generally were not limited by similar constraints and which had somewhat different objectives.
- Several sources note that marketing efforts should be extended to both builders and consumers. Moreover, that creating homebuyer demand through enhancing program and energy efficiency awareness and marketing not only helps achieve a goal of increased energy efficiency, but also stimulates builder participation in the programs.

Builders:

- As with best practice RNC programmatic efforts, best practice builders generally followed basic ENERGY STAR recommendations and teachings as presented in its webinars on marketing and sales, fact sheets and other similar resources, and the types of activities summarized in the above sections on marketing and selling energy efficient homes.
- While both the larger/national and smaller./regional builders all used the basic type of messaging suggested by ENERGY STAR to promote the benefits associated with key home features, the larger builders did not rely as heavily (if at all) on ENERGY STAR-provided templates.
- All the builders reviewed used the ENERGY STAR logo as a branding device to differentiate themselves and lend validation to efficiency and quality claims.
- Reviewed best practice builders targeted both message and media to their specific markets and consumer audience, and used a combination of marketing media and activities.

3.7 *Builder Sales Training and Adult Learning Approaches*

Clearly, as stated in a 2005 CEC report and echoed in much of the relevant literature, “builders’ sales staff are uniquely positioned to present and explain energy efficient options...Equipped with credible information and the necessary incentives to reduce profit risks to the builder and investment costs of the

²¹The Cadmus Group, Inc. and Quantec, *SCE California New Home 2006-2008 Program Process Evaluation*, 57.

home buyer, the builder is more likely to make a sale on a more energy efficient home.”²² The key is to prepare the sales staff to take full advantage of that position. RNC programs are well-positioned to provide sales training to do just that. The Appendices to the 2008 ENERGY STAR best practices report on program design and implementation list “lack of sales skills” among key barriers to the adoption of energy efficiency technologies in the home building industry, which should be known prior to designing a program. Properly training builder sales staff, then, appears to be critical to increasing market penetration of efficient homes and driving real market transformation.

Currently the CAHP, specifically, does not offer builder sales training, and the objective of the current research is to formulate recommendations for effective approaches for such a program-specific training module and structure. The IOUs do offer trainings for builders through their respective training centers,²³ but these tend to focus on building science and code aspects rather than on selling efficient homes, specifically. Additionally, these trainings are open to the public, so do not offer a benefit directly tied to program participation. It is worth noting that the study of SCE’s 2006-2008 RNC program did recommend that the program “incorporate new tools for providing key information,” stating that builders “identified several types of information that would facilitate their participation and cited mechanisms for providing it. One was to provide training via Webcasts or have training available to download from SCE’s Web site.”²⁴

3.7.1 Key Findings

Sales Training:

- “Lack of sales skills” is among the key barriers to the adoption of energy efficiency technologies in the home building industry
- Sales training is critical (and it is not just building science)
 - Most important but most difficult to teach:
 - How to listen / When to be quiet
 - Focus in on what the buyer wants
 - Use discipline and restraint to only sell top three buyer-desired features in a way that resonates with buyer
- Program-supplied trainings serve to ensure energy savings goals are achieved by helping to ensure real performance in the field. As a benefit to builders, these program offerings work to both recruit and retain participants, as well as positioning the utility as a valuable trade ally and energy efficiency expert.
- Successful programs offer some sort of “sales” training to participating builders – typically building science. More successful program offer both building science and how to sell. The most successful programs offer both types by “handholding” builders through the educational process to build both builder sales staff confidence, and program loyalty.

Adult Learning & Instructional Design:

²²Building Industry Institute, *Final Report for Profitability, Quality and Risk Reduction through Energy Efficiency*(Sacramento, CA: California Energy Commission, Public Interest Energy Research Program, August 2005),Publication Number: CEC-500-2005-118, 9.<http://www.energy.ca.gov/2005publications/CEC-500-2005-118/CEC-500-2005-118.PDF>

²³See PG&E’s Energy Training Center, Stockton offerings at <http://www.pge.com/mybusiness/edusafety/training/stockton/>;

²⁴The Cadmus Group, Inc. and Quantec, *SCE California New Home 2006-2008 Program Process Evaluation*,64.

- A grounding in the basic principles of andragogy and instructional design is called for in developing a successful training program for builders.
- The six principles of adult learning should be incorporated, with a focus on the process of learning, and placement of the student and teacher on more equal footing than is the case with younger pupils.
- Approaches incorporating case studies, role-playing, simulations, and self-evaluation are recommended when teaching adults.
- Similar strategies can be successfully applied in online trainings.
- Regular short “refresher” courses offered as a follow-on to initial longer and more detailed training functions well for adults learning a practical skill.
- The instructional design model theory, form, and function should be well understood and documented in advance of course development.

4. Focused Sales Staff Interviews

As noted previously, the study team shifted its target audience focus from planned consumer Focus Groups to ones based on Sales Staff feedback when the team realized that this latter audience would be a more appropriate set of market actors to review this study's final recommendations, particularly those related to sales training. Focus Groups were scheduled for CAHP builder sales staffs in Los Angeles, San Francisco, and San Diego. However, due to challenges in recruiting participants, the team instead chose Focused Sales Staff Interviews by phone as a means of receiving what the team considers equally as relevant feedback from the target audience. This proved to be a successful strategy as sales agents provided keen comments and inputs to the Navigant recommendations for IOU development of the CAHP sales training module

In this section, we present the results of interviews held with builder sales staff in the three IOU service territories.²⁵ These interviews provided direct feedback to the project team recommendations presented in this report. More specifically, we sought feedback on issues related to:

- Overall workability of the recommendations
- The relationship of the Navigant recommendations to sales staff's own experience of excellence in sales staff training
- The content and approach to the training.

In November 2012, the team interviewed a total of eight builders and builder sales representatives from three different companies, who provided feedback on each of the five recommended components of the IOU Sales Training Modules. Interviewees included representatives from:

- Pardee Construction Company– (SDG&E Territory)
- DeYoung Properties - (PG&E Territory)
- Pulte Homes – (SCE / SCG Territories)

The focused sales staff interview guide is presented in Appendix C, and summaries of each interview are found in Appendix D. The guide seeks feedback on the study's five key sales training module recommendations on:

- Approach to Adult Training
- Training Content
- Buyer Types and Approach
- Training Structure / Formats
- "Benefits" and "Rewards" for Attending the Training

4.1 Key Findings

- Confirmed Navigant Recommendations and Approach to Sales Training (short- and long-term)

²⁵ Here we identify three service areas for the four utility study participants, with SCE and SCG territory being deemed as the same for the purposed of the study

- Confirmed relevance of Adult Learning Theory in responses to questions related to training and trainers
- Emphasized need to excite the trainee and involve them in hands-on learning
- Emphasized need to integrate existing sales staff knowledge into trainings and role-playing on Customer types
- Suggested that utilities might wish (in the future) to develop separate trainings for Sales Managers and Sales Staff as an efficient way to ensure success
- Without separate trainings for builder agents and builder sales staff, IOUs need to be aware of the different roles these two play in the process and provide recognition of this in the training
- Confirmed example typologies and approaches

5. Conclusions and Recommendations

The overall goal of this project is to assist CAHP builder participants to sell more energy efficient homes. As noted, although the research focus has been narrowly defined as relating directly to those issues concerning development of a CAHP Builder Sales Training Module, the project team also gathered and analyzed information on other areas of “best practices” related to RNC program marketing and implementation. Below we discuss conclusions drawn from all aspects of this research, beginning with a focus on the CAHP builder sales training module, which includes illustrative examples of four basic recommended training formats, and then turning to a broader view of program design and features that we feel will support long-term program success, including an increase in market penetration of efficient homes. Following the discussion is a table showing key recommendations and respective supporting findings.

5.1 CAHP Sales Training Module

The CAHP Builder Sales Training Module recommendations provided below represent the project team’s best understanding of what the IOUs will need to incorporate into their efforts to create a “best practice” CAHP builder sales training program. Beyond the recommendations for key components to be incorporated into the IOU-sponsored training below, Navigant has identified several key training development principles that it feels should be considered in developing the sales training module. These are listed below and are then followed by a discussion of Navigant-recommended training elements.

5.1.1 Key Training Development Principles

Based on discussions with professionals in the field, beyond the “basics” of Navigant’s CAHP Builder Sales Training recommendations listed below, Navigant suggests several key principles or goals that might be considered in IOU development of the CAHP sales training module. These include:

- **Focus on Long-term Commitment to Transformation of the CAHP Builder Sales Pool**
IOU efforts will be far more successful with a focus on developing training approaches and materials that can provide a long-term horizon for ensuring that the builder sales staff pool is: a) kept up-to-date on energy efficiency and b) transformed as related to excellence in sales of CAHP efficient homes.

Such an approach will help ensure the goals of the training (i.e., to help CAHP builders to be better able to use their energy efficiency investments in helping sell more homes) are met and that the training focus and tools provided become part of the day-to-day business practice of CAHP builders. Examples might include development of materials that are relevant today, with planned updates, as needed, or on a regular basis. This is especially cogent in a time of expected ZNE focused code changes. Another example might be to provide for online access to ancillary energy efficiency information and training to CAHP builder sales staff that is updated regularly as a means of “keeping alive” the benefits of the training.

- **Focus on the Training Approaches and Tools Relevant to the Work of Builder Sales Staff**
Strive to make each component of the training engaging and useful to the sales staff taking the training. This might include:

- Engaging trainers who not only possess subject matter excellence, but also excellence in the presentation approach and skills needed for the builder sales audience.
- Having a clear path of where the training is headed and what will be covered. Sales people express a wish to know the exact purpose and path of the training so they do not feel as that their time could be better spent elsewhere.
- Providing handouts and takeaways that meet the “on-site” needs of sales agents such as sales “playbooks,” booklets with visuals, takeaway building science visual posters or other such materials that the sales agent can use to either refresh their own memory or display at on-site models that explain to buyers the “top five” energy efficiency features and benefits found in CAHP homes.

For all of the above, project team research shows that materials must maintain continued relevance to attendees and not merely rely solely on what has been offered in past trainings. Training recipients wish to know what is new, they want to understand building science, and know how to speak confidently about the features and related benefits of the changes being incorporated into the homes they sell.

- **Use (Multiple) Formats and Approaches to Learning Appropriate to the Audience Needs to Ensure Uptake and Use of the Materials**

Beyond the offering of classroom face-to-face training opportunities, the IOUs should also consider building into the module continued learning opportunities. The team believes that incorporating these opportunities will help ensure that the training becomes rapidly integrated into CAHP core program design as an important benefit of the program offered by the IOUs and the CPUC.

5.1.2 Key Components of a “Best Practice” CAHP Sales Training Module

Based on these principles, the Navigant team recommends a five-prong approach to developing a successful CAHP sales training module that includes recommended instructional formats and approaches and ancillary tools in support of the training. Key components include:

- **Use Adult Learning Principles**
 - A grounding in the basic principles of adult learning (andragogy) and instructional design is called for in developing a successful training program for builders and their sales staff.
 - Trainings should be designed to ensure that the learning process is experiential, and acknowledges and respects participant knowledge and life experience. Adult learners should understand why something is important to know or do.
 - To the extent practicable, participants should have the freedom to learn in their own way – and on their own schedule, but with specific objectives to achieve. For these reasons, approaches incorporating case studies, role-playing, simulations, training exercises that incorporate multiple styles of learning, and self-evaluation are recommended when teaching adults.
 - Similar strategies are being successfully applied in online trainings, as well, which can provide unique ways to meet the needs of adult learners, particularly by providing a sense of control over their own learning.

- Additionally, regular short “refresher” courses offered as a follow-on to an initial longer and more detailed training, function well for adults learning a practical skill.
- **Translate Building Science “Features” to “Benefits”**
 - Training on Building Science (energy efficiency features), with a key focus on translating these into benefits that can be used to enhance sales staff selling ability is critical.
 - To be enthusiastic about using energy efficiency to sell their program homes, sales staff will need to understand the behind-the-wall technologies of the houses they are selling, as well as how to recognize how their features translate to what defines “home” for the potential buyer.
 - Training content should include current energy efficient technologies – how they work and how they compare to parallel non-efficient features, other similar, but not perhaps as advanced efficient features currently on the market and their predecessors.
 - Additionally, an effective seller will understand the market in which they are working and how factors such as building regulations, the economy and home financing influence the buyer’s decision-making and sales processes. Successful sales staff will also be well-versed in the sales truism that buyer “buy on emotion and justify by logic.”
 - Monetization of energy cost savings is by far the most important key benefit of the energy efficiency in a home. This can be presented in terms of monthly savings, and/or in terms of term-of-mortgage savings (e.g., savings over a thirty-year mortgage could amount to upward of \$30,000 – which could help fund a new car, a college education or a slightly earlier retirement).
 - Other benefits reported to strongly resonate with buyers include indoor air quality (health and safety), comfort, durability and resale value.
- **Understand Buyer Types and Preferences for Energy Efficiency**
 - Maintain a keen focus on training builder sales staff to identify and understand buyers and buyer attitudes as related to “green” or energy efficiency to help the sales staff best use the benefits of energy efficiency in their sales presentations.
 - Because there are as many such definitions of “home” as there are home buyers, sellers have to quickly recognize which features will best resonate with different buyers, as well as which approaches and sales tools will best demonstrate them and speak to the buyer.
 - Since sales agents typically will have had some training in “reading” or identifying buyer types, the training should be structured in an interactive way to take advantage of existing sales staff knowledge as a base for then incorporating “best practice” training and role-playing on energy efficiency buyer “typologies” and approaches to each.
 - Successful sales agents will be adept at applying industry approaches that focus on energy efficiency as a “Better Than” option to a competing home with lesser energy efficiency features and benefits, as well as those that focus on emphasizing energy efficiency as a key deciding point after a buyer’s decisions related to price, location and floor plan are taken into account.
 - Being up-to-date on relevant current market trends and demographics (e.g., how “greenwashing” has impacted the market, what home features are selling well in the

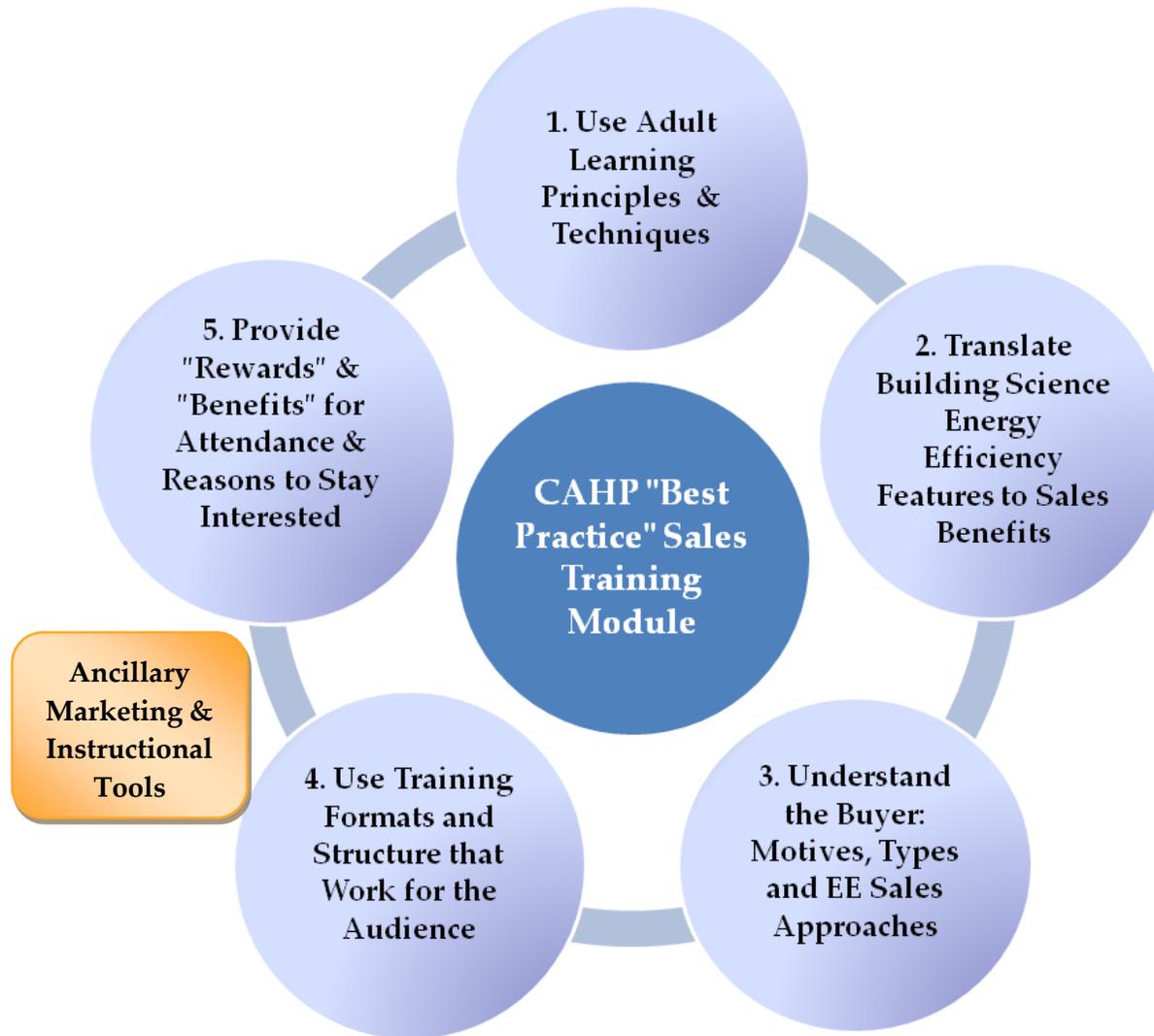
current economic state, and the prevalence of female home-purchase decision-makers) will also aid a savvy seller.

- Sales staff should also be well-versed in sales tools that work to convey the benefits of efficient features and how best to use them with various homebuyer types (e.g., wall placards and deconstructed homes).
 - In addition to being adept at the “initial sell,” it appears from the research that a strong and continued builder-buyer relationship after the sale helps gain new customers through word of mouth recommendations, secure repeat buyers and can provide a way to collect data on real-world efficiency performance. Trainings should, therefore, also include content related to strategies for continued communications with buyers (both direct such as calling or emailing home owners and less personalized such as blogs and web sites), and energy performance support (such as a home “user’s manual.”) Other innovative approaches such as energy-saving contests among neighbors could also be discussed as ways to boost performance as well as gather data to be used for future sales tools.²⁶
- **Use Multiple Training Formats**
 - Incorporate training formats that builder sales agents can use to “stay in touch” with the information learned at the training and ensure the long-term use and market retention of the learning – including a variety of approaches to keep the sales audience informed and interested.
 - **Provide “Rewards” and “Benefits” that Support Ongoing Trainee Interest**
 - Providing supportive “Rewards” and “Benefits” for attending the training can help both sustain the knowledge gained in the training and support continued builder sales staff interest in future trainings and program participation.
 - Examples include Certificates of Completion from accredited entities such as the California Realtors Association (CAR) and/or the California Building Industries Association (CBIA), “Sales Playbooks” as takeaways from foundational/beginning trainings to help newly trained agents build and maintain their confidence in using the materials, and on-site visuals to support agent focus on energy efficient benefits to buyers.

Figure 5 illustrates these components.

²⁶ One California builder interviewed holds such contests whereby homeowners submit their energy bills as proof of performance. Not only does this encourage improved savings on the part of contestants, but also serves to easily provide real-world data to the builder which is used to support benefit claims for future sales.

Figure 5. Navigant-Recommended Components of a "Best Practice" CAHP Sales Training Module



5.1.3 Training Structure / Formats

The structures and formats in which the training will be delivered represent a key component of the overall training module. Navigant recommends a multi-tiered approach to training that includes four basic training formats (discussed more fully below). Beyond these, we recommend related “tools” or non-classroom support elements that the project team believes will benefit the overall learning objectives of the CAHP Builder Sales Training package -- which Navigant understands to be the transformation of the CAHP builder sales market as related to energy efficiency excellence in the sales process.²⁷Navigant’s project research supports the notion that the recommended multi-pronged programmatic approach provides both long-term market transformation benefits at the builder sales process level, but also provides the added benefit of continued CAHP support of its already excellent builder relationships. Training content must be learned, retained, and updated in a timely fashion to support market transformation within the CAHP builder sales force.

Such a structure would include a mix of in-person and independent computer-based sessions, and would offer longer “foundational” trainings as well as shorter refresher modules. All of the sessions should employ adult learning principles and be delivered in a fun and engaging way. In addition to program builder sales staff, Navigant recommends making these trainings available to other critical market actors such as real estate agents, appraisers and lenders, all of whom could positively impact market penetration of efficient homes if equipped with the proper knowledge of the benefits and value of energy efficient home features.

The four basic recommended training formats include the following:

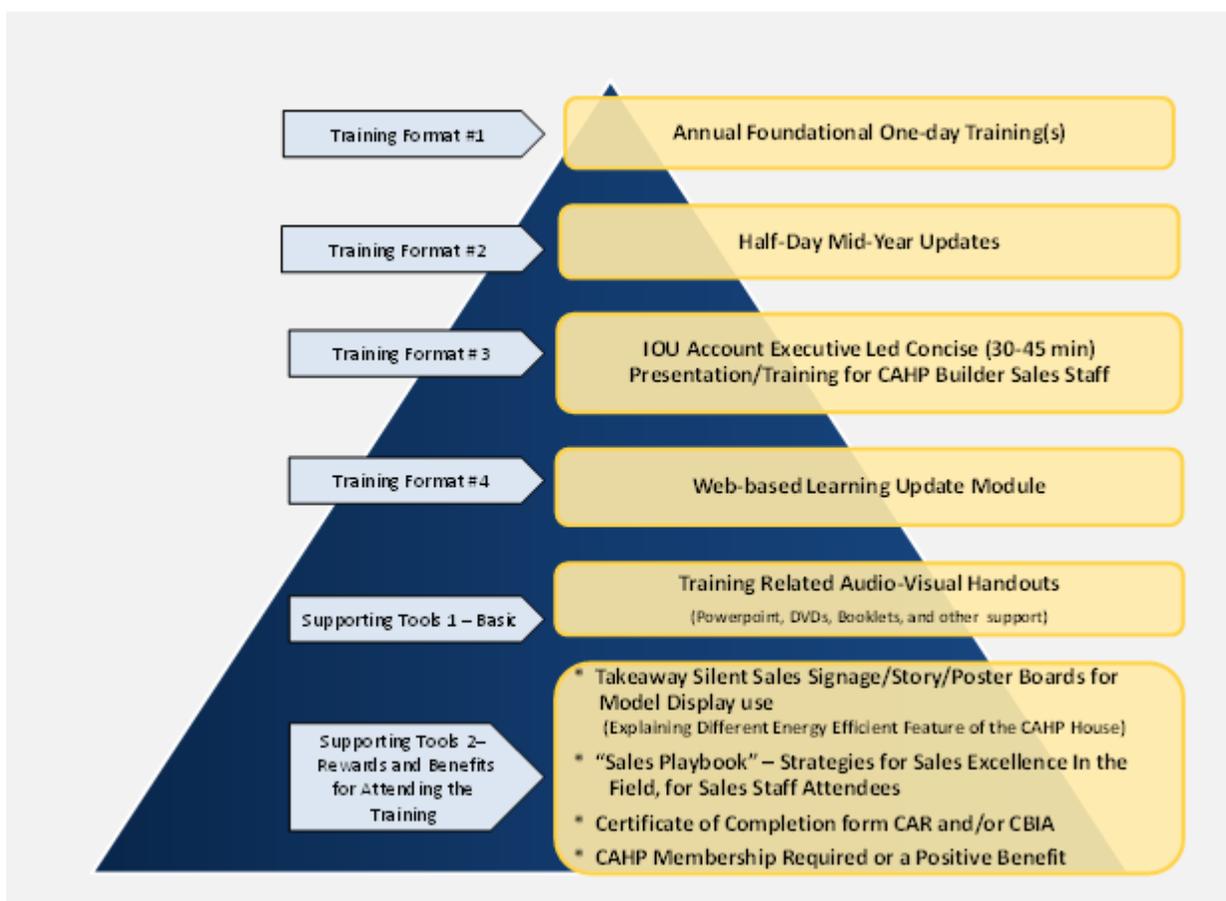
- Annual Full-day CAHP Builder Sales Training(s)
- Half-day Mid-year Training Update(s)
- Account Executive/Program Staff Presentation Training and CAHP Builder Sales Staff Meetings
- Web-based Refresher Training Opportunities

Beyond this, the project team recommends developing and providing supporting training tools that it believes will enhance the overall likelihood of project success.

In Figure 6 we present an overview of the Navigant-recommended training formats and related tools for the nascent CAHP Sales Training Module to be developed by the IOUs. As noted, the recommendations are based on the resulting information gathered through the various stages of the project.

²⁷ This stated goal is Navigant’s best understanding of the direction of this project. It supports other California initiatives on the horizon based on residential Zero Net Energy construction practices.

Figure 6. Overview of Navigant-Recommended Training Formats and Tools



Below in Table 3, Table 4, Table 5 and Table 6, we provide illustrative descriptions of the recommended training formats, including learning objectives and approaches. This is followed in Table 7 and Table 8 with a description of recommended ancillary tools that the team believes can help facilitate the long-term success of the CAHP sales training effort. Ancillary tools are categorized as “Basic Training Support,” which are tools that relate to training supports, refreshers and knowledge enhancers, and “Rewards’ and ‘Benefits’ for Attending the Training.”

5.1.3.1 Training Format 1 – Annual Full-day “Foundational” Builder Sales Staff Training

This training provides the foundational information needed for CAHP builder sales staff to successfully integrate energy efficiency into their day-to-day business practices. It is a full-day recommended training covering the issues noted above in previous information in this section. It is the first and longest (one day) training of the training components recommended by the Navigant project team.²⁸

²⁸ For this session, Navigant also recommends that the IOUs consider offering this training to other market actors (real estate agents, appraisers, lenders) as a long-term market transformation activity. See the Literature Review for a more in-depth discussion of in the “Unique Enablers” section of the review.

Table 3. Illustrative Example of Recommended Annual Full-day CAHP Builder Sales Staff Training

Training Format #1 -- Annual "Foundational" Training(s)	
Learning Objectives	<ul style="list-style-type: none"> Establish within attendees a basic understanding of energy efficiency building sciences and how this information can be used to help sell the home Establish "foundational" understanding of how to integrate buyer types -- as related to energy efficiency -- into the sales process to help close more deals Establish the basis for attendees to desire follow-on trainings and information, as required, aimed at continued market transformation of the home sales market related to energy efficiency
Approach	<ul style="list-style-type: none"> Incorporate creative training and practice approaches to codify training goals and concepts into "takeaway" understanding that can be used "on-the-job" Have attendees generate their own Energy Efficiency Sales Plan as a training takeaway
Agenda Items	<ul style="list-style-type: none"> Training Purpose; Building Science Features to Sales Benefits; Understanding Women Buyer Sensibilities and Buyer Types as Related to Energy Efficiency; Practice exercises and role-playing to accomplish learning objectives; sales-agent generated Energy Efficiency Sales Plan as a takeaway.
Training Description	<p>The recommended annual full-day "foundational" session would be designed to incorporate the major training components noted above related to: a) understanding how building science features can be turned into sales benefits; b) understanding buyer types and approaches that can lead to sales; and c) practice in both the <i>building science</i> translation of efficiency features to sales benefits, and as well in "green" or <i>energy efficiency salesmanship</i>. Additionally, to make more efficient use of the limited time likely available for participants to be in a classroom, online pre-work that conveys information on building science, demographic groups/typologies and regulatory issues related to codes and home financing could be assigned. The session would include a brief review of the pre-work material, followed by presentations by the trainer/s on how to apply knowledge of typologies to translate the benefits provided by the homes' efficient technologies in order to speak to the buyer in a way they will understand and appreciate. Fun interactive quizzes, perhaps in a game show format can be used to offer variety from a lecture-style presentation and acts to reinforce teachings. Role-playing would follow and further support retention of learning, as well as provide more "real life" situations to determine how well information is being translated into correct action. Research shows that groups of three are ideal for such role-playing, as they allow for one person to act as buyer, one as seller and one as observer/"coach." These roles are alternated until all participants have had a turn at each. Hands-on demonstration of might also be included, as several sales staff interviewees expressed interest in understanding what the technologies "look and feel like."</p>

Training Format #1 -- Annual "Foundational" Training(s)	
	<p>Cutaway technology props in a demonstration mini-home format could substitute for field visits, which Navigant deems impractical.</p> <p>Depending on resource availability, Navigant recommends that a third-party with requisite background and skills be engaged to develop and provide this annual training. However, program staff and account executives should attend and could actively participate in certain aspects such as the game show quizzes, and could also provide program-specific information. This attendance will act to help continue building relationships with builders' sales staffs and provide a basis for later update and informational presentations that would be based on recommended development of a fun and interactive account executive offered informational presentation at sales staff meetings. This is presented Table 5, below.</p> <p>Materials for the foundational training would include the online pre-work module, PowerPoint (or similar) presentations, quiz materials (and perhaps little prizes), program-specific collateral materials such as brochures, flyers and booklets. A "Sales Playbook" containing all session materials, including important visual demonstration materials and a sales-agent generated <i>Energy Efficiency Sales Plan</i> would be a key takeaway from this session. Videos demonstrating building science content and/or sales techniques could also be developed and distributed to attendees online and/or on a CD/DVD, depending on resource availability. (See Table 7, below, for further description of these basic support tools.)</p>

5.1.3.2 Training Format 2 – Mid-year Refresher for Builder Sales Agents

This half-day refresher training is intended to keep interested sales agents up-to-date on any new sales training issues, through the incorporation of information not necessarily contained in the foundational course, as well as the basics. It is also intended to provide some fundamental knowledge to those who have not attended the foundational training and encourage them to attend the full-day session.

**Table 4. Illustrative Example of Recommended Half-Day
Mid-Year Refresher Classroom Session**

Training Format #2 -- Half-Day Mid-Year Refresher Classroom Session	
Learning Objectives	<ul style="list-style-type: none"> Refresh past attendees knowledge base on foundational training issues Provide enough of foundational training knowledge as needed for new attendees who had not attended previous trainings Provide new information / relevant updates and expanded knowledge base for participants – to enhance learning for past attendees and to inform new ones Provide sharing amongst participants on “lessons learned” in the field, with a related Q and A session for participants
Approach	<ul style="list-style-type: none"> Incorporate creative training and practice approaches to codify training goals and concepts into “takeaway” understanding that can be used “on-the-job” Provide PowerPoint presentation. Refer attendees to online resources, DVDs and other <i>CAHP Builder Sales Training</i> materials, as relevant Lessons learned from the field are shared amongst current and past participants, as resources allow
Agenda Items	<ul style="list-style-type: none"> Training Purpose; Building Science Features to Sales Benefits; Understanding Women Buyer Sensibilities and Buyer Types as Related to Energy Efficiency; Practice exercises and role-playing to accomplish learning objectives
Training Description	<p>Navigant recommends that a shorter half-day mid-year refresher classroom session be developed to serve the purpose of reviewing materials from the foundational training, updating those materials as needed, and gathering lessons learned from the field, as well as answer any questions encountered by the sales agents in the field. This training would also provide another venue to foster builder relationships. A similar structure to that of the full-day training is recommended, although less time would be assigned to presentations reviewing and updating material from the full-day class, and more time would be spent in interactive activities, including discussing lesson learned, questions from the field, and role-playing. Again, depending on program resource availability/constraints, Navigant recommends engaging the same third-party as was used for the annual full-day training to develop and provide this training session. Program staff and account executives should also attend this session. Collateral materials include PowerPoint (or similar) presentations. Binders and/or CDs should be updated as needed. Following the session, the lessons learned and questions from the field (along with answers) should be collected and supplied electronically to not only attendees from this session, but all previous attendees of the CAHP Builder Sales Training as resources allow</p>

5.1.3.3 Training Format 3 – Account Executives / Program Staff Presentation for Builder Sales Meetings

California program staff and account executives have in-depth knowledge of and relationship with their CAHP builders. It is often the case that account representatives visit builders at their offices to make contact and provide support to CAHP builders. Because of this, and based on the project staff's interviews with CAHP staff from the different utilities, Navigant recommends development of a short presentation/training that account executives and program staff may offer to CAHP builders at one of their sales staff meetings. This type of training has proven to be very effective by a non-California "Best Practice" RNC utility.

Table 5. Illustrative Example of Recommended Account Executive / Program Staff Presentations at CAHP Builder Sales Meetings

Training Format #3 --CAHP Account Executive / Utility Program Staff Presentation at Builder Sales Staff Meetings	
Learning Objectives	<ul style="list-style-type: none"> • Introduce the fundamental concepts from the foundational training in a way that student find fun, interesting and useful • Bring new knowledge to previous attendees at the <i>CAHP Builder Sales Trainings</i> • Interest sales staff that had not attended previous <i>CAHP Builder Sales Trainings</i> in wanting to acquire more knowledge about using energy efficiency in their day-to-day jobs
Approach	<ul style="list-style-type: none"> • Develop a 30-45 minute presentation for sales training staff to present to builder sales meetings, as appropriate • This is a fun short presentation that account executives can use to help them continue to build their good relations with builders, while offering the basics of the information needed to sales agents to be able to use energy efficiency in the sales process. The recommendation is modeled on the current offering of a successful RNC “best practice” utility program
Agenda Items	<ul style="list-style-type: none"> • Building Science refreshers on “features to benefits”; fun quiz or Q and A session; Brief overview of typologies; leave-behind DVD on CAHP Builder Sales Training for those who had not yet attended classroom session
Training Description	<p>Based on project interviews, Navigant recommends that a concise and simple account executives and/or program staff follow-on training package be developed for use in sales meetings and for other brief presentations to client builders. This module would be 30 -45 minutes long, and would include a PowerPoint (or similar) presentation on the key efficiency features of typical program homes, how these can be discussed in more typically “buyer-friendly” ways, and a brief overview of current market trends, regulatory issues and demographics that relate specifically to selling program homes. A related brief informational and fun quiz for builder sales staff would also be included. The quiz could be developed as both a static document, appropriate for printing and distributing and/or a computer-based mini module. A computer-based quiz could also incorporate more engaging content, such as video responses or commentary on each question. These materials would be included on a leave-behind CD/DVD, which would also include a video and/or computer-based training module (no more than one hour in viewing time) featuring high-level information from the annual full-day training. This could then be used by the builder for sales staff who had missed the full training. This same training module could be posted on program site/s for electronic distribution. Additional collateral includes program-specific materials such as brochures, flyers and booklets that discuss typical program home features</p>

5.1.3.4 Training Format 4 – Online Training Module for Interested CAHP Builders Sales Staff

Builders committed to building and selling energy efficient homes typically have some sort of in-house sales training that includes energy efficiency. This recommended online module, based on a national builder’s in-house approach, should provide basic reminders to CAHP sales agents about building science features, sales benefits and other related information – and also provide an easy-to-pass sales staff quiz at the end of each module section along with certification/documentation of having taken the class.

Table 6. Illustrative Example of Recommended Online “Refresher” Sales Staff Training Module

Training Format #4 -- Online Training Module for Interested CAHP Builder Staff	
Learning Objectives	<ul style="list-style-type: none"> This exclusive training for CAHP participating builders sales agent online class has the objective of providing easy to access refresher training to sales staff New materials and concepts not able to be included into the Foundational or half-day training should be incorporated By offering three versions of the online training, agents can “check-in” with the course several times during the year, and thus expand their knowledge of the “basics” as well as new concepts and ideas related to, for instance, Zero Net Energy homes.
Approach	<ul style="list-style-type: none"> Develop three core modules for sales agent online access Provide CAHP participant only trainings as a means of enhanced builder bonding with the utility’s program
Agenda Items	<ul style="list-style-type: none"> Building Science and Salesmanship for energy efficiency (core “basics”) and then additional learning relating, for instance, to appraisal issues; code issue and other such – all focused on expanding the knowledge base of CAHP agents
Training Description	<p>Navigant recommends the development of an online training module meant to be used as a quarterly or semi-annual refresher session for sales staff. It should take no more than 45 minutes to complete and would include questions requiring correct answers to progress. If desired, builders could track completion by sales staff, which would indicate their sales agent had “passed” the training. This later suggested approach is based on a successful in-house sales training program of a national builder with a high profile focus on energy efficiency construction and sales</p>

5.1.4 Supportive Training “Tools”

Beyond the four formats described above, Navigant recommends several levels of “training tool” support. Some of these are aimed at providing the trainee with audio or visual materials that support specific training formats (“basic training support tools”), while other “tools” include those that enhance the likelihood of the trainee continuing to be interested in the subject matter – a long-term market transformation principle of these recommendations (“market transformational ‘rewards’ and ‘benefits’ of attending the training tools”).

5.1.4.1 Basic Training Support Tools

The recommended basic training and support tools provide what Navigant believes to be a rounded approach to helping support the “face-to-face” formats #1, # 2, and # 3, presented above, by providing simple to use basic written and audio-visual (A/V) instructional support training tools. Based on Navigant’s research, these seemingly simple “basic” training tools can provide important support for ongoing retention and learning related to the recommended training formats identified above. We note, in particular, that the recommended DVD support tool is one that may prove especially valuable for account executives and program staff in helping enlist new builder sales trainees for longer, more in-depth CAHP Builder Sales Training(s).

Table 7 presents specific recommended “Basic” Training Support Tools

Table 7.Recommended “Basic” Training Support Tools

Activity	Description
Audio-Visual Training Support	<ul style="list-style-type: none"> PowerPoint presentations in support of formats 1, 2 and 3 above²⁹
(A/V) Training Support	<ul style="list-style-type: none"> Visual representations of building science features
“Hands-on” Training Support	<ul style="list-style-type: none"> Hands-on ability to “touch” the materials to become more familiar with the materials (e.g., mini-home models with cutaways, insulation, etc.
Basic Training Support	<ul style="list-style-type: none"> Key features glossy handouts or book – successfully used by several “best practice” utilities for ongoing follow-on training
Basic Training Support	<ul style="list-style-type: none"> A brief informational and fun quiz for sales staff
(A/V) Training Support	<ul style="list-style-type: none"> A takeaway DVD of the key training concepts related to building science and salesmanship role-playing, etc. – that would be used to support formats #1, #2, #3, as well as the IOU account executive / program staff format #4

²⁹ One interviewee suggested that having these prior to the classroom meetings (formats #1 and #2) might make the classroom session more productive.

5.1.4.2 Market Transformational “Rewards” and “Benefits” of the Training Support Tools

The fundamental goal of these tools is to help build confidence within the trainee community that they can successfully use the knowledge gathered in the CAHP trainings on a day-to-day basis to help them sell more program homes. Navigant’s research shows that the IOU training can be reinforced in the builder sales agent community in several important ways by providing “takeaway benefits” to attendees. We list these below, along with a brief explanation of each. The project team’s focus in recommending these tools is on helping enhance long-term relationships with attendees at the CAHP Builder Sales Training – towards a CAHP salesmanship market transformation goal.

Table 8 presents Navigant’s three recommended “Rewards” and “Benefits” of Training supporting tools, followed by a narrative discussion of each or the recommended actions.

Table 8. Market Transformational “Rewards” and “Benefits” of the Training Support Tools

Activity	Description
Sales (Plan) Playbook	<ul style="list-style-type: none"> ▪ Provides support for long-term retention and use of training
Framed Certificate of Completion / Attendance	<ul style="list-style-type: none"> ▪ Provides on-site confidence building support and program recognition
Story / Poster Boards of CAHP Energy Efficiency Features	<ul style="list-style-type: none"> ▪ Provides “takeaway” poster boards on building science agents can use in their model homes to educate buyers

Sales (Plan) Playbook -- Provision of “Sales Playbook” to be taken home by attendees of Foundational Training Format #1 that provides a confidence building sales plan for attending agents appears from research to provide attendees, generally unfamiliar with the subject matter, and anchor that they may call upon on-site, to help build ongoing confidence to use the knowledge gathered in the training. The “Playbook” might in part be developed by the sales staff as part of the exercises at the Foundational training and should contain some degree of “lessons learned” *strategies for selling excellence in energy efficiency homes sales*.

Framed Certificate of Completion / Attendance -- Project team research supports the notion that providing attendees a framed Certificate of CAHP Sales Training Completion -- certified by the program and/or in conjunction with a credible professional organization(s) (e.g., the California Association of Realtors – CAR or the California Building Industries Association -- CBIA) would likely be displayed at program model homes by sales training attendees to show their potential buyers their expertise in this area.

This simple tool as the potential benefits of: a) supporting sales agent confidence building; b) providing builders an opportunity to show off their “green” builder credentials; and c) providing recognition of the utility CAHP partnership with the builder

Story/Poster Boards of CAHP Energy Efficiency Features -- While not directly related to the training, Navigant’s research shows that providing sales staff the opportunity to acquire takeaway story/poster boards for model display use -- each explaining a key energy efficient element of a CAHP home – can have a very positive effect on providing sales support to CAHP builders. Poster boards of this sort are provided by several “best practice” RNC programs around the country with reported successful use of

the displays in the sales process. Navigant recommends five large poster boards, able to be displayed throughout a program homes – and showing a different “typical” energy efficiency feature of a CAHP home can make the sales person’s job easier and aid in pointing to the features and related benefits of program participation. Poster boards for tier-two CAHP builders might also be developed to support that level of energy efficiency features and benefits.

5.2 *Beyond Training: Program Design and Consumer Marketing*

While the primary objective of this study was to provide recommendations for an IOU-developed builder sales training module, in the course of our research we made related findings that led to conclusions and recommendations we feel should be included here. These fall into the areas of program design and consumer marketing.

5.2.1 Program Design and Consumer Marketing

While the focus of project research was on developing recommendations for a CAHP Builder Sales Training Module to be developed by the state’s IOUs, it became apparent early on that sales training was but one component of an overall successful “Best Practice” program. In interviewing program managers from programs managers and operators from 13 successful programs from throughout the United States, we found that certain key basic components appeared in each of the programs, with customization or additional program component relating to marketing and advertising and coalition and/or Alliance marketing as an add-on.

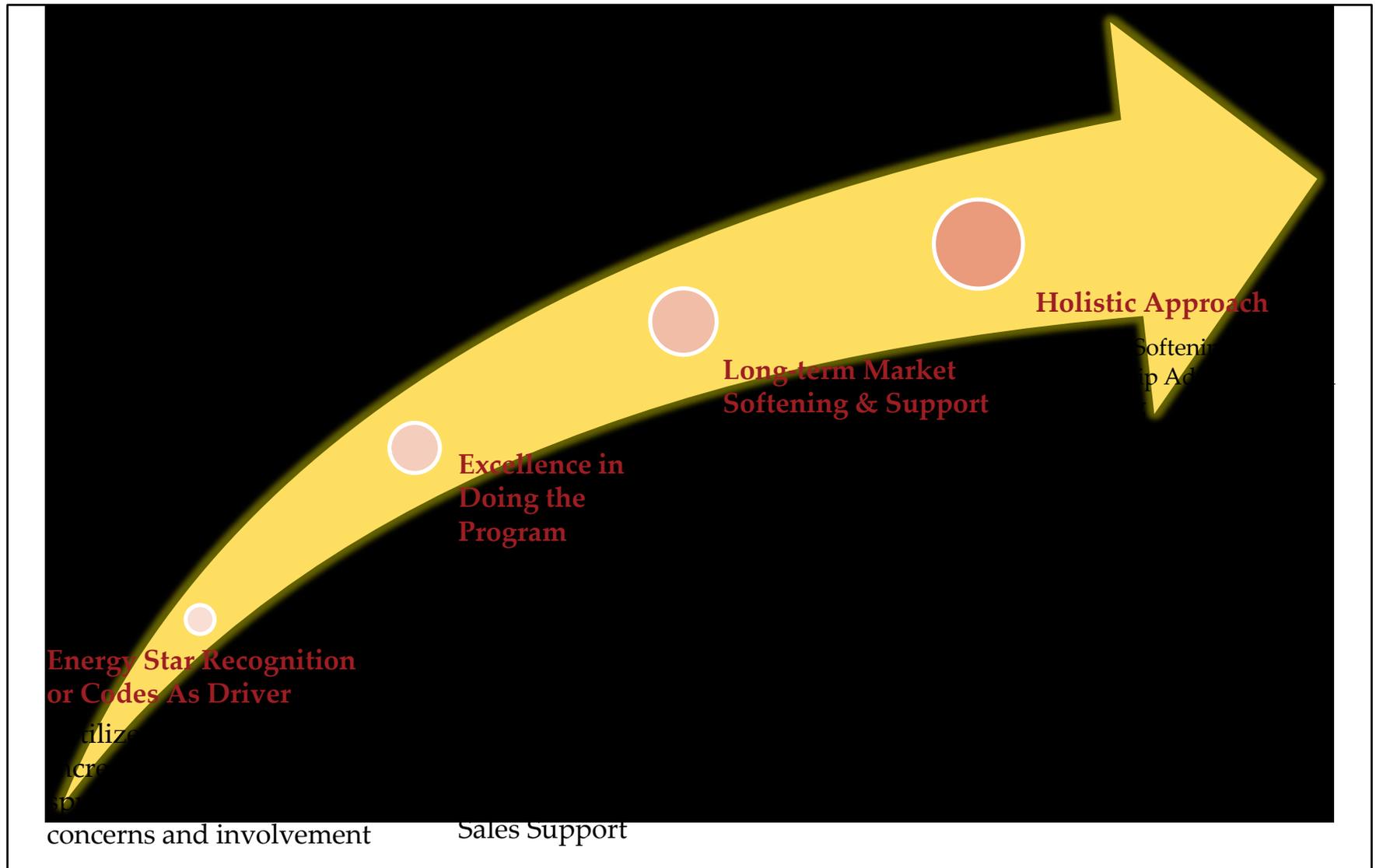
Table 9 provides a compendium of successful program components that included not only sales training, but key elements relating to other aspects of program success.

Table 9. Key Elements of Successful RNC Programs Incorporating “Sales Training” in Program Design

Key Elements of RNC Programs Incorporating “Sales Training” in Program Design
➤ ENERGY STAR Marketing Platform
➤ Long-term Relationship Building and “Handholding” with Program Participants
➤ Use of Increased Code Requirements to Enhance Program Recruitment
➤ Incentives, Building Science Training and Builder Sales Force Training
➤ Market Support for On-site Signage (Silent Sales Signs) and Program Literature
➤ Program Website
➤ Consumer Marketing and Co-op Advertising to Soften the Market for Program Homes
➤ Leveraging Marketing Across Industry
➤ Coalition Training and “Co-Branding” with Program Builders
➤ Supportive to HERS Ratings as They are Becoming More Known to Consumers

Figure 7 shows the range of approaches that may be associated with the types of activities noted above in the above table.

Figure 7. Range of "Best Practice" Program Approaches



Two key findings from the research are that:

- Program staff interviews from successful programs showed that sales training was a key component of overall program design
- There appears to be a relationship between sales training, building science training, marketing support and long-term relationship building and a program’s overall success in terms of percentage of market penetration of program homes

Given this interlinking of successful program elements, Navigant makes the following general conclusions and observations. At the high-level, Navigant believes that incorporating a sales training component into CAHP processes will likely lead the program into support issues and areas concerning marketing and building science training, especially as related to future code and ZNE issues. Based on this, Navigant concludes that:

- Overall, the CAHP will benefit from the addition of a builder sales training component to the existing “Incentive Driven” Structure
- Integrating a Sales Component into the CAHP Process may spur consideration of providing other sales support to builders, as sales training completes program involvement in the cycle of the builder’s construction-to-sales process
- Key “Best Practice” sales training components should be designed to integrate energy efficiency considerations into the existing expertise and knowledge base of California program participating builder sales staff as a means of creating a long-term market transforming relationship
- California has some unique issues related its ZNE and HERS structure that may require further research to determine how best to incorporate these into future CAHP program changes

Further, Navigant recommends that the CAHP:

- Develop a builder sales training component, incorporating the conclusions and recommendations found above
- Develop and offer sales support to participating builders in the form of sales tools (as described above)
- Develop and offer consumer marketing support to participating builders, as ENERGY STAR does, by providing such tools as templates and logos for print and electronic collateral materials, including signage
- Consider implementing a statewide consumer marketing campaign to drive demand generally for energy efficient homes and specifically for CAHP homes.

The project team includes these recommendations here to point to the fact that though our research has identified best practice training approaches, it also shows, as noted, that sales training issues are often very much interrelated with other best practice procedures and approaches for successful implementation of RNC programs. The interrelationship and inter-workings of all the features and approaches of a successful program was a major “takeaway” from the 30 interviews the team undertook. We feel there is a critical need for those developing the CAHP Builder Sales Training Module to take a broad view of the training session as it interrelates to overall excellence in RNC program delivery and implementation – and as related to the present and projected future configuration of the California Advanced Home Program.

Appendix A. Annotated Bibliography

Adams, Ben. "Collaboration & Innovation in Program Delivery - AEP Ohio & Columbia Gas of Ohio ENERGY STAR New Homes." Presentation, 2012 ENERGY STAR for New Homes Utility Sponsor Meeting, Anaheim, CA, April 19, 2012.

http://www.energystar.gov/ia/partners/bldrs_lenders_raters/downloads/sponsor_meetings/2012/Collaboration_and_innovation_in_program_delivery.pdf?d6a2-4057

The author, of the consulting firm that implements the two subject ENERGY STAR New Homes programs, discusses how leveraging the power of collaborative efforts of the managing utilities, as well as innovation in program delivery, served to drive program success and increased market penetration.

American Council for an Energy Efficient Economy. *The 2011 State Energy Efficiency Scorecard*. Washington, DC: American Council for an Energy Efficient Economy, October 1, 2011.
<http://www.aceee.org/sites/default/files/publications/researchreports/e115.pdf>

This is the fifth edition of ACEEE's State Energy Efficiency Scorecard. It presents a comprehensive ranking of the states based on an array of metrics that capture best practices and recognize leadership in energy efficiency policy and program implementation. The Scorecard benchmarks progress and provides a roadmap for states to advance energy efficiency in the residential, commercial, industrial, and transportation sectors. Findings include that a new, diverse set of states has followed a group of leading states by adopting significant energy efficiency policies, which will lead to innovative and effective programs. Nonetheless, tremendous potential remains for energy efficiency savings in all of the states should motivate decision-makers to advance energy efficiency. Cost-effective investment in energy efficiency now will be critical for the success of local, state, and national economies in the future.

Barista, David. "Five Tips on Marketing and Selling Green Homes." *HousingZone Magazine*, September 15, 2010.

<http://www.housingzone.com/marketing/five-tips-marketing-and-selling-green-homes>

This article argues that a growing number of builders are moving into the green homes business, and are facing a new set of marketing and selling challenges. Leading experts offer advice on positioning green in the marketplace. The five tips of the title include: 1. Do the math for buyers; 2. Avoid talking payback periods; 3. Cater your message to the green buyer type; 4. Overcome key objections to green; and 5. Do not forget about the health benefits.

Blissard, Lauren. "Green MLS." *GreenBuilder Magazine*, April 9, 2012.

<http://www.greenbuildermag.com/News/Green-Trends/Green-MLS>

The article presents a discussion of the movement to create a consistent Green MLS (Multiple Listing Service) which highlights a home's green attributes and helps buyers find the sustainable features they seek. It claims that while the idea of a Green MLS may not be necessarily new,

creating a consistent listing method for green features is revolutionary and could make a positive impact on the market.

Brink, Anne. "Real Progress on Homebuyer Awareness." Presentation, 2010 ENERGY STAR Utility Sponsor Meeting, Scottsdale, AZ, March 25, 2010. http://www.energystar.gov/ia/partners/bldrs_lenders_raters/downloads/sponsor_meetings/2010_NEEA.pdf?9a3f-2542;

The author, a program manager at NEEA, presents how NEEA used the "Be an ENERGY STAR" Campaign to increase awareness for ENERGY STAR homes. The presentation includes a discussion of the challenge of how to effectively reach homebuyers with minimal consumer advertising funds while supporting over 400 builders averaging six homes per year in a declining economy.

Brook Martha, Betty Chrisman, Paula David, Tovah Ealey, Devi Eden, Katie Moore, Ken Rider, Peter Strait, Gabriel D. Taylor, and Jenny Wu. *Draft Staff Report: Achieving Energy Savings in California Buildings (11-IEP-1F)*. Sacramento, CA: California Energy Commission, Efficiency and Renewables Division, July 2011, Publication number: CEC-400-2011-007-SD. 6. <http://www.energy.ca.gov/2011publications/CEC-400-2011-007/CEC-400-2011-007-SD.pdf>

Energy efficiency (as opposed to energy conservation) refers to providing the same or improved level of service while using less energy, thus costing less money. Efficiency standards increase California's economic prosperity by protecting consumers from excessive energy costs, and improve the stability of the state energy supply by reducing statewide demand. This report is the California Energy Commission staff's draft recommendations for achieving zero net energy residential buildings by 2020, and zero net energy commercial buildings by 2030. Doing so will require enormous efficiency improvements in both building construction and in the ever-increasing number of electric devices they contain.

Building Industry Institute. *Final Report for Profitability, Quality and Risk Reduction through Energy Efficiency*. Sacramento, CA: California Energy Commission, Public Interest Energy Research Program, August 2005, Publication Number: CEC-500-2005-118. <http://www.energy.ca.gov/2005publications/CEC-500-2005-118/CEC-500-2005-118.PDF>

The *Profitability, Quality and Risk Reduction through Energy Efficiency Program* is composed of four research projects that focus on integrated design topics to save energy and improve construction quality.

Improved Energy Efficiency, Comfort, and Quality Construction through Reduced Warranty Calls focused on improving energy efficiency in new production homes using the non-energy benefits of quality and comfort, and their impact on profit, to motivate builders to change their building practices. The existing data was insufficient to support an analysis of reasons for callbacks. Alternative sources were examined with the same results. A survey process was implemented to derive qualitative data on callback costs.

Value of Quality, Comfort, and Energy Efficiency in New Homes examined the relative importance of comfort, quality, and energy efficiency in the home-buying decision. The existing data was insufficient to support an analysis of consumer value of energy efficiency, comfort, and quality. Alternative sources were explored with limited results.

Increased Energy Efficiency through Improved Mortgage Products identifies ways to increase energy efficiency in new production homes, using the non-energy benefits of quality and comfort, and their impact on the mortgage, sales and profit, to motivate builders to change their building practices. The existing data was not sufficient to determine foreclosures associated with energy costs. Further work on this project was cancelled.

Increased Energy Efficiency through Improved HVAC Tools focused on improving the current state of computer tools and the design methods used to size and locate HVAC systems so that new California homes will demand less energy.

The Cadmus Group, Inc. and Quantec, *SCE California New Home 2006-2008 Program (CANHP) Process Evaluation Report*. Rosemead, CA: Southern California Edison, April 16, 2009.

http://www.calmac.org/publications/SCE_CANHP_Final_Report_042009.pdf

The Cadmus Group conducted this study as a special-purpose Process Evaluation designed to inform SCE Program managers how well the 2006–2008 Program cycle Processes worked and how changes intended for the 2009–2011 cycle will be implemented and received. Study findings also provide the basis for suggested Program revisions to improve effectiveness and increase participation. The primary data collection effort consisted of two stages: first, interviews of SCE staff and staff at each of the two firms implementing the Program; second, four focus groups with participating and nonparticipating multifamily and single-family builders.

Findings about the 2006-2008 Program include: Uncertainties exist in the communications between SCE and the implementers; Marketing to single-family and multifamily home builders was noted as requiring different tactics for the different market segments; Multifamily home builders felt design assistance was a very important part of the Program offering; The Program application Process could be improve; Insights were provided about the reaction of the building community and third-party implementers to features of the proposed 2009-2011 Program; Primary recommendations offered to SCE included: Improve communications between SCE and the implementers; Clearly define roles, responsibilities, and requirements with the implementer; Plan to provide a substantial amount of training on the new Program structure and requirements; Marketing materials should be vetted and targeted; Institute an ongoing assessment process; Maintain design assistance for multifamily builders and application assistance for all builders; Incorporate new tools for providing key information; and Continue working with Southern California Gas (SCG) purchase kWh savings and sell therm savings.

California Energy Commission. *2011 Integrated Energy Policy Report*. Sacramento, CA: California Energy Commission, 2011, Publication Number: CEC-100-2011-001-CMF.

<http://www.energy.ca.gov/2011publications/CEC-100-2011-001/CEC-100-2011-001-CMF.pdf>

Senate Bill 1389 (Bowen, Chapter 568, Statutes of 2002) requires the California Energy Commission to prepare a biennial integrated energy policy report that contains an assessment of major energy trends and issues facing the state’s electricity, natural gas, and transportation fuel sectors and provides policy recommendations to conserve resources; protect the environment; ensure reliable, secure, and diverse energy supplies; enhance the state’s economy; and protect public health and safety (Public Resources Code § 25301[a]). The Energy Commission prepares these assessments and associated policy recommendations every two years as part of the *Integrated Energy Policy Report (IEPR)*.

The 2011 IEPR provides a summary of priority energy issues currently facing California. The report provides strategies and recommendations to further the state's goal of ensuring reliable, affordable, and environmentally responsible energy sources. Energy topics covered in the report include progress toward statewide renewable energy targets and issues facing future renewable development; efforts to increase energy efficiency in existing and new buildings; progress by utilities in achieving energy efficiency targets and potential; improving coordination among the state's energy agencies; streamlining power plant licensing processes; results of preliminary forecasts of electricity, natural gas, and transportation fuel supply and demand; future energy infrastructure needs; the need for research and development efforts to support statewide energy policies; and issues facing California's nuclear power plants.

California Public Utilities Commission. *California Energy Efficiency Strategic Plan, January 2011 Update*. San Francisco: California Public Utilities Commission, 2011.

<http://www.cpuc.ca.gov/PUC/energy/Energy+Efficiency/eesp/>

On Sept. 18, 2008, the CPUC adopted California's first Long-Term Energy Efficiency Strategic Plan, presenting a single roadmap to achieve maximum energy savings across all major groups and sectors in California. This comprehensive Plan for 2009 to 2020 is the state's first integrated framework of goals and strategies for saving energy, covering government, utility, and private sector actions, and holds energy efficiency to its role as the highest priority resource in meeting California's energy needs. Key to the Plan's success are four specific programmatic goals which are widely viewed as ambitious, high-impact efforts. These goals, the "Big, Bold Energy Efficiency Strategies," were selected not only for their potential impact, but also for their easy comprehension and their ability to galvanize market players. The first of these strategies is particularly germane to the present study: "All new residential construction in California will be zero net energy by 2020." This document is a January 2011 update to the Plan, incorporating utility plans for energy efficiency programs for 2012-2014 and reflecting updated data collection efforts, including market assessment and market potential studies, and ensure the planning effort remains aligned with related statewide long-term resource plans, such as those associated with air quality, water, land use, and climate mitigation.

Choi, Ga-Young. "Overview of Utility Partner Strategies and EPA Resources." Presentation, 2012 ENERGY STAR for New Homes Utility Sponsor Meeting, Anaheim, CA, April 19, 2012.

http://www.energystar.gov/ia/partners/bldrs_lenders_raters/downloads/sponsor_meetings/2012/Overview_of_utility_partner_strategies_and_EPA_resources.pdf?8b9c-911d

This presentation provides an overview of recent ENERGY STAR for New Homes utility partner strategies, including those related to consumer and participant marketing and outreach. EPA resources for partners are also reviewed.

Craine, Stephen. "Sales Closing Techniques for Emotional Selling." *SalesTrainingSalesTips.com*

<http://www.sales-training-sales-tips.com/sales-closing-techniques.html>

This brief article offers tips and examples for how to use sales closing techniques that use impulse and emotional selling techniques.

Culatta, Richard. InstructionalDesign.org, 2011.

<http://www.instructionaldesign.org/>

A sub-site on InnovativeLearning.com, a site designed to provide information about instructional design principles and how they relate to teaching and learning. InnovativeLearning.com is developed by Richard Culatta with contributions from learning leaders in k-12, higher education, and corporate learning environments. The site focuses on best practices for teaching and learning as well as technology integration. The concepts on the site are built on the foundation that in order to have effective learning - online learning or in the classroom - it is as important to connect learners with other learners as it is to connect learners with quality content.

Curtis Research Associates, *Home Buyers Focus Groups – Market Research Report* (Portland, OR: Northwest Energy Efficiency Alliance, 2009).

http://www.cee1.org/eval/db_pdf/1039.pdf

The Northwest Energy Efficiency Alliance (NEEA) promotes energy efficient homes through its Northwest ENERGY STAR Homes program. As NEEA developed its plans for future years, it evaluated whether the ENERGY STAR brand was still the best approach for marketing energy efficient homes, or if using a broader, “green” approach would be more effective. To gain a consumer perspective on the issue, NEEA commissioned Curtis Research Associates to conduct qualitative research to explore the attitudes and perceptions of recent and potential Northwest home buyers. The research included six focus groups conducted in Seattle, Spokane and Boise in November 2008.

Dempsey, Jack A. “People Buy on Emotion, Justify with Logic & Make Decisions in Silence.” Business2Community.com, March 25, 2012.

This article explains the sales theory that people make purchases based on emotional impulses and desires, but look for logical rationales to justify them – and frequently look to the sales person to provide the latter. The author offers tips for how best to apply this theory in practice, as well as a third often overlooked component – that buyers make their final decisions in silence. Sellers must know when to remain silent and let the buyer make that decision.

Dimeo, Jean. “Marketing Tips for Green Homes.” *ecoHome Magazine*, November 20, 2010.

<http://www.ecohomemagazine.com/news/2010/11-november/marketing-tips-for-green-homes.aspx>

This article discusses a Greenbuild International Conference & Expo 2010 conference panel made up of officials of Pulte, American Standard, and USA Today at which panelists asserted that consumers desire energy efficient, water saving, and healthy-home options--but they would better look good too. Energy efficiency, water savings, and health issues are the three green hot buttons that most consumers respond to, according to the panel. But they also said that buyers not only desire well-performing sustainable products and homes that meet these needs, they must be attractive too. The article also offers marketing tips to support these observations.

Evergreen Economics. *Northwest ENERGY STAR Homes Program, Market Progress Evaluation Report #8 (E12-235)*. Portland, OR: Northwest Energy Efficiency Alliance, February 14, 2012.
<http://neea.org/research/reportdetail.aspx?ID=1658>

The eighth Market Progress Evaluation Report of Northwest ENERGY STAR Homes concludes that the program continued to make progress toward market transformation in the new homes market in 2010. The program achieved its intended goal of 15 percent market share in 2010 compared to 11.5% in 2009. Builder awareness of the ENERGY STAR Homes program has increased from 65 percent in 2009 to 75 percent in 2011. Seventy-five percent of ENERGY STAR builders surveyed in 2011 said they actively use the label to differentiate themselves in the market place. According to the report, a more comprehensive transformation of the market has not occurred due to several factors. These include the higher cost of ENERGY STAR homes and a lack of realtors trained to sell ENERGY STAR homes to homebuyers. Lastly, increasing state energy codes which were strongly influenced by this program and NEEA's codes and standards initiative, make it difficult to achieve high program market share.

Goodman, Jennifer. "Oklahoma Green Builder Benefits From Fine-Tuned Marketing Approach." *ecoHome Magazine*, February 7, 2011,
<http://www.ecohomemagazine.com/news/2011/02/oklahoma-green-builder-benefits-from-fine-tuned-marketing-approach.aspx>.

In this article, the author interviews Norman, Okla.-based Ideal Homes Co-owner and president of sales, Vernon McKown, about how the company's marketing efforts play a key role in its success. Ideal Homes managed to persevere in a down market, closing 350 homes in 2010, slightly up from recent years.

----- "Green Marketing Should Go Beyond Energy Efficiency." *ecoHome Magazine*, May 15, 2012.
<http://www.ecohomemagazine.com/news/2012/05-may/green-marketing-should-go-beyond-energy-efficiency.aspx>;

Based on findings from the Shelton Group *Pulse* reports and the related presentation Suzanne Shelton gave at the NAHB National Green Building Conference, this article offers advice on how builders can avoid critical mistakes when marketing high-performance homes. Examples of these errors include assuming consumers prefer "green" homes over "energy efficient" ones, and assuming that all home buyers are the same and one marketing approach will fit them all. Advice also includes such topics as how to maximize your exposure on the Web.

Gutterman, Sara, C.R. Herro and Robert Kleiman "Selling Sustainability: The Weak Link in the Move Toward a Greener Residential Future." Seminar, Pacific Coast Builders Conference (PCBC) 2012, San Francisco, CA, June 28, 2012.
<http://www.pcbc.com/theshow/Attending/Registration/eventdetails.html?id=2316>

At this PCBC seminar, industry experts discussed the need to improve builder sales techniques as related to sustainability and efficient homes – and offered practical tips on how to do so. It was based on the belief that the residential building industry has largely figured out how better design, materials, systems, technologies and practices can produce dwellings that perform better, are less expensive to operate and provide more comfort, durability and stable

homeownership than they have ever been able to offer before. However, where many builders fall short is in their attempts to communicate – to effectively articulate the value proposition to the potential customer. Attainable is not the same as Sustainable when it comes to marketing the home of the twenty-first century. Just like the building science and the construction practices, the marketing approach needs some serious updating.

Hanson, Mark, Mark Bernstein and Rob Hammon. “The Role of Energy Efficiency in Home-buying Decisions: Results of Initial Focus Group Discussions.” Paper presented at the 2006 ACEEE Summer Study, Pacific Grove, CA, August 13, 2006.

<http://aceee.org/proceedings-paper/ss06/panel02/paper13>

Various government agencies, advocacy groups, researchers, and homebuilders have struggled to understand what role, if any, energy efficiency plays in home-purchase decisions, and how to make energy efficient homes more attractive to consumers. There are many reasons why homeowners buy the homes that they do; location, quality, price, amenities, and other factors play into those decisions. In the past, energy efficiency is believed only to have played a small role in particular home-purchase decisions. This report summarizes results of a "natural experiment" that describes views of homeowners who live in a 193-home residential tract outside of Sacramento, California. Homes in this tract are comparable in most respects except that they have substantially different levels of energy efficiency. In a series of four focus group discussions, views of these homeowners regarding their purchase decisions were collected and analyzed. Results suggest areas of further research, including mixed-method approaches to better understand the role of energy efficiency in homebuyer decision-making; investigating strategies for marketing energy efficiency; and investigating homeowner energy awareness that may be related to neighborhood design.

Hext, Judy. *Adult Learning Principles in eLearning*.

2012. <http://bonlinelearning.com.web10.hubspot.com/Portals/116571/docs/adultlearningprinciples.pdf>

This white paper examines each of the six adult learning principles and considers how each one relates to eLearning and instructional design.

----- “Adult Learning Principles in eLearning.” *The eLearning Blog*, posted May 25,

2012. <http://bonlinelearning.com.web10.hubspot.com/elearning-blog/bid/124822/Adult-Learning-Principles-in-eLearning>

Blog post related to Hext’s white paper *Adult Learning Principles in eLearning* examining each of the six adult learning principles and considering how each one relates to eLearning and instructional design.

Hines, Tom. “Using Building Science To Recruit and Retain Builders for Your New Construction Program.” Presentation, AESP’s Spring Implementation Conference 2009, Charlotte, NC, April 28, 2009.

In this presentation the author, Residential Energy Efficiency Program Manager at APS, offers a review of builder trainings offered by APS via its ENERGY STAR New Homes program and

how they work to recruit program builders, add value to their participation, and retain builders in the program. The presentation covers overall strategies for new construction program design, as well as specifics on the building science training courses that APS offers and how turnkey training is available to add value to your program. In 2010, the APS ENERGY STAR new homes program won the ENERGY STAR Partner of the Year for Excellence in Program Delivery for the second year in a row. And a recent evaluation indicated that participating builders ranked the program "10 out of 10" for satisfaction.

J.D. Power and Associates. *2009 U.S. New-Home Builder Customer Satisfaction Study*.
<http://www.jdpower.com/consumer-ratings/homes/index.htm>

The 2009 U.S. New-Home Builder Customer Satisfaction Study is based on responses from 26,231 buyers of newly built single-family homes who provided feedback after living in their homes an average of four to 18 months. The study was fielded between March and July 2009. In addition to customer satisfaction findings, the report discusses homebuyer reasons for buying green homes.

-----, *2010 U.S. New-Home Builder Customer Satisfaction Study*.
<http://www.jdpower.com/consumer-ratings/homes/index.htm>

The 2010 study was the 14th in the series and includes satisfaction rankings for builders in 17 markets and is based on responses from more than 16,400 buyers of newly built single-family homes who provided feedback after living in their home an average of four to 18 months.

Jones, Ron, Ken Gear and Philip Henderson. "SAVE Act 101: An Introduction." SAVE Act - Impact Series 2012: Game Changers in Sustainability. GreenBuilder Media, March 14, 2012. <http://www.greenbuildermag.com/ImpactSeries/Archive>

Part 1 of this three-part webinar series on the SAVE Act offers an informational and thorough look at the Act. Moderated by Green Builder Coalition Chairman Ron Jones, he was joined by Ken Gear (Leading Builders of America) and Philip Henderson (National Resources Defense Council) to examine all aspects of the SAVE Act. Together, they explored what the bill contains, how it proposes to modify home appraisals and how it might benefit the owners and occupants of energy efficient homes

Jones, Ron, C.R. Herro and Chad Ray. "SAVE Act: How It Affects Builders/Remodelers." SAVE Act - Impact Series 2012: Game Changers in Sustainability. GreenBuilder Media, April 4, 2012. <http://www.greenbuildermag.com/ImpactSeries/Archive>

Part 2 of this three-part webinar series on the SAVE Act concentrates on builders and remodelers. The goal of the SAVE Act is to provide lower rate mortgage financing for cost-effective energy improvements. It would enable homeowners, builders and remodelers to invest in energy efficient materials and practices. This in turn would allow for the recovery of the cost of energy efficient upgrades. Finally, future buyers and lenders would be able to account for the monthly savings produced by these measures. By removing these barriers for both homeowners and the industry, the effects of the SAVE Act should increase the supply of and demand for energy efficient new homes and improvements, putting people in the construction, remodeling

and manufacturing sectors back to work. On April 4, 2012, Ron Jones was joined by builders C.R. Herro and Chad Ray. Together, they explored how the bill would affect the closing process for new and existing homes, and how it incentivizes the building and/or retrofitting of energy efficient homes.

Jones, Ron, Bob Sahadi and Dr. John Beldock. "SAVE Act: Financing Options & Real Estate Ramifications." SAVE Act - Impact Series 2012: Game Changers in Sustainability. GreenBuilder Media, May 1, 2012.

<http://www.greenbuildermag.com/ImpactSeries/Archive>

Part 3 of this three-part webinar series on the SAVE Act focuses on the legislation's potential effect on the financing and real estate industries. The goal of the SAVE Act is to provide lower rate mortgage financing for cost-effective energy improvements. It would enable homeowners, builders and remodelers to invest in energy efficient materials and practices. This in turn would allow for the recovery of the cost of energy efficient upgrades. Finally, future buyers and lenders would be able to account for the monthly savings produced by these measures. By removing these barriers for homeowners and the industry, the effects of the SAVE Act should increase the supply of and demand for energy efficient new homes and improvements.

Kavalec, Chris. *Draft Staff Report - Updated California Energy Demand Forecast. 2011-2022*. Sacramento, CA: California Energy Commission, Electricity Analysis Division, May 2011, Publication Number: CEC-200-2011-006-SD.

<http://www.energy.ca.gov/2011publications/CEC-200-2011-006/CEC-200-2011-006-SD.pdf>

This CEC staff report presents an update to the 2009 California Energy Demand electricity forecast adopted for the 2009 Integrated Energy Policy Report (2009 IEPR) in December 2009. This update, developed with staff's econometric models only, was provided to serve as input for work within the Energy Commission, including natural gas and Renewables Portfolio Standard analyzes. The updated forecast consists of three economic scenarios: low, mid, and high. At a statewide level, electricity consumption and peak demand are projected to grow at a faster rate from 2010 to 2020 in the mid case compared to the 2009 IEPR forecast, but do not reach 2009 IEPR levels by 2020 due to a significantly lower starting point in 2010.

Kavalec, Chris, Nicholas Fugate, Tom Gorin, Bryan Alcorn, Mark Ciminelli, Asish Gautam, Glen Sharp, and Kate Sullivan. *California Energy Demand Forecast 2012-2022 Volume 1: Statewide Electricity Demand and Methods, End-User Natural Gas Demand, and Energy Efficiency*. Sacramento, CA: California Energy Commission, Electricity Supply Analysis Division, June 2012, Publication Number: CEC-200-2012-001-CMF-VI.

<http://www.energy.ca.gov/2012publications/CEC-200-2012-001/CEC-200-2012-001-CMF-V1.pdf>

This report describes the California Energy Commission's final forecasts for 2012–2022 electricity consumption, peak, and natural gas demand for each of five major electricity planning areas and three natural gas distribution areas and for the state as a whole. This forecast supports the analysis and recommendations of the Integrated Energy Policy Report 2011 and 2012 Integrated Energy Policy Report Update and was adopted by the Energy Commission at a Business Meeting on June 13, 2012. The forecast includes three full scenarios: a high energy demand case, a low energy demand case, and a mid energy demand case. The high energy demand case

incorporates relatively high economic/demographic growth, relatively low electricity and natural gas rates, and relatively low efficiency program and self-generation impacts. The low energy demand case includes lower economic/demographic growth, higher assumed rates, and higher efficiency program and self-generation impacts. The mid case uses input assumptions at levels between the high and low cases. Appendix C provides a statewide and regional economic and demographic outlook that was of particular use for the current study.

KEMA, Nexus Market Research, Inc., Summit Blue Consulting, Itron, Inc., and The Cadmus Group, Inc. *Residential New Construction (Single-Family Home) Market Effects Study*. San Francisco: California Public Utilities Commission, May 2009, Study ID: CPU0030.08.
http://www.calmac.org/publications/RNC_Market_Effects_Phase_I_Report_report_May_21_final_v3.pdf

This report presents the results of Phase I of the market effects evaluation of the 2006-2008 Residential New Construction (Single-Family Home) programs. The report was commissioned as a result of a CPUC decision to explore the ability to credibly quantify and credit “non-participant spillover” market effects in three areas, including residential new construction (RNC) programs... There is limited data for tracking levels of homebuyer awareness and attitudes with regard to energy efficiency measures in RNC in California over time. As a result, specific trends in homebuyer awareness could not be well defined, leaving the analysis to a generalized discussion. The primary sources of data used in this section were based on studies conducted in 1998 and 2000 for programs sponsored by PG&E, SCE, SDG&E and SCG. The literature review shows that home buyers are aware of energy efficiency measures and have a relatively high demand for their implementation. Awareness, however, is largely limited to the existence of energy standards, not to the variations in efficiency levels and their effects on operating costs. In addition, building characteristics such as aesthetics, size, and cost are often considered more important than energy efficiency, limiting the influence of energy efficiency on the purchasing process. Appendix B sections provide an historic account of California homebuyer awareness and attitudes concerning energy efficiency in newly built homes prior to 2005. In addition, informational sources and their effects on homebuyer decisions are explored.

Knudson, Julie. “Partnering for Profits.” *GreenBuilder Magazine*, March 13, 2012.
<http://www.greenbuildermag.com/News/Green-Trends/Partnering-for-Profits>

This article argues that savvy real estate agents, lenders and appraisers are learning that stronger relationships with builders can lead to more green homes sold. The author discusses how through old-fashioned relationship-building, along with new business practices that target green-conscious buyers, a growing number of real estate agents, appraisers, and lenders have discovered they can boost their bottom line by partnering more closely with green home builders and sustainable community developers—and they will contribute to the growth of the green revolution while they are at it.

Majersik, Cliff and Sarah Stellberg, “The SAVE Act: Driving Job Creation and Consumer Energy Savings.” Washington: DC: Institute for Market Transformation and American Council for an Energy Efficient Economy, October 2011.
<http://www.imt.org/resources/detail/the-save-act-driving-job-creation-and-consumer-energy-savings>

The authors representing the Institute for Market Transformation (IMT) and the American Council for an Energy Efficient Economy (ACEEE) discuss the merits of the SAVE Act of 2011 is proposed federal legislation which calls for inclusion of energy costs in underwriting for federally financed single-family mortgages. They state that the proposal would provide lower rate mortgage financing for cost-effective energy improvements; allow homebuilders and homeowners to recover the cost of efficiency investments; and enable better federal mortgage underwriting while lowering utility bills for American households. Using ACEEE's input-output DEEPER Lite model, they estimate that the SAVE Act has the potential to create 83,000 jobs and annual energy bill savings of \$1.1 billion in 2020.

Marshall, Perry. "Emotion vs. Logic in Sales, Marketing and Advertising." PerryMarshall.com.
<http://www.perrymarshall.com/marketing/m11/>

This article presents the theory that buyers make purchase decisions based on emotion and then seek to rationale them with logic. The author offers tips on how to leverage this theory in order to boost sales.

Matthews, Kristi and Chuck Perry. "Promoting ENERGY STAR Homes Through a Statewide Energy Efficiency Alliance." Presentation, 2012 ENERGY STAR for New Homes Utility Sponsor Meeting, Anaheim, CA, April 18, 2012.
http://www.energystar.gov/ia/partners/bldrs_lenders_raters/downloads/sponsor_meetings/2012/Promoting_ENERGY_STAR_homes_through_a_state_energy_efficiency_alliance.pdf?fec1-817d

This presentation discusses the development and implementation of the North Carolina Energy Efficiency Alliance, a collective of organizations and businesses working to stimulate the market for energy efficient construction throughout the state. Alliance members include home energy raters, home builders and renovators, architects and designers, utility providers, real estate brokers, appraisers, and mortgage lenders. The Alliance has helped drive market penetration in North Carolina through successful marketing and outreach activities. The presentation also provides an overview of the 2011 Market Impact study conducted by the Alliance.

National Association of Realtors (NAR). *2011 National Association of Realtors® Profile of Home Buyers and Sellers*. Chicago: National Association of Realtors, November 11, 2011.
<http://www.realtor.org/prodser.nsf/Research>

The *2011 National Association of Realtors Profile of Home Buyers and Sellers* is part of a long-running series of large national NAR surveys evaluating demographics, preferences, marketing and experiences of recent home buyers and sellers. Highlighted findings include that recent home buyers are staying well within their means with notably higher incomes and modestly higher down payments than buyers in the previous year due to the restrictive mortgage credit environment, despite historically favorable housing affordability conditions. NAR mailed an eight-page questionnaire in July and August of 2011 to a national sample of 81,099 home buyers and sellers who purchased their homes between July 2010 and June 2011, according to county records. It generated 5,708 usable responses; the adjusted response rate was 7.3 percent. All information is characteristic of the 12-month period ending in June 2011 with the exception of income data, which are for 2010.

Navigant Consulting, Inc. and The Cadmus Group, Inc., *EmPOWER Maryland 2011 Evaluation Report*. Baltimore Gas & Electric, Potomac Electric Power Company, Delmarva Power, Southern Maryland Electric Cooperative and Potomac Edison, March 8, 2012.

This report discusses the 2011 process evaluation of the Residential New Construction (RNC) programs implemented by BGE and Southern Maryland Electric Cooperative (SMECO). The programs used a performance-based approach where builders choose one of three progressively more stringent tiers of energy efficiency thresholds, defined by the HERS and consistent with the EPA's ENERGY STAR® Homes program. In addition to the three tiers of efficiency ratings, rebates were also available for homes that incorporate an Advanced Lighting Package (ALP), consisting of a set of ENERGY STAR-rated high-efficiency lighting fixtures and ceiling fans.

Nelson, Tara-Nicholle. *Trillion Dollar Women: Use Your Power to Make Buying & Remodeling Decisions*. Baltimore, MD: NAHB BuilderBooks.com, 2008.

A practical guide meant to demystify the home-buying and remodeling process and empower the female reader to work confidently with architects, interior designers, and contractors to strategically craft a home that complements her unique lifestyle and personality needs. It explores how the home-buying power of women can impact the market, as well as the author's belief that men and women approach the home very differently. Women don't think about a home in isolation from the rest of their life, she says. Rather, women tend to take a very holistic view, considering how each and every feature or amenity or downside of a home will impact every other area of their lives. Includes a chapter devoted to building a green home, from choosing the contractor to incorporating elements of green design. The author reminds buyers that there are degrees of green certification, and includes a list of green remodeling options for conventionally built properties.

Ng, Brian, Joel Machak and Jessica Steiner. "ENERGY STAR New Homes Consumer Messaging Platform And New Marketing Materials." Presentation, 2012 ENERGY STAR Sponsor Meeting, Anaheim, CA, April 18, 2012. http://www.energystar.gov/ia/partners/bldrs_lenders_raters/downloads/sponsor_meetings/2012/Capitalizing_on_the_compelling_new_ENERGY_STAR_value_proposition.pdf

The authors present the newly launched marketing campaign, materials and messaging for ENERGY STAR New Homes, along with market research conducted in developing it. The campaign's hook is "Better is Better," and messaging and tone emphasize selling the "better" comfort, durability and quality of an ENERGY STAR home, along with energy cost savings. A special emphasis is placed on appealing to a female buyer.

Northeast Energy Efficiency Partnership (NEEP). *Guidance for Real Estate Professionals on Home Energy Efficient Attribute*. Lexington, MA: Northeast Energy Efficiency Partnership, November 2011. http://neep.org/uploads/NEEPResources/id762/NEEP%20GuidanceChecklist%20Real%20Estate%20Professionals_Final_Nov2011.pdf

This reference document provides guidance for real estate professionals on energy efficient home attributes and how to sell them. The 10-page document includes a checklist meant to

enable a real estate professional to make a relatively quick assessment of a home's efficiency. The checklist is organized by 12 categories: 1) Lighting, 2) Appliances, 3) Space Heating, 4) Space Cooling, 5) Distribution System/ Ducting, 6) Water Heating, 7) Fenestration, 8) Envelope/Shell, 9) Insulation, 10) Energy Management Systems, 11) Water Management Features, and 12) 3rd Party Evaluation/Home Energy Audit. Also included is a quick guide to energy labels and HERS rating scores.

Owen, Courtney and Lisa Puyear. "Using Social Media and the Web to Promote ENERGY STAR® for Homes." Presentation, 2010 ENERGY STAR Utility Sponsor Meeting, Scottsdale, AZ, March 24, 2010. http://www.energystar.gov/ia/partners/bldrs_lenders_raters/downloads/sponsor_meetings/2010_PSO.pdf?fbee-4e1b

The authors present an overview of social media and networking, the Public Service Company of Oklahoma's ENERGY STAR New Homes programs, and how the utility successfully used online marketing and social networking to promote the program. Special focus is given to the use of Twitter.

Peterson, Deb. "5 Principles for the Teacher of Adults: Teaching Adult Learners." <http://adulthood.about.com/od/teachers/a/teachingadults.htm>

The author provides an overview of Malcolm Knowles' principles of adult learning and his observations that adults learn best when: They understand why something is important to know or do; They have the freedom to learn in their own way; Learning is experiential; The time is right for them to learn; and The process is positive and encouraging.

----- "Review of Learning Styles - A Practical Reader in the Universal Design for Learning, Edited by David H. Rose and Anne Meyer" <http://adulthood.about.com/od/teachers/a/reviewofudl.htm>

This article offers a review of the book, *A Practical Reader in the Universal Design for Learning*, Edited by David H. Rose and Anne Meyer. In reviewing the book, the author also provides an overview of the book's contents and numerous principles, theories and practices of the adult learning field.

Pfleger, William, Chuck Perry, Nicholas Hurst and Jeff Tiller, *Market Impacts of ENERGY STAR Qualification for New Homes*. Boone, NC: North Carolina Energy Efficiency Alliance, 2011. http://ncenergystar.org/sites/ncenergystar.org/files/NCEEA_ENERGY_STAR_Market_Impact_Study.pdf

This report documents findings of the North Carolina Energy Efficiency Alliance's study investigating the market advantages of ENERGY STAR (ES) qualification for new homes in a five county region around the greater Raleigh-Durham area of North Carolina. This investigation compares a random sample of ES Homes against homes with no building certifications that have been appraised as similar as possible to the ES Homes by a third-party appraisal company. A home's market advantage is defined as selling for a higher sale price, selling for a greater proportion of the list price, selling for a higher price per square foot, or

having spent fewer days on the market prior to sale. Data utilized was gathered from the Triangle MLS database.

ENERGY STAR Homes were found to have a statistically significant market advantage compared to similar code-built homes. ES homes sold for significantly higher sales prices and higher prices per square foot. Additionally, they sold almost three months faster on average. ES Homes also sold for a greater proportion of their original list price, although this result was not found to be statistically significant. Where applicable, data was analyzed using a method that accounted for differences between the properties and made appropriate financial adjustments to account for these difference as determined by a third-party appraisal company. This analysis method represents the closest "apples-to-apples" comparison achievable using industry standard practices.

Pick, Tom. "72 Fascinating Social Media Marketing Facts and Statistics for 2012." JeffBullas.com, 2012. <http://www.jeffbullas.com/2012/07/24/72-fascinating-social-media-marketing-facts-and-statistics-for-2012/#2FxGI0ldJMkUOoJJ.99>

As the title implies, this article discusses social media marketing facts and statistics for 2012. It argues that social media and inbound marketing techniques have been a boon for marketers. Not only do leads generated through social and content marketing cost half as much as traditional outbound-generated leads, they also close at higher rate. Additionally, while prospective buyers are using search and social to research products and services before making purchase decisions, marketers and PR professionals can use those same tools to research buyer wants and needs. And their competition.

Power, Matthew. "Marketing Green to the Mainstream." *GreenBuilder Magazine*, September 2011. <http://content.yudu.com/A1to6l/GreenBuilderSept2011/resources/index.htm>

This article discusses the Shelton Group's findings about how to correctly target audiences by world view type in order to deliver the correct message in a way that will resonate with them. The article states that the latest research shows that many advertising and educational efforts target the wrong audience with the wrong message.

Quantum Consulting, Inc. *National Energy Efficiency Best Practices Study, vol. 8, Residential New Construction Best Practices Report*, San Francisco: Pacific Gas and Electric Company, December 2004. http://www.eebestpractices.com/pdf/BP_R8.PDF

Begun in 2004, the overall goal of the ongoing national programmatic Energy Efficiency Best Practices Study is to identify and communicate excellent programmatic practices in order to enhance the design of energy efficiency programs in California and throughout the country. The first two phases of the study (of which Volume 8 on Residential New Construction was a part) evaluated energy efficiency programs by program type, and type of program activity (e.g., marketing, tracking, implementation, management, etc.). They assessed applicable best practices for each program element, and delivered the analysis and data online via the project website (www.eebestpractices.com). Volume 8 presents results of a comparative analysis of residential new construction programs included in the National Energy Efficiency Best Practices Study ("Best Practices Study"). The overall Best Practices Study objectives, scope, and methodology are

briefly outlined in Appendix R8A of this report. More details on methods and cross-program findings are provided in separate report volumes. The Best Practices Study team (“Best Practices Team”) reviewed seven residential new construction programs for this program area study (“R8 Programs” and “R8 Study,” respectively), each of which has the goal of capturing energy efficiency gains through increased attention to integrated design and overall construction quality. All R8 Programs focused on whole building performance, though several programs also included technology-specific requirements or incentives.

Queensland Occupational Therapy Fieldwork Collaborative. “Adult Learning Theory and Principles.” *The Clinical Educator’s Resource Kit*. Queensland, AU: Queensland Occupational Therapy Fieldwork Collaborative, 2007.

<http://www.qotfc.edu.au/resource/index.html?page=65375>

This brief practical guide offers an overview of andragogy and the six principles of adult learning, as well as suggesting ways to facilitate learning by applying them. While intended for a clinical educator, the basics fundamentals discussed here apply equally well to any type of adult training.

Rashkin, Sam. “Builders Challenge and Passive House: Do You Want to Dance?” Presentation, National Passive House Conference, October 28, 2011.

<http://www.passivehouse.us/phc2011/2011%20Presentations%20PDF/Rashkin%20Passive%20House-1.pdf>

This presentation offers an overview comparison of ENERGY STAR for Homes v3, Passive Homes and Builders Challenge, positioning Builders Challenge as best on road to Zero Net Energy, and proposing co-promotion of Passive Homes and Builders Challenge.

----- “Builders Challenge is Better Business.” Presentation, RESNET Annual Conference, Austin, TX, February 27, 2012.

http://resnet.us/uploads/documents/conference/2012/pdfs/Rashkin-Builders_Challenge.pdf

The author presents an overview of Builders Challenge Version 2, including strategies, consumer messaging, builder business case, draft specifications, launch plan, and the Building America Resource Tool, which is planned as a way to disseminate research.

Research into Action, Inc., *Process Evaluation of the 2009-2010 New Homes Program Energy Trust of Oregon* (Portland, OR: Energy Trust of Oregon, Inc., September 2, 2011).

http://energytrust.org/library/reports/111002_NH_2011_Process_Eval.pdf

This report presents the findings of a process evaluation of the 2009 and 2010 program years of Energy Trust of Oregon’s New Homes program. This program, implemented by Portland Energy Conservation Inc. (PECI) and its subcontractors, Conservation Services Group (CSG), and Earth Advantage Inc., promotes improved new-home design techniques and the installation of energy efficient materials and appliances. In the past, this program relied on promoting building to the ENERGY STAR level. Following a code change that went into effect in June 2008, the program has offered the Energy Performance Score (EPS) as a way to rate and promote new site-built homes and claim savings on all upgrades above-code. The goal of the EPS is to educate

builders, realtors, and consumers to the relative efficiency of homes and transform market demand toward more energy efficient homes. For this evaluation, researchers reviewed program documents and data, conducted in-depth interviews with 14 Energy Trust staff and implementation contractors, three manufactured home market experts, and three manufactured home builders, and surveyed 37 participant and non-participant builders and 58 real estate professional trade allies (REPTAs).

Royer, Evelyn. "Part 8: Marketing - Web-savvy strategies help keep Bethesda Bungalows top-of-mind with green-inclined buyers." *EcoHome Magazine*, November 17, 2010.

<http://www.ecohomemagazine.com/news/bethesda-bungalows/part-8-marketing.aspx>

This article describes the Web-savvy strategies that help keep builder Bethesda Bungalows top-of-mind with green-inclined buyers. The trusty methods of attracting attention--a press release, a print ad, a brochure--generated plenty of phone calls for new work when Bethesda Bungalows built its first home in 2005. But five years later the builder's marketing game is all about the Web. In the age of bloggers and Flickr and Twitter, the Maryland-based company has ramped up its publicity strategies to keep its homes cyber savvy and on top of the troubled housing market. And while a simple sign still sits in front of every new project--a tried-and-true marketing strategy--Web traffic, site hits, and search engine rankings are just as effective at keeping the customers coming.

Sahadi, Robert. "Valuing High-Performance Homes: Strategies for Working with the Appraisal Industry." Presentation, 2011 ENERGY STAR for New Homes Utility Sponsor Meeting, Baltimore, MD, April 27, 2011.

http://www.energystar.gov/ia/partners/bldrs_lenders_raters/downloads/sponsor_meetings/2011/Strategies_for_Working_with_the_Appraisal_Industry.pdf

In this presentation, the author argues that improper valuation of high-performance homes by the appraisers is impeding the growth of the market. He offers suggestions for solutions and how builders and other industry professionals can work with the appraisal industry to ameliorate the situation.

Schultz, Bob. "Techniques for Mastering Social Media in New-home Sales," *HousingZone.com*, May 24, 2012.

<http://www.housingzone.com/sales/techniques-mastering-social-media-new-home-sales>

In this article, four social marketing experts (Meredith Oliver, president, [Creating Wow Communications](#), Raleigh, N.C.; Mollie Elkman, vice president, [Group Two Advertising](#), Philadelphia; Tim Kassouf, vice president, [G.1440](#), Baltimore; and Kristi Allen, director of Internet marketing, [McArthur Homes](#), Salt Lake City) discuss the purpose of social media and provide suggested best practices and assessment/benchmarking suggestions for utilizing Facebook, Twitter, Pinterest, and other social media tools for builder marketing.

Shelton Group. *Eco Pulse™ Report 2012*. Knoxville, TN: Shelton Group, 2012.

<http://www.sheltongrp.com/eco-pulse>

Shelton Group’s fifth annual Eco Pulse study reveals a number of green product perceptions, drivers and knowledge issues for a variety of categories (from food to home improvement products), and identifies important consumer trends. The 2012 study continues tracking consumer criteria for categorizing a product or a company as “green;” Trends green purchase behaviors and habits; Determines purchase propensity for green products in a variety of categories, from food to home improvement products; Measures the importance placed on sustainable features in product selection compared to more traditional features such as efficacy, brand and price for light bulbs, mosquito repellents, and showerheads; Identifies the impact of sustainable features on price elasticity within these product categories and answers the question “Who is willing to pay more for greener products?;” Measures green engagement and environmental activism regarding purchase decisions; Identifies drivers for green purchases; Identifies the corporate social responsibility (CSR) activities that most strongly affect purchase decisions; and Segments U.S. consumers based on environmental attitudes and green purchase drivers and behaviors.

Methodology: Shelton Group designed a quantitative survey containing a mix of fixed-response alternative questions, Likert scale questions and discrete choice questions, fielded via the Internet April 25–May 1, 2012. Shelton utilized SSI’s online community for sampling. The survey was stratified to mirror the geographic distribution of the population age 18 or older (227,301,996) in the United States. Survey sample data were also weighted slightly to match U.S. age, education, gender and ethnicity. The survey yielded 1,005 complete responses, for a 95-percent confidence level and a confidence interval of +/- 3.09 percent (margin of error).

Shelton Group. *Energy Pulse™ 2011*. Knoxville, TN: Shelton Group, 2011.
<http://www.sheltongrp.com/energy-pulse>

Shelton Group’s seventh annual Energy Pulse study took a deep-dive into consumers’ energy efficiency attitudes and behaviors during a time of continuing economic uncertainty. This 2011 study did the following: Measure the number of energy efficiency home improvements most respondents have completed, how many it takes to move the needle and the respondents’ propensity for energy efficiency purchases; Ascertain how incentives and energy messaging can impact home energy spending and activity; Correlate home improvement likelihood with demographic factors such as age, income and education; Compare activity with worldviews; Discover how Americans view traditional vs. alternative energy sources; Determine knowledge of new techniques, such as fracking. Findings include that consumer activity still lags, thanks in part to lack of household funds available for big efficiency spending, denial regarding their usage and a lack of awareness campaigns that spur the right amount – and types – of action.

Methodology: The Energy Pulse™ questionnaire was designed by Shelton Group and contained fixed-response alternative questions, Likert scale and a few open-response questions. Energy Pulse data historically has been gathered via a random digit dial telephone sample of respondents. This year, we utilized a hybrid sampling approach in preparation for transitioning to an online-only methodology in 2012. We surveyed a total of 1,502 Americans: 1,000 via an online survey and 502 using our traditional telephone approach. The online respondents were members of Survey Sampling International’s online panel of over three million U.S. Internet users. Based on the total population of U.S. Households (112,611,029), results from this study

would be comparable to a RDD phone sample of the U.S. population with an overall confidence level of 95% and a confidence interval (margin of error) of +/- 2.53%.

Shelton Group. *Green Living Pulse™ 2012*. Knoxville, TN: Shelton Group, 2012.
<http://www.sheltongrp.com/green-living-pulse>

Shelton Group's third Green Living Pulse study reveals what is most important to the consumer – from green product purchase drivers, habits and perceptions to prioritization and engagement. This year's study found that sustainable behaviors are becoming the norm in the U.S. In fact, a growing number of Americans are influencing others to embrace greener lifestyles – and would actually be embarrassed if caught acting otherwise. The study survey of over 1,000 Americans found that approximately 80 percent of the U.S. adult population is at least occasionally making green product purchases. These green consumers fall into three groups: Actives, Seekers and Skeptics. The two greenest segments, Actives and Seekers, now make up more than 50 percent of the market. This means that most Americans now regularly buy green products and practice sustainable behaviors, and a growing number consider those behaviors to be the new social norm. However, although sustainability activities have reached new heights, there's still plenty of work to be done to move the needle and encourage consumers to keep going down the greener path. The report reveals consumer insights that drive today's green purchasing behaviors, including: Consumers are confused about the term "sustainable;" Peer pressure can encourage green buying; and Personal health trumps the planet.

Methodology: Shelton Group designed a quantitative survey fielded via the Internet in December 2011. The survey contained a mix of fixed-response alternative questions, Likert scale questions and semantic differential scale questions. For sampling, Shelton utilized Survey Sampling International's online community of more than 3.5 million. The survey was stratified to mirror the geographic, gender and age distribution of the population aged 18+ (227,434,466) in the United States. Survey sample data were also weighted slightly to match U.S. age, education and regional population distributions. The survey yielded 1,105 complete responses, for a 95% confidence level and a confidence interval of +/- 2.95% (margin of error).

Shelton, Suzanne. "How Energy Efficiency Clobbers Green: And other secrets of effectively marketing a new home." Keynote address, 2012 ENERGY STAR for New Homes Utility Sponsor Meeting, Anaheim, CA, April 18, 2012.
http://www.energystar.gov/ia/partners/bldrs_lenders_raters/downloads/sponsor_meetings/2012/keynote_presentation.pdf?bbc6-a719

This presentation, based on findings of the Shelton Group's most recent "Pulse" reports, argues that consumers care more about energy efficiency than they do "green" building, and that "energy efficiency" and "green" mean different things to consumers. The argument is supported by detailed findings about consumer behavior, beliefs and demographics.

Stull, Bob. "Driving Marketplace Adoption with Consumer Messaging." Presentation, AESP's Spring Conference & Expo 2010: Program Implementation and Marketing, Boston, MA, May 6, 2010.
http://library.aesp.org/resources/DocuWorks/file_display.cfm?id=729

The author presents Energy Trust of Oregon's New Homes Program, a scaled performance-based program that leads design and construction towards net zero in a carbon constrained society. Includes a discussion of the program re-design and how consumer messaging helped successfully drive market penetration.

Summit Blue Consulting, LLC and Quantec, LLC. *Non-Energy Impacts (NEI) Evaluation Final Report*. Albany, NY: New York State Energy Research and Development Authority (NYSERDA), 2006. http://www.aceee.org/files/pdf/conferences/workshop/valuation/MCAC_NEI_Report_06.pdf

This report presents research findings from the non-energy impacts (NEI) evaluation conducted by the Market Characterization, Market Assessment, and Causality (MCAC) evaluation team. The evaluation examined the NEIs associated with the New York Energy Smart SM New Construction Program (NCP), Commercial/Industrial Performance Program (CIPP), Small Commercial Lighting Program (SCLP), ENERGY STAR® Labeled Homes Program, and two components of the ENERGY STAR® Products Program, compact fluorescent light bulbs (CFLs) and clothes washers. Results were derived from surveys with participants in each program as well as non-participant purchasers of standard efficiency new homes, CFLs, and clothes washers. Respondents were asked to complete two series of questions that sought to quantify the NEIs associated with the various programs. The first series of questions was a variant of the NEI estimation approach used in the 2003 and 2004 MCAC evaluations; the second series of questions used a conjoint-based estimation approach developed specifically for this evaluation

Taylor, Heather. "Characteristics of New and First-Time Home Buyers." NAHB Special Studies. NAHB Housing Economics.com, September 1, 2010. <http://www.nahb.org/generic.aspx?genericContentID=143996>

Home builders and policy makers are both trying to better understand the same audience—the home buyer. This article provides information on two important groups of home buyers—those who bought a brand new home, and those who bought a home for the first time. This article looks specifically at characteristics of the buyer, characteristics of the home, and the process of buying a home. For the purpose of comparison, the article discusses existing home buyers and trade-up home buyers. Among the key findings for buyers of new homes is that they are, on average, about 42 years old, had an average household income of \$101,811, and bought a house with an average market value of \$315,395. New homes accounted for 17 percent of the homes sold. First-time home buyers are, on average, 34 years old, had an average household income of \$67,342, and bought a house with an average market value of \$184,091. Thirteen percent of first-time buyers purchased a new home.

Thomas-Rees, Stephanie, Todd Louis and Ken Fonorow. "If You Build It, They Will Come...But Will They Buy?" *Home Energy Magazine*, May/June 2011. <http://www.homeenergy.org/show/article/nav/singlefamily/id/804>

This article discusses several Building America builders in Florida that are committed to constructing their homes to a HERS index of less than 60 and to meeting the Builders Challenge Quality Criteria, focusing on two of them ("Builder A" and "Builder B") that are more successful than others at selling homes in a market that has been depressed for nearly five years. Builder A has been outselling the competition by nearly two to one—and in the same subdivision. The

successful builders market their homes by creating an emotional appeal to prospective home buyers. This appeal is based on positive monthly cash flow and low energy bills. When they make clear the other benefits, such as greater comfort and improved indoor air quality, these successful builders can position their homes as a premium product that justifies a premium price.

Tolkin, Betty M. ,William Blake, Elizabeth Titus, Ralph Prael, Dorothy Conant and Lynn Hoefgen. "What Else Does an ENERGY STAR Home Provide? Quantifying Non-Energy Impacts in Residential New Construction." Paper presented at the International Energy Program Evaluation Conference (IEPEC) 2009, Portland, OR, August, 13, 2009.
<http://www.iepec.org/2009PapersTOC/papers/073.pdf#page=1>

As energy efficiency programs have matured, evaluators and other market actors have become aware that measuring energy and demand savings alone understates effects these programs have on participants, sponsors, and society as a whole. Non-energy impacts (NEIs) can boost program cost-effectiveness and, in the case of participant NEIs, help market programs. However, NEI measurement is difficult since it often involves program participants putting a monetary value on intangible goods. NEI quantification for new construction programs faces an additional difficulty over the process for retrofit programs in that participants cannot make before-and-after comparisons. This study estimates participant NEIs for ENERGY STAR homes through careful questioning and response cross-checking to reduce bias. The study examines seven NEIs: thermal comfort, reduced outside noise, lighting quality, indoor air quality, safety, higher resale or rental value, and protection from energy price increases. NEIs are quantified through a survey of 70 recent ENERGY STAR homebuyers who were first asked if they believed their home provided a particular NEI, and, if so, their sources of information, what influence the NEI had on purchase decisions, and valuation relative to the savings on energy bills provided by ENERGY STAR homes. Homebuyer survey findings are compared to the NEI valuations provided through depth interviews with 30 ENERGY STAR builders. Builder estimates of the values homeowners place on NEIs are higher than those provided by the homeowners for thermal comfort, noise reduction, indoor air quality, and safety. Estimates for resale or rental value are very close for the two groups and builders give considerably lower estimates for lighting features and energy bill protection.

Tomasulo, Katy. "Tips for Selling Green: Promoting your projects' green features begins with understanding customers' needs." *EcoHome Magazine*, September 26, 2008.
<http://www.ecohomemagazine.com/green-sales-and-marketing/west-coast-green-tips-for-selling-green.aspx>

This article discusses sessions given by Gord Cooke at the West Coast Green conference in 2008 on how to sell green homes. The topics focus on promoting projects' green features by beginning with understanding customer needs. Cooke asserts that the concepts of selling green are not new and it is important to remember that the prime motivators for buying a home are not whether it is green but rather location, community, lifestyle, and space. The steps to selling green homes are the same as selling any house: meet and greet, understand customers' needs, demonstrate your "product," address concerns, and close the deal.

Traylor, Clayton. "This Legislation Can Fuel Green Growth - SAVE the Industry." *GreenBuilder Magazine*, September 2011. <http://content.yudu.com/A1to6l/GreenBuilderSept2011/resources/index.htm>

This article presents compelling arguments in favor of the SAVE Act and offers a good layman's description of what it entails.

U.S. Environmental Protection Agency. *Best Practices for Selling ENERGY STAR Qualified Homes*.
http://www.energystar.gov/ia/partners/bldrs_lenders_raters/downloads/Best_Practices_Selling_ES_Qualified_Homes.pdf

One-page list of best practices for selling ENERGY STAR qualified homes developed and published by the U.S. EPA.

-----, "Best Practices for Selling ENERGY STAR Qualified Homes."
http://www.energystar.gov/index.cfm?c=bldrs_lenders_raters.recorded_presentations

This presentation is intended to builders and developers and begins by outlining the value that ENERGY STAR certified homes provide homeowners. The presentation then explains how to incorporate this value into the sales process and highlights best practices for sales and marketing. The session closes by reviewing the various marketing resources that ENERGY STAR provides partners at no cost.

-----, *Best Practices for Your Business*.
http://www.energystar.gov/ia/partners/bldrs_lenders_raters/downloads/V4_Sales_Best_Practices_V3.pdf?41de-0d65

One-page list of best practices for ENERGY STAR New Homes partner builders, including: Train your sales staff; Get your messaging to market; Maintain relationships with existing customers; Cultivate a market for your homes; and Stay up-to-date with resources on ENERGY STAR for New Homes

-----, "ENERGY STAR 101."
http://www.energystar.gov/index.cfm?c=bldrs_lenders_raters.recorded_presentations

This presentation is designed for residential professionals and explains the basics of ENERGY STAR and the value-added features of ENERGY STAR certified homes. This presentation can be used by anyone to explain the many obvious and hidden benefits of ENERGY STAR certified homes. Topics addressed include: The basics of the ENERGY STAR Certified Homes Program; How homes earn the ENERGY STAR through the certification process; Key roles played by partners and stakeholders; An overview of the program guidelines; and Resources for potential partners and interested parties.

-----, *The ENERGY STAR Builder Recruitment Handbook*.
http://www.energystar.gov/index.cfm?c=bldrs_lenders_raters.builder_recruitment_handbook

The ENERGY STAR Builder Recruitment Handbook is a partner guide intended to assist new and existing ENERGY STAR partners in their efforts to recruit homebuilders to a winning

partnership with ENERGY STAR. It also illustrates ways to increase participation, improve relationships, and offer long-term support to builders. To promote continued program growth and support efforts by partners to increase the number of ENERGY STAR certified new homes, EPA has developed this Builder Recruitment Handbook. Resources included in the handbook: Top Ways to Reach and Retain Homebuilders Fact Sheet; Working with Production Builders; Builder Recruitment Presentation; The ENERGY STAR Builder Growth Chart; Common Builder Concerns About Partnering with ENERGY STAR and Solutions to Overcome Them; Success Stories of ENERGY STAR Builder Partners; and Build ENERGY STAR Certified Homes Brochure

----- . *ENERGY STAR for New Homes Sponsor and Utility Partner Guide Appendices*. October 2007.
http://www.energystar.gov/ia/partners/rebs/pt_reps_new_construction/Best_Practices_Guide_Appendices.pdf

This guide provides in-depth best practices, case studies, and a summary checklist for utilities planning to implement an ENERGY STAR Homes program, focusing on program design, marketing, implementation, and evaluation. In April 2007, EPA brought together representatives from a number of local and regional ENERGY STAR Homes programs for a two-day session in Atlanta, Georgia to identify lessons learned and best practice recommendations for new program sponsors and existing sponsors looking to improve on their programs. This Guide was prepared based on the extensive input provided during this meeting, as well as EPA’s decade-plus of experience working with diverse stakeholders to implement the program nationally.

----- . “How to Market ENERGY STAR Qualified Homes.” February 18, 2011.
<http://www.youtube.com/watch?v=NDAFKQF-6sY&feature=relmfu>

This webinar presents best practices for how to use ENERGY STAR as a new marketing platform and integrate ENERGY STAR into your current advertising campaign and marketing materials. This session is designed for homebuilder marketing staff and advertising agencies with builder clients. 22 min., 19 sec.

----- . “How to Sell ENERGY STAR Qualified Homes.” February 18, 2011.
<http://www.youtube.com/watch?v=wUayfNxH9RY>

This webinar presents the basics of what makes a home ENERGY STAR qualified, how to tell your energy efficiency story to potential customers, and tried-and-true sales strategies employed by successful ENERGY STAR homebuilders. This session is designed for homebuilders who are new to ENERGY STAR and their sales staff. It functions well as a “crash course” for new sales staff or for those looking for a refresher.

----- . *Sales Process for ENERGY STAR Certified Homes*.
http://www.energystar.gov/ia/partners/bldrs_lenders_raters/downloads/V5_Sales_Process_for_ENERGY_STAR_Certified_Homes.pdf?c489-390e

One-page description of the five steps the builder sales team should follow to successfully communicate the value of ENERGY STAR certified homes to a prospective homebuyer.

----- . *Sales Quick Reference Guide*.

http://www.energystar.gov/ia/partners/bldrs_lenders_raters/downloads/V4_Sales_Quick_Reference_Guide.pdf?e5dd-7a97

Two-page reference guide to be used as a sales tool briefly describing typical features of an ENERGY STAR home and the related homeowner benefits.

Ungar, Lowell. Rodney Sobin, Neal Humphrey, Tom Simchak, Nancy Gonzalez and Francesca Wahl. *Guiding the Invisible Hand: Policies to Address Market Barriers to Energy Efficiency*. Paper presented at the 2012 ACEEE Summer Study, Pacific Grove, CA, August 2012.
<http://www.aceee.org/files/proceedings/2012/data/papers/0193-000214.pdf>

In this article, the authors discuss the SAVE Act (meant to reform government mortgage underwriting rules that do not value energy efficiency) and their belief that the policies it would require may have a significant impact on energy efficiency in buildings in a way that could attract bipartisan support. They argue that strong anti-government feeling in Congress and in many of the states has affected not only climate policy but also energy policy – there is strong opposition to government spending and to government mandates. While influencing energy use without money or requirements may seem implausible, efficiency analysts and advocates have long claimed that large energy savings are cost-effective on their own without any government intervention. The necessary efficiency measures are not taken because of well-known market barriers such as lack of information and other transactional costs, split incentives in which the entity that controls energy use does not pay the energy bill, and specific government rules that prevent efficiency measures. Yet while efficiency advocates have long cited these barriers, their policy proposals have mostly focused on standards and incentives that have no direct tie to specific barriers. After briefly reviewing those barriers, this paper will explore a range of government policies that can directly reduce those barriers without significant new spending (or taxes) or mandates on individuals. For example, building labeling and benchmarking approaches would provide more information on energy efficiency to markets. Green leases can help align the interests of landlords and tenants.

Chris Walls, Jeff Shaw, Paul Barkoukis, Karen Parham and Matthew Cooper, “Transforming the Maryland Residential New Construction Market.” Panel presentation, Association of Energy Services Professionals (AESP) 2012 Spring Conference, Baltimore, MD, May 16, 2012.

The authors, program managers and implementers from the subject Maryland utility residential new construction programs, presented the strategies employed to collaboratively overcome a down market and the pressure of increasingly stringent codes and standards in order to achieve program success. As part of their comprehensive efforts to meet the EmPOWER Maryland goals of 15 percent energy demand reduction by 2015, BGE and Southern Maryland Electric Cooperative (SMECO) have blazed the trail in the residential new construction market for Maryland. The presentation discusses how this program dramatically increased the market penetration of ENERGY STAR- qualified homes from an average of 5.4% to 42.2% over a period of five years

Charles Wardell, “A Matter of Trust.” *GreenBuilder Magazine*, May 1, 2012.
<http://www.greenbuildermag.com/News/Green-Trends/A-Matter-of-Trust>.

This article argues that the biggest challenge in building a green brand is getting buyers to believe you, but that a successful green branding effort can have big payoffs, according to marketing pros. He adds that the process of branding a green product is no different than that for branding any product, and includes a coordinated campaign across many channels: traditional media, social media, advertising, your website, and a number of other things. The biggest challenge in developing and implementing the campaign is that buyers are less likely than ever to believe companies' brand messages. While that skepticism is common among all buyers, the article claims it is especially strong among the environmentally aware. Buyers are increasingly demanding that companies prove any claims they make. Most companies rely on third-party verifications and labels.

----- "Adjusting to Stricter Codes: Mandating Efficiency." *GreenBuilder Magazine*, September 2011.
<http://content.yudu.com/A1to61/GreenBuilderSept2011/resources/index.htm>.

The author gives an overview of how builders are adapting to new increasingly stringent energy codes and how the code community can help them do so. He also discusses what changes are being mandated, and the related challenges to builders and to enforcing new codes.

Appendix B. Non-California “Best Practice” Program Selection Methodology

B.1 Background

As one aspect of the overall study to identify non-California “Best Practice”³⁰ in builder sales support for RNC programs, the Study Team undertook a limited review of best practice programs from other states. Our goal was to compare approaches and strategies for selling energy efficient homes in select states/programs with a keen focus on “what works,” and then to incorporate this information into our recommendations for the approach and content for creation of a CAHP builder sales training module to be developed by the IOUs.

A number of state and utility efforts have been undertaken around the country with specific focus on helping builders sell their energy efficient homes. Because of the vast array of programs that might be identified as “best practice” ones, the Navigant team conducted a two-step approach to identifying programs (and select builders from those programs) to interview:

- Develop a set of (draft) metrics for comparison of program effectiveness; and then
- Interview program managers and participating builders in best practice programs for insights in best-in-class sales support, sales techniques and sales training approaches.

During the project kickoff meeting, the PCG determined that the program focus for best practices should not be limited by climate, price points, and other demographics that were similar to California, but should simply be focused on “What is working?” and “How are they doing it?” However, the PCG did feel it important to consider the possible effects of on program practices and home sales of increasingly stringent building energy codes. Metrics for identifying best practice efforts were also discussed at this meeting, with the PCG suggesting the ratio of closed deals to walk-ins as the key criteria. However, it was determined that this is nearly impossible to track, so would not be used as a key selection criteria.

B.2 Best Practice Metrics and Program Selection Process

After determining criteria for non-California Best Practice states/programs suitable for the needs of this project (listed in Table B-1), the Navigant team used a four-step selection process (depicted graphically in Figure B-1 and described in more detail below) to identify the states and programs listed in Table B-2 as those to be included for interviews for the Best Practices benchmarking review. Unless otherwise indicated, interviews were performed with program managers and top-performing participating builders for each program.

³⁰ It should be noted that California RNC programs have over the years won “Best Practice” recognition. For this study, however, the study team’s focus was on identifying non-California “Best Practice,” with the assumption that the CAHP program operated in a “best practice” fashion in the areas of its focus. The “Sales Training Module” is expected to add this “Best Practice” component to the CAHP program.

Table B-1. Best Practice Program Criteria

	Criteria	Weight
1.	2011 ENERGY STAR New Home Market Penetration National Average (states with 26% or greater penetration)	4
2.	Recent Marked Increase in Penetration / Increase in 2011	4
3.	Code Stringency Plus (statewide mandatory code currently meets or exceeds 2012 IEEC or equivalent)	4
4.	Code Stringency (statewide mandatory code currently meets or exceeds 2009 IEEC or equivalent)	3
5.	Industry Recommendation (Industry Expert Interview or Publication)	2
6.	2012 ENERGY STAR Award or Prior Designation as Best Practice Program	1

Table B-2. Proposed Best Practice States/Programs for Interview

#	State(s)	Utility/Org/Co. Name	Program Name
1	Maryland	Constellation Energy/Baltimore Gas and Electric Company (BG&E) & Southern Maryland Electric Cooperative (SMECO)	EmPOWER Maryland / BGE Smart Energy Savers Program® /SMECO’s ENERGY STAR for New Homes Program
2	New Mexico	New Mexico Gas Co. / Public Service Company of New Mexico (PNM)	ENERGY STAR® Home
3	New Jersey ³¹	NJ Board of Public Utilities	NJ’s Clean Energy Program - NJ ENERGY STAR® Homes
4	Arizona	Arizona Public Service (APS)	APS ENERGY STAR® Homes Program
5	North Carolina	Duke Energy / Southern Energy Management / NC Energy Efficiency Alliance	ENERGY STAR® New Homes Program
6	Oregon ³²	NEEA - Northwest Energy Efficiency Alliance / Energy Trust of Oregon	Northwest ENERGY STAR® Homes
<i>Builder Interviews Only³³</i>			
	Nevada		

Based on input from the PCG and the Navigant team’s initial research, the following four-step approach was used to determine best practice criteria and the programs meeting them.

- Step 1.** *Review ENERGY STAR® New Homes Market Indices for States* -- As a “first-cut” criterion, the Navigant team used the ENERGY STAR Certified New Homes Market Indices for States to identify those states with market penetration of ENERGY STAR new homes equal to or greater than the 2011 national average of 26 percent.
- Step 2.** *Identify “Code States” and Well-Performing States/Programs* – the Navigant team then looked for programs within states with stringent building energy codes (“code states”) that force program administrators and builders into creative modes of sales and marketing of program homes. Additionally, the Navigant team identified states/programs that had shown exceptional growth in the market in recent years, were recommended as leaders in

³¹ As MaGrann Associates implements the New Jersey program, as well as strong programs in Kentucky and Ohio, the Navigant team hopes to leverage the New Jersey program interview to gather information on best practices being employed in these other two states, as well.

³² Although as a state Oregon ranks higher than other NEEA-participating states, all states participating in the program will be discussed in interviews and the study findings.

³³ Although Nevada ranked highly in the 2011 ENERGY STAR Certified New Homes Market Indices and our overall Best Practice scoring, this success appears not to be primarily due to utility program efforts, but, rather related to those of builders the state. We, therefore, propose to conduct only builder interviews for Nevada.

the field by industry experts (either in interviews or in publications included in our literature review) and/or had won ENERGY STAR awards or been designated as a prior best practice program.

- Step 3.** *Apply Project-Needs Criteria Screen* – The Navigant team refined the list generated in Step 2 by applying a weighted criteria screen that considered the most important issues to be identified in this “Builder Sales” study.
- Step 4.** *Select Programs/States for Interview* – For the final step, from the ranked list created in Step 3, the Navigant team selected four best practice programs from four states for interviews with respective program managers and participating builders, as well as two additional states where builders have taken the lead apart from utility efforts for interviews with leading energy efficiency builders working in them.

Figure B-1 provides a graphic representation of this approach:

Figure B-1. Navigant Four-Step Best Practice Program Selection Process



As the team progresses through our investigation of these selected programs, we will attempt to gather data on program \$\$\$/kwh/therm, and also test hypotheses on the relationship to building code stringency and program practices, as well as possible connections to climate and other regional demographics.³⁴ Additionally, the Navigant team asked for information on top-selling participating builders in order to include them in the in-depth builder interviews, which were used to identify best practices being used by the builders if different than those of the program, itself. Finally, several multi-state energy efficient home builders (e.g., Meritage and Pulte) were contacted to learn not only what they do to promote sales at a macro/corporate level, but also to identify their exceptionally-performing builders.

While the main focus of the study is on “sales approaches and techniques,” the Navigant team was cognizant of the keen interaction between program marketing, with its focus on “getting people in the door” initially to look at new homes offerings, and program sales, with its focus on “closing the deal” once the prospective buyer is “in the door.” Because of this, the interview guides developed by the Navigant team focus both on marketing and sales of program homes -- with a special focus on the needs in these areas related to program/states where increasingly stringent energy codes require program administrators and builders to become ever more creative in their sales and marketing efforts.

Step 1: Review ENERGY STAR Certified New Homes Market Indices for States

The Navigant team accessed the online ENERGY STAR Certified New Homes Market Indices for States to identify top-performing states. It compares the number of ENERGY STAR Certified new homes built to

³⁴ The major focus of our effort in this area was on code issues related to sales of energy efficiency program homes.



the number of privately owned housing units permitted in each state and the District of Columbia. It does not measure other energy efficiency efforts within the state. Each state's index is a measurement of ENERGY STAR's presence in the site-built, single-family new homes market for that state. ENERGY STAR, in partnership with stakeholders, achieved an average national market presence in the new homes sector of 26 percent in 2011.

In addition to site-built, single-family homes, there are ENERGY STAR certified multifamily homes as well as ENERGY STAR certified manufactured homes. However, these homes are not included in the indices because of differences in the definition and tracking of these types of homes by the US EPA and Census.

States with a market index equal to or greater than the national average in 2011 are listed in Table B-3 below. We have used 2011 data as this is the most recent market penetration information available from ENERGY STAR.

Table B-3. States with 26 Percent or Greater 2011 ENERGY STAR Market Penetration

State	Rank by 2011 ENERGY STAR Market Penetration	Rank by # 2011 ENERGY STAR Certified New Homes ¹	2011 ENERGY STAR Certified New Homes	2011 ENERGY STAR Market Penetration ²	2010 ENERGY STAR Certified New Homes	2010 ENERGY STAR Market Penetration ²
Arizona	1	3	5,466	54%	5,475	52%
Ohio	2	4	4,459	48%	5,275	50%
Maryland	3	5	3,978	48%	3,544	42%
Nevada	4	9	2,200	48%	3,514	66%
Iowa	5	7	2,632	45%	3,355	57%
Texas	6	1	28,802	44%	29,074	44%
Delaware	7	11	1,045	43%	940	36%
Colorado	8	6	3,725	43%	3,937	45%
Vermont	9	13	340	43%	279	29%
New Jersey	10	8	2,510	39%	2,851	39%
New Mexico	11	12	1,033	31%	1,152	29%
Kentucky	12	10	1,440	30%	1,977	33%
North Carolina	13	2	7,246	29%	5,962	23%

Source: <http://www.energystar.gov/index.cfm?fuseaction=qhmi.showHomesMarketIndex>

¹ Of states with 26% or greater 2011 ENERGY STAR Market Penetration

² Site-Built, Single-Family Homes - Adjusted for Housing Completions

Step 2: Identify “Code States” and Well-Performing States/Programs

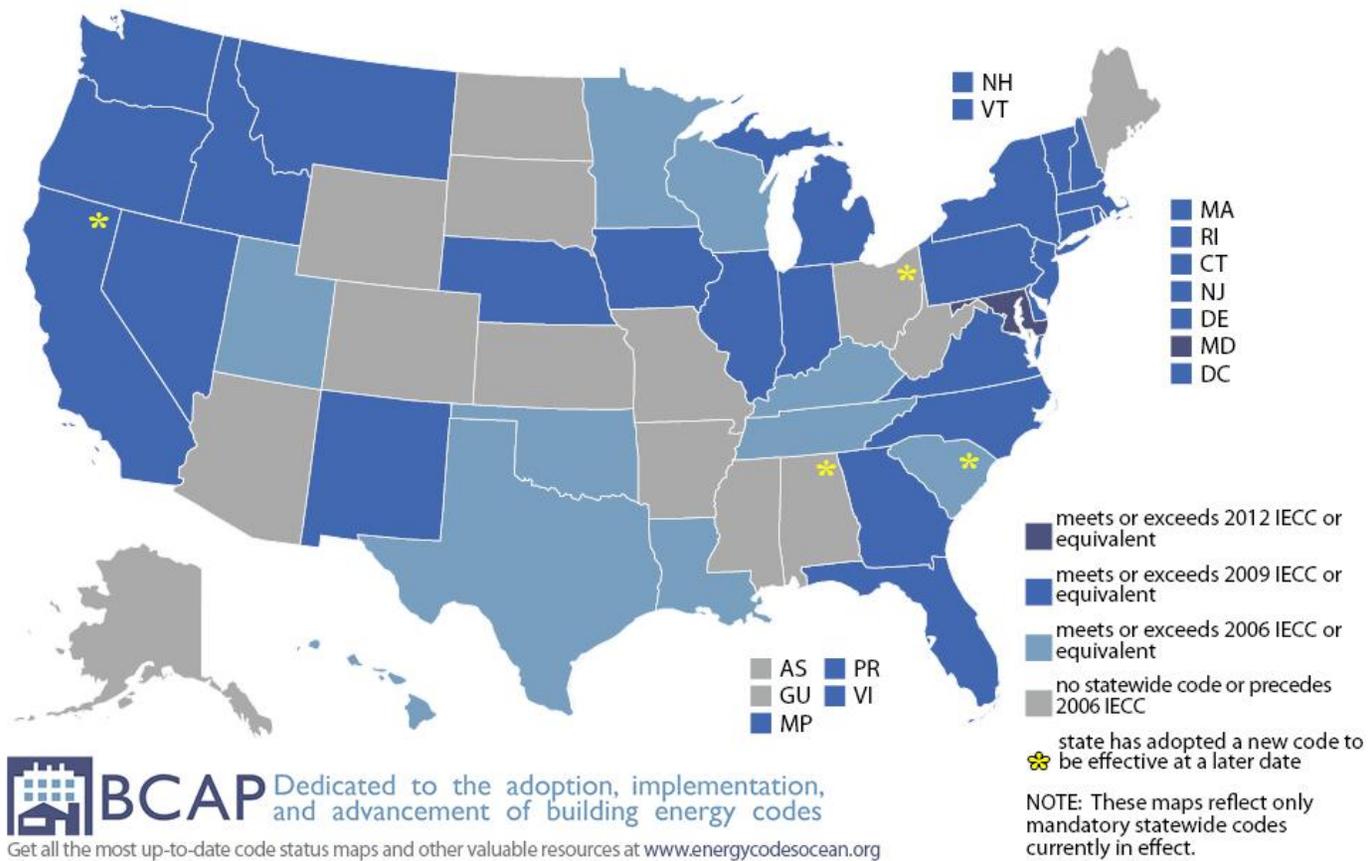
As a secondary screening, the Navigant team identified states with stringent building energy codes that currently meet or exceed the 2009 IECC or equivalent. From the combined list programs from these states and those from the 16 states with 26 percent or greater 2011 ENERGY STAR market penetration we targeted those that had:

- Shown a recent marked increase in penetration or an increase in 2011 over 2010; or
- Were recommended as leaders in the field by industry experts (either in interviews or in publications included in our literature review); and/or
- Won a 2012 ENERGY STAR award³⁵ or had received prior designation as a best practice program.

In Figure B-2, below, we provide a map illustrating the status of residential state building codes as of July 1, 2012.

³⁵It should be noted that ENERGY STAR award criteria for program delivery do not include market penetration or \$/kWh metrics, but do include "providing training for new home industry professionals on energy efficiency and building science principles, and implementing consumer education and awareness campaigns," among other things. Additionally, the 2012 awards included a requirement of sponsoring ENERGY STAR Version 3 in 2012.

Figure B-2. Residential State Building Code Status (as of July 1, 2012)



Source: <http://energycodesocean.org/code-status-residential>

Step 3: Apply Project-Needs Criteria Screen

The Navigant team refined the list generated in Step 2 by applying the Table B-1 weighted criteria screen that considered the most important issues to be identified in this “Builder Sales” study. Table B-4 illustrates the ranked list of best practice programs based on application of the criteria described above.³⁶

Table B-4. Proposed Best Practice Programs

#	State(s)	Utility/Org/Co. Name	Program Name	Score
1	Maryland	Constellation Energy/Baltimore Gas and Electric Company (BG&E) & Southern Maryland Electric Cooperative (SMECO)	EmPOWER Maryland / BGE Smart Energy Savers Program® / SMECO’s ENERGY STAR for New Homes Program	15
2	New Mexico	New Mexico Gas Co. / Public Service Company of New Mexico (PNM)	ENERGY STAR® Home	14
3	Vermont	Efficiency Vermont (and Vermont Gas)	Vermont ENERGY STAR® Homes	12
4	New Jersey	NJ Board of Public Utilities	NJ’s Clean Energy Program - NJ ENERGY STAR® Homes	12
5	North Carolina	Duke Energy / Southern Energy Management / NC Energy Efficiency Alliance	ENERGY STAR® New Homes Program	11
6	Arizona	Arizona Public Service (APS)	APS ENERGY STAR® Homes Program	11
7	Delaware	Delmarva Power	Green Energy Program	10
8	Oregon	NEEA - Northwest Energy Efficiency Alliance / Energy Trust of Oregon	Northwest ENERGY STAR® Homes	8
10	Iowa	MidAmerican Energy	EnergyAdvantage® New Homes Program	7
11	Kentucky	Louisville Gas and Electric Company and Kentucky Utilities Company (LG&E and KU)	ENERGY STAR® New Homes Program	7
12	Ohio	AEP Ohio/Columbia Gas of Ohio	gridSMARTOhio	7
13	Texas	Austin Energy	Austin Energy Green Building	7

³⁶ Table B-6 shows the team’s application and scoring of each of the proposed programs.

#	State(s)	Utility/Org/Co. Name	Program Name	Score
14	Texas	OnCor	Texas ENERGY Star Homes / Take a Load Off Texas	7
15	Texas	CenterPoint Energy	ENERGY STAR® New Home Program / Houston's ENERGY STAR Homes	5
16	Colorado	CO GEO (Gov Energy Office)	Colorado ENERGY STAR® Homes	5
17	Colorado	Xcel Energy	ENERGY STAR® New Homes program Residential Marketing Support Program	5
18	Idaho	NEEA - Northwest Energy Efficiency Alliance	Northwest ENERGY STAR® Homes	4
19	Ohio	Buckeye Power	Touchstone Energy® Homes	3
20	Montana	NEEA - Northwest Energy Efficiency Alliance	Northwest ENERGY STAR® Homes	3
21	Washington	NEEA - Northwest Energy Efficiency Alliance	Northwest ENERGY STAR® Homes	2
22	Oklahoma	Public Service Company of Oklahoma (PSO)	High-Performance Homes	2
23	Utah	Rocky Mountain Power, Inc.	<i>wattsmart</i> New Homes program	15

Step 4: Select Programs/States for Interview

As a last step, the Navigant team selected the final states/programs for “Best Practice” interviews for the purpose of this study, i.e., to successfully assist the Navigant team in making its final “builder sales training module” recommendations. These states/programs are listed below in Table B-5.

Table B-5. Proposed Best Practice States/Programs for Interview³⁷

#	State(s)	Utility/Org/Co. Name	Program Name
1	Maryland	Constellation Energy/Baltimore Gas and Electric Company (BG&E) & Southern Maryland Electric Cooperative (SMECO)	EmPOWER Maryland / BGE Smart Energy Savers Program® /SMECO's ENERGY STAR for New Homes Program
2	New Mexico	New Mexico Gas Co. / Public Service Company of New Mexico (PNM)	ENERGY STAR® Home
3	New Jersey ³⁸	NJ Board of Public Utilities	NJ's Clean Energy Program - NJ ENERGY STAR® Homes
4	Arizona	Arizona Public Service (APS)	APS ENERGY STAR® Homes Program
5	North Carolina	Duke Energy / Southern Energy Management / NC Energy Efficiency Alliance	ENERGY STAR® New Homes Program
6	Oregon ³⁹	NEEA - Northwest Energy Efficiency Alliance / Energy Trust of Oregon	Northwest ENERGY STAR® Homes
<i>Builder Interviews Only⁴⁰</i>			
	Nevada		

³⁷ While Vermont’s and Delaware’s new construction programs each attained a top ten preliminary score, the Navigant team feels that due to the states’ small sizes and somewhat insular markets, these programs would not prove to be among the most valuable for our efforts in learning best practices that would be effective in California.

³⁸As MaGrann Associates implements the New Jersey program, as well as strong programs in Kentucky and Ohio, the Navigant team hopes to leverage the New Jersey program interview to gather information on best practices being employed in these other two states, as well.

³⁹ Although as a state Oregon ranks higher than other NEEA-participating states, all states participating in the program will be discussed in interviews and the study findings.

⁴⁰Although Nevada ranked highly in the 2011 ENERGY STAR Certified New Homes Market Indices and our overall Best Practice scoring, this success appears not to be primarily due to utility program efforts, but, rather related to those of builders the state. We, therefore, propose to conduct only builder interviews for Nevada.

Table B-6. Best Practice Program Scoring
 (see Table B-1 for criteria descriptions)

#	State(s)	Utility/Org/Co. Name	Program Name	Criterion 1	Criterion 2	Criterion 3	Criterion 4	Criterion 5	Criterion 6	TOTAL SCORE
1	Maryland	Constellation Energy/Baltimore Gas and Electric Company (BG&E) & Southern Maryland Electric Cooperative (SMECO)	EmPOWER Maryland / BGE Smart Energy Savers Program® / SMECO's ENERGY STAR for New Homes Program	4	4	4	0	2	1	15
2	New Mexico	New Mexico Gas Co. / Public Service Company of New Mexico (PNM)	ENERGY STAR® Home	4	4	0	3	2	1	14
3	Vermont	Efficiency Vermont (and Vermont Gas)	Vermont ENERGY STAR® Homes	4	4	0	3	2	1	14
4	New Jersey	NJ Board of Public Utilities	NJ's Clean Energy Program - NJ ENERGY STAR® Homes	4	4	0	3	0	1	12
5	North Carolina	Duke Energy / Southern Energy Management / NC Energy Efficiency Alliance	ENERGY STAR® New Homes Program	4	4	0	3	0	1	12

#	State(s)	Utility/Org/Co. Name	Program Name	Criterion 1	Criterion 2	Criterion 3	Criterion 4	Criterion 5	Criterion 6	TOTAL SCORE
6	Arizona	Arizona Public Service (APS)	APS ENERGY STAR® Homes Program	4	4	0	0	2	1	11
7	Delaware	Delmarva Power	Green Energy Program	4	4	0	3	0	0	11
8	Oregon	NEEA - Northwest Energy Efficiency Alliance / Energy Trust of Oregon	Northwest ENERGY STAR® Homes	0	4	0	3	2	1	10
9	Iowa	Waverly Light & Power	ENERGY STAR® New Home Program	4	0	0	3	0	1	8
10	Iowa	MidAmerican Energy	EnergyAdvantage® New Homes Program	4	0	0	3	0	0	7
11	Kentucky	Louisville Gas and Electric Company and Kentucky Utilities Company (LG&E and KU)	ENERGY STAR® New Homes Program	4	0	0	0	2	1	7

#	State(s)	Utility/Org/Co. Name	Program Name	Criterion 1	Criterion 2	Criterion 3	Criterion 4	Criterion 5	Criterion 6	TOTAL SCORE
12	Ohio	AEP Ohio/Columbia Gas of Ohio	gridSMARTOhio	4	0	0	0	2	1	7
13	Texas	Austin Energy	Austin Energy Green Building	4	0	0	0	2	1	7
14	Texas	OnCor	Texas ENERGY Star Homes / Take a Load Off Texas	4	0	0	0	2	1	7
15	Texas	CenterPoint Energy	ENERGY STAR® New Home Program / Houston's ENERGY STAR Homes	4	0	0	0	2	1	7
16	Colorado	CO GEO (Gov Energy Office)	Colorado ENERGY STAR® Homes	4	0	0	0	0	1	5
17	Colorado	Xcel Energy	ENERGY STAR® New Homes program Residential Marketing Support Program	4	0	0	0	0	1	5

#	State(s)	Utility/Org/Co. Name	Program Name	Criterion 1	Criterion 2	Criterion 3	Criterion 4	Criterion 5	Criterion 6	TOTAL SCORE
18	Idaho	NEEA - Northwest Energy Efficiency Alliance	Northwest ENERGY STAR® Homes	0	0	0	3	2	0	5
19	Ohio	Buckeye Power	Touchstone Energy® Homes	4	0	0	0	0	0	4
20	Montana	NEEA - Northwest Energy Efficiency Alliance	Northwest ENERGY STAR® Homes	0	0	0	3	0	0	3
21	Washington	NEEA - Northwest Energy Efficiency Alliance	Northwest ENERGY STAR® Homes	0	0	0	3	0	0	3
22	Oklahoma	Public Service Company of Oklahoma (PSO)	High-Performance Homes	0	0	0	0	2	0	2
23	Utah	Rocky Mountain Power, Inc.	<i>wattsmart</i> New Homes program	0	0	0	0	2	0	2

Appendix C. Market Actor and Focused Sales Staff Interview Instruments

C.1 California Program Manager Interview Instrument

Project Background (For the Interviewer Only)

Navigant has been engaged by the CA IOUs to develop recommendations for the development of a best practice builder sales training module that can be used by the program to help builders “close more deals.” The module recommendations will include ideas for sales and marketing tools, selling strategies, and sales and marketing training approaches used to increase sales of energy efficiency homes. Navigant has interviewed non-California “best practice” program managers and builders and now is seeking to interview California IOU program staff. Specifically, Navigant is conducting in-depth interviews with the program managers of the four California IOUs’ California Advanced Homes Program (CAHP) to develop an understanding of the program PMs views of: a) What current “best practice” for selling CAHP homes is; b) who their best participating builders are in implementing these practices; c) what they think is currently present in their CAHP program offerings that can help participating builders sell more homes; d) what they believe is currently “missing” from their CAHP program offerings that can help participating builders sell more homes; e) what they feel the impact of Zero Net Energy (ZNE) focused codes will be on their program over the next five to ten years; f) their best ideas for helping program builders “thrive” i.e., sell more program homes, in a ZNE focused world, and; e) any other information that would be helpful to the goals of the study.

The California Program Manager interview questions will provide the following information:

Interview Objectives	Relevant Questions
Information about the current program and market situational scenario (“state of affairs”)	SS1, SS2, SS3 and SS4
Information about the California Program	PI1, PI1a, PI1b, PI1c, PI2, PI3, PI4, PI5, and PI6,
Information about the Program Marketing of Participating Homes	PM1, PM2, PM3, PM4, PM5, PM6 and PM7
Information about Program Sales Support	PS1, PS2, PS3, PS3a, PS4, PS5, PS6, PS7 and PS8
Information about Program Sales and Marketing Training	PT1, PT1a, PT2, PT3, PT4 and PT5
Information about the Builder Interview Instrument	BII1a, BII1b, BII1c, BII1d, BII2 and BII3
Information about the Program’s future in “ZNE World”	ZNE1, ZNE2, ZNE3

Name of Interviewee: _____ Date: _____
Title: _____ Company: _____

Introduction

Good morning/afternoon/evening, my name is _____ and I am calling about the IOUs CAHP builders selling study that Navigant has been engaged to undertake. The goal of the study is to recommend sales strategies, tools and practices that can be integrated into a CAHP builders “sales training module,” developed by the IOUs for program participants. The focus of the effort is to ____ (*utility name*) and the other IOUs to assist the builders participating in the California Advanced Homes Program to increase home sales. Thank you so much for taking this time to talk with us about your program and your views about how best to proceed to help the builders enhance sales of their CAHP homes. Your feedback is vital to our study and will help narrow our focus onto *workable best practice marketing and sales approaches* that can help translated into the curriculum recommendations and development for helping builders market and sell homes built with best practice energy efficiency, green building and sustainability features.

Interviewee Information

I1. *What is your current role at [NAME OF UTILITY]?*

- 1) Record Verbatim
- 99) Refused

I2. *How long have you been in this role? [PROMPT IF NECESSARY]*

- 1) Less than one year
- 2) One to two years
- 3) Two to five years
- 4) More than five years
- 5) Other (Specify) _____
- 99) Refused

Study Information Gathered to Date

<<use WebEx to go over the findings ppt slide>>

In the power point slide shown on the screen now, we have listed our key findings from our conversations with market actors, industry experts and best practice program managers from other states, as well as our literature review and other such research. *<<go over list – also shown below>>*:

- Programs that focus on long-term relationship building and sales training on building science and code changes are most successful:
- Program design, marketing and building science and sales training are intimately linked in the best practice programs reviewed
- Long-term relationship building and support seems the key to Best Practice program success (i.e., building builder loyalty and program bonding)
- Programs focused on upcoming code increases have been significantly effective in signing up and maintaining program participation
- Sales decisions are based on emotion and then justified with logic:
- Home purchase is typically done based on emotion/satisfaction and then logic is used to support the emotional purchase
- Most successful programs provide handholding building science training and related marketing and sales support/training
- Sales training for best-in-class builders/programs focuses on differentiating who the potential buyers are and what sales “levers” to use to help “make the deal” based on those distinctions - and uses role playing to make learning “stick”
- Program Managers use the fact of code pressures to recruit more builders
- Code increases seem to provide impetus for builders to participate in programs to keep-up with their competition – and programs can capitalize on this as a means of building program loyalty with builders
- One Best Practice utility program uses the fact that code homes DO NOT typically perform as the code suggests they should, and makes savings claims based on the delta below code as compared to their home

Situational Scenario

SS1. Given what I just described about the study, what are your thoughts on the needs of the study from this point onward?

- 1) Record Verbatim
- 88) Don't know
- 99) Refused

SS2. Do you feel that helping builders sell houses is or should be an objective of the program?

- 1)Record Verbatim
- 88)Don't know
- 99)Refused

SS3.Do you feel that helping builders sell houses is or should be part of program staff's responsibilities?

- 1)Record Verbatim
- 88)Don't know
- 99)Refused

SS4. In a perfect world without scope and budget considerations, what would you like to see gained from the study? What would you hope to get from it i.e., your "best case" result

- 1)Record Verbatim
- 88)Don't know
- 99)Refused

Program Information

PI1. What is the current "state of affairs" with the program? That is,

PI1a.Approximately how many builders are participating in the current cycle?

- 1)Record Verbatim
- 88)Don't know
- 99)Refused

PIb. What is the approximate breakdown of builder types (national/ regional; larger/smaller; production/custom?)

- 1)Record Verbatim
- 88)Don't know
- 99)Refused

PIc. How does this compare with participation in past cycles? (number, breakdown) And also about how many are new participants?

- 1)Record Verbatim
- 88)Don't know
- 99)Refused

PI2. Roughly how many participating builders qualify for the additional program incentives offered for the following options? For each, please discuss if you have found that the option is appealing to home buyers or helps sell program homes.

	%	Help Sells Homes?
1) California ENERGY STAR New Homes Program	_____	_____
2) Green Home Certification	_____	_____
3) Compact Home	_____	_____
4) kW Reduction via on-site PV	_____	_____
5) New Solar Home Partnership Tier II	_____	_____
88) Don't know		
99)Refused		

PI3. Have you found that home buyers and/or builders are asking for ZNE options? Please discuss this.

- 1)Record Verbatim
- 88)Don't know
- 99)Refused

Program& Builder Marketing and Sales Strategies

PM1. What strategies do your participating builders use to market program homes?

- 1)Record Verbatim
- 88)Don't know
- 99)Refused

PM2. In addition to energy cost savings, what other features do participating builders promote when marketing program homes?[If necessary probe for: improved indoor air quality, reducing greenhouse gas emissions and better comfort, help you promote your homes] How effective do you believe these features are in selling energy efficient homes?

- 1)Record Verbatim
- 88)Don't know
- 99)Refused

PM3. What kinds of marketing and promotional support offered by the program do you think help participating builders the most to sell their homes – that is which are most valuable to your program and/or participating builders? [if needed, probe for Website product advertising, Co-op advertising, Co-branding , Logo applications, Attendance at sales events and open houses, Participation in trade organization events]

- 1)Record Verbatim
- 88)Don't know
- 99)Refused

PM4. Conversely, what kinds of marketing support do you think isn't so effective – and why do you think it isn't working as well as it might?

- 1)Record Verbatim
- 88)Don't know
- 99)Refused

PM5. What kinds of additional support would your builder community like to see you provide?

- 1)Record Verbatim
- 88)Don't know
- 99)Refused

PM6. Overall, how effective do you believe the marketing support services that you provide to your builders have been in helping them to promote energy efficient homes?

- 1)Record Verbatim
- 88)Don't know
- 99)Refused

PM7. What limits currently exist for program sales and marketing – that is, what limitations does the PUC set in this area? And how has this affected your efforts to recruit and retain builders, and also to help builders increase market penetration and sell program homes?

- 1)Record Verbatim
- 88)Don't know
- 99)Refused

I would now like to talk about how builders sell program homes as opposed to overall marketing.

PS1. What sales approaches or tools do your participating builders use to “close the deal?”[If necessary, offer the following examples: In home displays, sample homes with internal features displayed and infrared demonstrations for low-e windows]

- 1)Record Verbatim
- 88)Don't know
- 99)Refused

PS2. What kind of program-provided sales support do you think works most effectively to help your builder community? Both in terms of program staff time and “presence,” for example participation in sales events and open houses, as well as any kind of sales collateral materials like consumer educational videos/literature that describe the benefits of energy efficient homes?

- 1)Record Verbatim
- 88)Don't know
- 99)Refused

PS3. What is the biggest barrier to “closing the deal” on a program home?

- 1)Record Verbatim
- 88)Don’t know
- 99)Refused

PS4. Which of the sales tools and/or approaches to you feel work best to overcome that barrier?

- 1)Record Verbatim
- 88)Don’t know
- 99)Refused

PS5. Are there any sales tools and/or approaches you would add (including any you know of other programs using) or that have been tried and rejected to overcome that barrier?

- 1)Record Verbatim
- 88)Don’t know
- 99)Refused

PS6. How do current CAHP marketing and sales support approaches fit into the national approaches that ENERGY STAR offers? Do you feel the ENERGY STAR brand would add value or validation to program homes?

- 1)Record Verbatim
- 88)Don’t know
- 99)Refused

PS7.In your experience, what are the most effective sales messages in encouraging homebuyers to say “yes” to a program home?

- 1) Record Verbatim
- 88) Don’t Know
- 99) Refused

PS8. Can you tell us about the top selling builders in the program and a little bit about why they are so successful compared to some others?

- 1) Record Verbatim
- 88) Don’t Know
- 99) Refused

Program Marketing and Sales Training and Other Support

PT 1.Please describe the marketing and/or sales training the program provides to participating builders, builder sales staff or the real estate community.

- 1)Record Verbatim
- 88)Don’t know
- 99)Refused

PT 1a. Do you have any metrics in place to gauge the success of these trainings? If so, could you please tell me more about them and how they function? And would you be willing to send examples of your evaluation forms and results?

- 1)Record Verbatim

88)Don't know

99)Refused

PT2. Do you use any of the ENERGY STAR training materials? If so, what and how effective do you find them?

1)Record Verbatim

88)Don't know

99)Refused

PT3. How does "building science" training fit into the CAHP program effort?

1)Record Verbatim

88)Don't know

99)Refused

PT4. Are there any linkages between the CAHP building science training and current CAHP marketing? Please elaborate.

1)Record Verbatim

88)Don't know

99)Refused

PT 5. Is there anything else the program offers to help participating builders sell homes? If so, please tell me a bit about each of those.

1)Record Verbatim

88)Don't know

99)Refused

I want to switch gears a bit now and the future of the CAHP program as we move towards 2020 and a "ZNE World"

Future of CAHP in a ZNE World

ZNE1. Do you have any concerns about the increasingly stringent codes as we move towards ZNE and 2020? If so, please describe the top 3.

1) Record Verbatim

88) Don't know

99) Refused

ZNE2. In this same scenario (as we move towards a zero net energy code), what are your concerns, if any, about the future of the program?

1) Record Verbatim

88) Don't know

99) Refused

ZNE3. What are some of your thoughts about how best to keep the program thriving as the code increases? Do you have any examples of why these may work – or concerns about or examples of why they may not?

1) Record Verbatim

88) Don't know

99) Refused

Program Manager Comments on the California Builder Interview Instrument

I'd now like to ask you questions related to the interview instrument we plan to use in conversations with California builders.

BII1. Have you had a chance to review the instrument? **If not**, let's take a look at it now.

BII1a. Are there any questions you think should be added? (record verbatim)

BII1b. Are there any questions that should be changed? (record verbatim)

BII1c. Are there any questions you feel are inappropriate or will not gather useful information? (record verbatim)

BII1d. Which of the questions do you feel are most important to the study? (record verbatim)

BII2. Taking a step back, let me ask you how can this study help you? What do you want us to find out from the builders that can help you?

1) Record Verbatim

88) Don't know

99) Refused

BII3. Are there any questions that you want to ask builders to help inform implementation of the CAHP PIP?

1) Record Verbatim

88) Don't know

99) Refused

Finish

FF1. Those are all of the questions I have for you today. Is there anything else you would like to say about your program or anything else you believe would be helpful for selling program homes - or helpful in guiding the study to gather information you would find helpful in assisting your builders sell homes?

1) Record Verbatim

88) Don't know

99) Refused

FF2. If I have other questions about your experience with this program, may I re-contact you?

a) Yes

b) No

Thank you very much for taking the time to answer these questions. Your input is invaluable to our research.

C.2 California Builder Interview Instrument

Project Background (For the Interviewer Only)

Navigant has been engaged by the CA IOUs to develop recommendations for the development of a best practice builder sales training module that can be used by the program to help builders “close more deals.” The module recommendations will include ideas for sales and marketing tools, selling strategies, and sales and marketing training approaches used to increase sales of energy efficiency homes. Navigant has interviewed non-California “best practice” program managers and builders and now is seeking to interview California builders. Specifically, Navigant is conducting in-depth interviews with builders and other knowledgeable market actors to gather the broadest possible knowledge base for development of its recommendations for sales and market tools, selling strategies, and training approaches. We are focusing on those builders who have built energy efficient homes via participation in the California Advanced Homes Program (CAHP) and received incentives for building homes above Title 24 code. Builder selection has been made from recommendations of the IOU CAHP Program Managers.

Interview Objectives	Relevant Questions
Information about the Best Practices Program	BC1, BC2, BC3 and BC4
Information about the Sales Strategies and Approaches along with Related Marketing Promoted by the Program	MS1, MS2, MS3, MS4, MS5, MS6, MS7, MS8, MS9, MS10, MS11, MS12 and MS13
An Assessment of the Best Practices Program Support and Offerings	US1, US2, US3, US4 and US5

Name of Interviewee: _____

Date: _____

Title: _____ Company: _____

Introduction

Navigant is conducting a study on behalf the California Investor Owned Utilities (Southern California Edison, Pacific Gas & Electric and the Sempra utilities – San Diego Gas & Electric and Southern California Gas Company) to recommend sales insights for use in a utility sponsored builder sales training module to enable builders to “close more deals” on program homes. The module will be useful to builders for training new sales staff and agents and for educating existing sales staff; and will provide cutting-edge information for program builders on best practice new home selling. As a builder who has built energy efficient homes via participation in the California Advanced Homes Program (CAHP) - and achieved significant market penetration, your feedback will help craft a program sales module that is based on real-world experience and useful to you as a builder. We greatly appreciate your taking the time to talk with us about your company’s sales practices and participation in the CAHP and how the utility sales training module can serve your company’s needs.

Expertise and Firmographics

EX1. What is your current role at [NAME OF BUSINESS]?

- 1) Business Owner
- 2) Marketing Manager
- 3) Sales Manager

4) Other (Specify) _____

99) Refused

EX2. How long have you been in this role? [PROMPT IF NECESSARY]

1) Less than one year

2) One to two years

3) Two to five years

4) More than five years

5) Other (Specify) _____

99) Refused

Builder Category

BC1. As you probably know, the CAHP program offers performance incentives on a sliding scale for homes built at least 15% better than the Title 24 requirements. Would you say your homes are built:

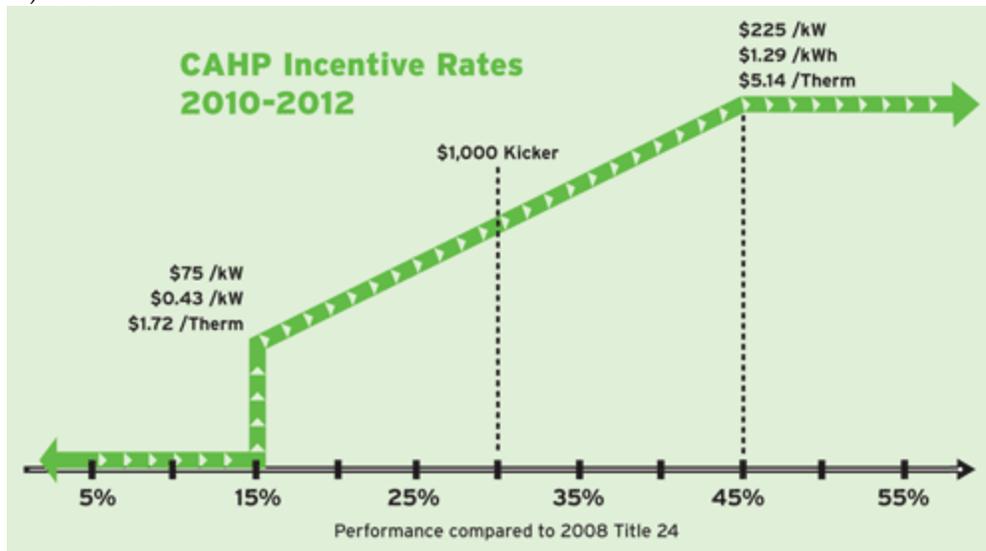
1) 15-30% above the Title 24 requirements

2) 31-45% above the Title 24 requirements

3) More than 45% above the Title 24 requirements

88) Don't know

99) Refused



BC2. Do your homes qualify for the additional program incentives offered for the following options? For each, please discuss if you have found that the option is appealing to home buyers or helps sell program homes.

% Help Sells Homes?

1) California ENERGY STAR New Homes Program

- 2) Green Home Certification _____
- 3) Compact Home _____
- 4) kW Reduction via on-site PV _____
- 5) New Solar Home Partnership Tier II _____

- 88) Don't know
- 99) Refused

BC3. What energy efficiency features do you include to exceed the requirements of Title 24? Also, do you offer other energy efficiency or renewable energy options that do not necessarily deal with code requirements?]

- 1) Record Verbatim
- 88) Don't Know
- 99) Refused

BC4. In your opinion, how do the efficient features in your homes stand out from the other CAHP homes?

- 1) Record Verbatim
- 88) Don't Know
- 99) Refused

Inventory of Current Marketing and Sales Strategies

MS1. What are the key features that you promote to market your CAHP homes?

- 1) Record Verbatim
- 88) Don't Know
- 99) Refused

MS2. What are the key features that you promote to market your non-CAHP homes?

- 1) Respondent only builds CAHP homes
- 2) Record Verbatim
- 88) Don't Know
- 99) Refused

MS3. Based on your experience, how do the energy efficient features used to build your homes later help you promote the finished product to potential homebuyers?

- 1) Record Verbatim
- 88) Don't Know
- 99) Refused

MS4. How do non-energy efficiency features of a CAHP home, such as improved indoor air quality, reducing greenhouse gas emissions and better comfort, help you promote your homes?

- 1) Record Verbatim
- 88) Don't Know
- 99) Refused

MS5. How do you close a deal on a CAHP home, as distinct from a non-CAHP home?

- 1) Record Verbatim
- 88) Don't Know
- 99) Refused

MS6. What sales and marketing approaches or tools for promoting energy efficient features do you find most successful in closing the deal?[Examples – In home displays, sample homes with internal features displayed and infrared demonstrations for low-e windows]

- 1) Record Verbatim
- 88) Don't Know
- 99) Refused

MS7. Do you currently possess marketing and/or consumer educational videos/literature that you give to a prospective client? If so, are you willing to share these materials if we provide you a FEDEX shipping label?

- 1) Record Verbatim
- 88) Don't Know
- 99) Refused

MS8. In your experience, what is the biggest barrier to selling a CAHP home? [IF THE RESPONSE IS PRICE, ASK FOR ADDITIONAL BARRIERS.]

- 1) Record Verbatim
- 88) Don't Know
- 99) Refused

MS9. What is the most common reason for a homebuyer to say “yes” to a program home?

- 1) Record Verbatim
- 88) Don't Know
- 99) Refused

MS10. What is the most common reason for a homebuyer to say “no” to a program home?

- 1) Record Verbatim
- 88) Don't Know
- 99) Refused

MS11. How do you support your representatives to get homebuyers to say “yes” and avoid saying “no?”

- 1) Record Verbatim
- 88) Don't Know
- 99) Refused

MS12. To what extent, if at all, does California’s energy code influence your company’s marketing efforts for program homes?

- 1) Influence [Record Verbatim]
- 2) No influence
- 88) Don't Know
- 99) Refused

MS12a. How, if at all, is this different from your marketing of non-program homes?

- 1) Different [Record Verbatim]
- 2) Not different
- 88) Don't Know
- 99) Refused

MS13. To what extent, if any, do current program homes compete in your housing market with "previously-owned" program homes that were built under a less stringent code?

- 1) Record Verbatim
- 88) Don't Know
- 99) Refused

Utility Support to Builders

US1. What can you tell me about the sales assistance and support your utility currently offers? [IF RESPONSE IS "NO SUPPORT", MOVE TO QUESTION US4.]

- 1) Record Verbatim
- 2) No Support [Skip to US4]
- 88) Don't Know
- 99) Refused

US2. Do you take advantage of the previously discussed support from the utility?

- 1) Record Verbatim
- 2) No Support [Skip to US4]
- 88) Don't Know
- 99) Refused

US3. What has been the most effective type of support from the utility?

- 1) Most Effective [RECORD RESPONSE]
- 2) Only one type offered [RECORD RESPONSE, then Skip to US5]
- 88) Don't know
- 99) Refused

US3a. What has been the least effective type of support from the utility?

- 1) Record Verbatim
- 88) Don't Know
- 99) Refused

US4. If you could ask your utility to provide you with any additional sales support of any type, what would you request? How could your utility be most helpful [other than by increasing rebates?]

- 1) Record Verbatim
- 88) Don't Know
- 99) Refused

US5. If your utility offered more promotional advertising, such as, website product advertising, co-op advertising, co-branding, logo applications, attendance at sales events and open houses, or participation



in trade organization events, in which would you be more likely to participate? Which would be most valuable to you (rank all)?

	Yes	Rank
1) Website product advertising	_____	_____
2) Co-op advertising	_____	_____
3) Co-branding	_____	_____
4) Logo applications	_____	_____
5) Attendance at sales events and open houses	_____	_____
6) Other _____		
88) Don't Know		
99) Refused		

Finish

FF1. As part of our study, Navigant will be conducting focus groups with both homebuyers who have purchased a CAHP home and those who have not. Would you be willing to supply us with 10-20 names and contact information of homebuyers who have either bought a CAHP home from you or viewed or expressed interest in a CAHP home and did not ultimately purchase one? If so, what would be the most convenient way for us to get that information from you?

- 1) Record Verbatim
- 88) Don't Know
- 99) Refused

FF2. Those are all of the questions I have for you today. Is there anything else you would like to say about the CAHP program, your participation in it, or anything else you believe would be helpful for selling program homes?

- 1) Record Verbatim
- 88) Don't Know
- 99) Refused

FF3. If I have other questions about your experience with this program, may I re-contact you?

- a) Yes
- b) No

Thank you very much for taking the time to answer these questions. Have a great day

C.3 Non-California Program Manager Interview Instrument

Project Background (For the Interviewer Only)

Navigant is conducting in-depth interviews with program managers of Non-California Residential New Construction Programs in order to develop its recommendations for sales and marketing tools, selling strategies, and sales and marketing training approaches used to increase sales of energy efficiency homes. We are focusing on those program managers who operate in states with increasingly stringent energy codes.

The Non-California Program Manager interview questions will provide the following information:

Interview Objectives	Relevant Questions
Information about the Program	PI1, PI2, PI3, PI4, PI5, PI6, PI7, PI8 and PI9
Information about the Program Marketing of Participating Homes	PM1, PM2, PM3, PM3a and PM4,
Information about Program Sales Support	PS1, PS2, PS3, PS3a, PS4, PS5, PS6, PS7 and PS8
Information about Program Sales and Marketing Training	PT1, PT1a and PT2

Name of Interviewee: _____ Date: _____

Title: _____ Company: _____

Introduction

Good morning/afternoon/evening, my name is _____ and I am calling on behalf the California Investor Owned Utilities (*read list only if needed: Southern California Edison, Pacific Gas & Electric and the Sempra utilities – San Diego Gas & Electric and Southern California Gas Company*). We have identified [**INSERT NAME OF PROGRAM**] as a “best practices” program and I would like to ask you some questions to learn more about your program so that we might help the California utilities assist the builders that participate in their residential new construction program, the California Advance Homes Program (or CAHP), to increase home sales. Since your program has been particularly successful in supporting your participating builders in the sales and marketing of energy efficient homes, any information you can share with us would be very valuable. Thank you so much for taking this time to talk with us about your program and what makes it work so effectively. Your feedback is vital to our study and will help the California utilities develop a sales training module that identifies ways to better help builders market and sell homes built with best practice energy efficiency, green building and sustainability features.

Interviewee Information

I1. What is your current role at [NAME OF UTILITY]?

- 2) Record Verbatim
- 100) Refused

I2. How long have you been in this role? [PROMPT IF NECESSARY]

- 6) Less than one year

- 7) One to two years
- 8) Two to five years
- 9) More than five years
- 10) Other (Specify) _____
- 100) Refused

Program Information

PI1. When did the program begin?

- 1) Record Verbatim
- 88) Don't know
- 99) Refused

PI2. How many builders participate in the program?

- 1) Record Verbatim
- 88) Don't know
- 99) Refused

PI3. How many program homes have been built to date?

- 2) Record Verbatim
- 88) Don't know
- 99) Refused

PI4. Do you track sales of program homes? If so, how many program homes have been sold over the past 2 years (or during the current program cycle to date)?

- 1) Record Verbatim
- 88) Don't know
- 99) Refused

PI5. Is there a state or local energy code in effect in your service region? If yes, what code or codes?

- 1) Record Verbatim
- 88) Don't know
- 99) Refused

PI6. What are the key features of program home that make them more efficient than current energy code?

- 1) Record Verbatim
- 88) Don't know
- 99) Refused

PI7. Do you have any evidence that participating builders found that their energy efficient homes resulted in more satisfied buyers and fewer callbacks? If so, please discuss this.

- 1) Record Verbatim
- 89) Don't know
- 100) Refused

PI8. Does your program include any provisions for solar-ready or ENERGY STAR Renewable Energy Ready Home (RERH) specifications? If so, have you found that the renewable-ready option is appealing to home buyers or helps sell program homes? Please discuss this.

- 1)Record Verbatim
- 88)Don't know
- 99)Refused

PI9. Does your program include any provisions for Zero Net Energy homes? If so, have you found that the ZNE option is appealing to home buyers or helps sell program homes? Please discuss this.

- 1)Record Verbatim
- 88)Don't know
- 99)Refused

Program & Builder Marketing and Sales Strategies

PM1. *What strategies do your participating builders use to market program homes?*

- 1) Record Verbatim
- 88) Don't know
- 99) Refused

PM2. *In addition to energy cost savings, what other features do participating builders promote when marketing program homes? [If necessary probe for: improved indoor air quality, reducing greenhouse gas emissions and better comfort, help you promote your homes] How effective do you believe these features are in selling energy efficient homes?*

- 1) Record Verbatim
- 88) Don't know
- 99) Refused

PM3. *What kinds of marketing and promotional support does your program offer to participating builders? (If necessary probe for: website product advertising, co-op advertising, co-branding, use of the (utility company) logo in builder advertising, or participation in trade organization events) Of these, which are or would be most valuable to your program and/or participating builders (rank all)?*

	Yes	No	Rank
1) Website product advertising	_____	_____	_____
2) Co-op advertising	_____	_____	_____
3) Co-branding	_____	_____	_____
4) Logo applications	_____	_____	_____
5) Attendance at sales events and open houses	_____	_____	_____
6) Participation in trade organization events	_____	_____	_____
7) Other (specify) _____	_____	_____	_____

- 88) Don't know
- 99) Refused

PM3a. In addition to the activities mentioned above, what kinds of additional support would your builder community like to see you provide?

- 1) Record Verbatim
- 88) Don't know
- 99) Refused

PM4. Overall, how effective do you believe the marketing support services that you provide to your builders have been in helping them to promote energy efficient homes?

- 1) Record Verbatim
- 88) Don't know
- 99) Refused

I would now like to talk about how builders sell program homes as opposed to overall marketing.

PS1. What sales approaches or tools do your participating builders use to "close the deal?" [If necessary, offer the following examples: In home displays, sample homes with internal features displayed and infrared demonstrations for low-e windows]

- 1) Record Verbatim
- 88) Don't know
- 99) Refused

PS2. What kind of sales support do you provide to your builder community, such as participation in sales events and open houses?

- 1) Record Verbatim
- 88) Don't know
- 99) Refused

PS3. Do you currently provide any consumer educational videos/literature that describe the benefits of energy efficient homes to help your builders sell their homes? If so, do your builders use them and do they find them to be effective in helping them promote energy efficient home? Are you willing to share these materials if we provide you a FEDEX shipping label?

- 1) Yes
- 2) No

PS4. What is the biggest barrier to "closing the deal" on a program home?

- 1) Record Verbatim

- 88) Don't know
- 99) Refused

PS5. Which of the sales tools and/or approaches to you feel work best to overcome that barrier?

- 1) Record Verbatim
- 88) Don't know
- 99) Refused

PS6. Are there any sales tools and/or approaches you would add or that have been tried and rejected to overcome that barrier?

- 1) Record Verbatim
- 88) Don't know
- 99) Refused

PS7. In your experience, what are the most effective sales messages in encouraging homebuyers to say "yes" to a program home?

- 1) Record Verbatim
- 88) Don't Know
- 99) Refused

PS8. Can you tell us about the top selling builders in the program and a little bit about why they are so successful compared to some others?

- 1) Record Verbatim
- 88) Don't Know
- 99) Refused

Program Marketing and Sales Training and Other Support

PT 1. Does the program offer marketing and/or sales training to participating builders, builder sales staff or the real estate community? *If so, please describe.*

- 1) Record Verbatim
- 88) Don't know
- 99) Refused

PT 1a. [IF PT1 RESPONSE WAS "YES" READ; IF ANY OTHER RESPONSE, SKIP TO PT2] Do you have any metrics in place to gauge the success of these trainings? If so, could you please tell me more about them and how they function? And would you be willing to send examples of your evaluation forms and results?

- 1) Record Verbatim
- 88) Don't know
- 99) Refused

PT 2. Is there anything else the program offers to help participating builders sell homes? If so, please tell me a bit about each of those.

- 1) Record Verbatim
- 88) Don't know
- 99) Refused

Finish

FF1. *Those are all of the questions I have for you today. Is there anything else you would like to say about your program or anything else you believe would be helpful for selling program homes?*

- 2) Record Verbatim
- 89) Don't know
- 100) Refused

FF2. *It would be very helpful to this project if we could get any of the materials we discussed today, including things like training materials and marketing collateral pieces. Would you be willing to share those with us either electronically or in hard copy? We would be happy to send you a pre-paid envelope for any hard copy materials.*

- a) Yes
- b) No

FF3. *If I have other questions about your experience with this program, may I re-contact you?*

- c) Yes
- d) No

Thank you very much for taking the time to answer these questions. Have a great day

C.4 Non-California Builder Interview Instrument

Project Background (For the Interviewer Only)

Navigant is conducting in-depth interviews with builders that participate in nationally recognized programs in order to gather the broadest possible knowledge base for development of its recommendations for sales and market tools, selling strategies, and training approaches.

Interview Objectives	Relevant Questions
Information about the Builder Category	BC1, BC2 and BC3
Information about the Sales Strategies and Approaches along with Related Marketing Promoted by the Program	MS1, MS1a, MS1b, MS1c, MS1d, MS2, MS3, MS4, MS5 and MS6, MS7, MS8, MS9, MS10, MS11, MS12 and MS13
An Assessment of the Best Practices Program Support and Offerings	US1, US2, US3, US4, US5 and US6

Name of Interviewee: _____

Date: _____

Title: _____ Company: _____

Introduction

Expertise and Firmographics

EX1. *What is your current role at [NAME OF BUSINESS]?*

- 1) Business Owner
- 2) Marketing Manager
- 3) Sales Manager
- 4) Other (Specify) _____
- 99) Refused

EX2. *How long have you been in this role? [PROMPT IF NECESSARY]*

- 1) Less than one year
- 2) One to two years
- 3) Two to five years
- 4) More than five years
- 5) Other (Specify) _____
- 99) Refused

For the remainder of our time on the telephone, I will refer to the [INSERT THE NAME OF THE BEST PRACTICES PROGRAM HERE] as the "PROGRAM."

Inventory of Current Marketing and Sales Strategies

MS1. *What are the key features that you promote to market your Program homes? (Where possible, substitute "program" homes for the actual program or utility name.)*

- 1) Record Verbatim
- 88) Don't know
- 99) Refused

MS1a. *Do your Program homes include any solar-ready homes? If so, have you found that the renewable-ready option is appealing to home buyers or helps sell Program homes? Please discuss this.*

- 1) Record Verbatim
- 88) Don't know
- 99) Refused

MS1b. **[IF "Yes" to MS1a, ask the following; if "No" to MS1a, skip to MS2].** *What sales techniques or approaches have you found work well to sell solar-ready homes?.*

- 1) Record Verbatim
- 88) Don't know
- 99) Refused

MS1c. *Do your Program homes include any Zero Net Energy (or ZNE) homes? If so, have you found that the ZNE option is appealing to home buyers or helps sell Program homes? Please discuss this.*

- 1) Record Verbatim
- 88) Don't know
- 99) Refused

MS1d. **[IF “Yes” to MS1c, ask the following; if “No” to MS1c, skip to MS2].** What sales techniques or approaches have you found work well to sell Zero Net Energy homes?.

- 1)Record Verbatim
- 88)Don’t know
- 99)Refused

MS2. *What are the key features that you promote to market your non-Program homes, if you have any?(BASED ON BC4.)*

- 1) Respondent only builds program homes
- 2) Record Verbatim
- 88) Don’t know
- 99) Refused

MS3. *Based on your experience, how do the energy efficient components used to build your homes later help you promote the finished product to potential home buyers?*

- 1)Record Verbatim
- 88)Don’t know
- 99)Refused

MS4. *How do non-energy efficiency features and benefits of a Program home, such as improved indoor air quality, reducing greenhouse gas emissions and better comfort, help you promote your homes?*

- 1)Record Verbatim
- 88)Don’t know
- 99)Refused

MS5. *How do you close a deal on a Program home, as distinct from how you do close, or would close a non-Program homes you’ve sold?*

- 1)Record Verbatim
- 88)Don’t know
- 99)Refused

MS6. *What sales and marketing approaches or tools for promoting energy efficient features do you find most successful in closing the deal?[Examples – In home displays, sample homes with internal features displayed and infrared demonstrations for low-e windows]*

- 1)Record Verbatim
- 88)Don’t know
- 99)Refused

MS7. *Do you currently possess marketing and/or consumer educational videos/literature that you give to a prospective client? If so, are you willing to share these materials if we provide you a FEDEX shipping label?*

- 1)Record Verbatim
- 88)Don’t know
- 99)Refused

MS8. *In your experience, what is the biggest barrier to selling a Program home? [IF THE RESPONSE IS PRICE, ASK FOR ADDITIONAL BARRIERS.]*

- 1) Record Verbatim
- 88) Don't know
- 99) Refused

MS9. *What is the most common reason for a homebuyer to say "yes" to a Program home?*

- 1) Record Verbatim
- 88) Don't Know
- 99) Refused

MS10. *What is the most common reason for a homebuyer to say "no" to a Program home?*

- 1) Record Verbatim
- 88) Don't Know
- 99) Refused

MS11. *How do you support your sales representatives to get homebuyers to say "yes" and avoid saying "no?" Do you provide sales staff sales training and/or other sales support?*

- 1) Record Verbatim
- 88) Don't Know
- 99) Refused

MS12. *To what extent, if at all, does your state's energy code (or other influences such as increasing ENERGY STAR standards) influence your company's marketing and sales efforts for program homes?*

- 1) Influence [Record Verbatim]
- 2) No influence
- 88) Don't Know
- 99) Refused

MS12a. *How, if at all, is this different from your marketing of your Program homes prior to the code or standards influence?*

- 1) Different [Record Verbatim]
- 2) Not different
- 88) Don't Know
- 99) Refused

MS13. *To what extent, if any, do current Program homes compete in your housing market with "previously-owned" program homes that were built under a less stringent code? How do you deal with that from a sales point of view.*

- 1) Record Verbatim
- 88) Don't Know
- 99) Refused

Utility Support to Builders

US1. *What can you tell me about the sales assistance and support your utility currently offers? [IF RESPONSE IS "NO SUPPORT", MOVE TO QUESTION US3.]*

- 1) [RECORD RESPONSE]
- 2) No Support [Skip to US5]
- 88) Don't know
- 99) Refused

US2. *Do you take advantage of the previously discussed support from the utility?*

- 1) Yes
- 2) No [Skip to US5]
- 88) Don't know
- 99) Refused

US4. *What has been the most effective type of sales and marketing support from the utility?*

- 1) Most Effective [RECORD RESPONSE]
- 2) Only one type offered [RECORD RESPONSE, then Skip to US5]
- 88) Don't know
- 99) Refused

US4a. *What has been the least effective type of sales and marketing support from the utility?*

- 1) Record Verbatim
- 88) Don't Know
- 99) Refused

US5. *If you could ask your utility to provide you with any additional sales support of any type, what would you request? How could your utility be most helpful [other than by increasing rebates?]*

- 1) [RECORD RESPONSE]
- 88) Don't know
- 99) Refused

US6. *Does your utility offer promotional advertising, and/or if your utility does offer promotional advertising, such as, website product advertising, co-op advertising, co-branding, logo applications, attendance at sales events and open houses, participation in trade organization events, or sales training -- in which would you be more likely to participate? Which (do you find) would be most valuable to you (rank all)?*

	Yes	Rank
1) Website product advertising	_____	_____
2) Co-op advertising	_____	_____
3) Co-branding	_____	_____
4) Logo applications	_____	_____
5) Attendance at sales events and open houses	_____	_____
6) Sales training	_____	_____
7) Other _____	_____	_____

88)Don't know

99)Refused

Builder Category

BC1. When did your company begin building program homes? [If necessary, explain that "program homes" are those for which the local (best practice) utility is willing to offer an incentive]

1)Record Verbatim

88)Don't know

99)Refused

BC2. How many program homes has your company built to date?

1)Record Verbatim

88)Don't know

99)Refused

BC3. How many program homes has your company sold to date?

1)Record Verbatim

88)Don't know

99)Refused

BC4. Do you also build non-Program homes?

1) Record Verbatim

88) Don't know

99) Refused

Finish

FF1. Those are all of the questions I have for you today. Is there anything else you would like to say about the PROGRAM, your participation in it, or anything else you believe would be helpful for selling program homes?

1)Record Verbatim

88)Don't know

99)Refused

FF2. If I have other questions about your experience with this program, may I re-contact you?

c) Yes

d) No

Thank you very much for taking the time to answer these questions. Have a great day

C.5 *Focused Sales Staff Interviews Instrument*

Introduction and Phone Interview Purpose:

Welcome and thanks for talking with us today. We know you are busy, and we thank you for your time. You have been chosen for your direct background in selling new homes for builders. This interview is designed to provide our team from Navigant Consulting with feedback on recommendations we will be making to the state’s big utilities, including SCE, SCG, PG&E and SDG&E, related to the development of a *professional SALES TRAINING MODULE for builder sales agents.*

The training module will be designed to help builder sales agents use the energy efficient features of a home to sell more homes. The idea is that based on our recommendations, the statewide utilities will use this information to contract out with professional energy efficiency training development people to create a training package that can be used to help you and other sales staff with the training goal of “closing more deals.”

By way of specifics, our goal here today is to present you with the recommendations we have come up with and seek your feedback in five areas of interest.

The five areas that we want to cover in this interview include:

1. Approaches to Training Sales Professionals
2. Using/Translating Building Science Features into Sales Benefits
3. Scoping Out Prospective Buyers Related to Energy Efficiency – How to “read” them and what to say to help make the deal
4. Structure of the Sales Training
5. Open Discussion of What Works and Does Not Work for You

A. Approaches to Training Sales Professionals

For the first topic on training approaches, we are going to ask you your views on several ways that have been used by training development folks to create curriculum. What we are looking for here is your honest feedback on each of these approaches – especially in relationship to your own experience in what you might call either a really successful training approach or one that just did not work for you.

1. Which of the following learning delivery modes do you think would be most applicable for you and your colleagues for a sales training on using energy efficiency to help sell more homes?

- Lectures
- Readings of Case Studies and the Like
- Audi-visual like PowerPoints
- Demonstration of Techniques and Approaches
- Practice and Application in Problem Solving or Role Playing

2. What kind of trainings in the past have you found to be the most valuable for remembering the subject matter and applying it later in your job?

- Trainings were you had a really knowledgeable expert presenting the information and you taking notes and then studying and applying the information you would learned later on? That is, you listen well to the expert and absorb the information and then apply it later?

or

- Trainings were you had a facilitator who gives you the knowledge, but involves you in hands-on exercises in the process of learning to help you see how to apply the knowledge imparted?

3. Tell us about the training you have been in that you thought were great compared to those that were not. For example:

- The amount of information offered
- Time to practice
- Facilitators approach
- Feedback on practice exercises and other learning approaches

5. Please talk a bit about how you learn. Here are some examples:

- Aural learners tend to learn best by listening
- Visual learners tend to learn best by seeing

- Kinesthetic learner tend to learn best by moving

Based on these examples, when you think about the best sales trainings you have been to what made them best? What made the worst, the worst for you?

- The way the presenter spoke?
- Poster boards, PowerPoints or other visuals?
- Hands-on practice
- A combination of all three
- Other

6. Is there anything else on teaching approaches to builders' sales agents that we should know?

B. Translating "Building Science" Energy Efficiency Features into Selling Benefits

Question #1:

Do you currently use energy efficiency as one of the sales "levers" or "arrows" you have in your "quiver" to help you sell your builders homes?

- If so, how do you use the efficiency as a sales tool?
- If not, how come? What makes it a problem or a non-starter for you?

Question #2:

Builders who have been successful in using energy efficiency in their sales processes spend a lot of time focusing on training their staff in how to translate energy efficiency features into benefits.

Please speak to this and give us your experience in this area, if any?

If you do not have experience in using energy efficiency features translated into customer benefits, would you be interested in learning about what that might look like?

Question #3

Best practice builders train their folks to look at energy efficiency as something to use AFTER the buyers express interest in the house based on location, floor plan, price, counter tops, etc. The order of things seems to be:

1. Teach sales staff about the energy efficiency features in the home so that they can be somewhat knowledgeable about energy efficiency, but
2. Teach them how to translate those features into benefits that can be used to show the buyer that the home they are selling is BETTER THAN many of the options out there that the buyer has -- especially options related to resale homes.

What do you think about this idea? Can it work for you, do you think, and if so, would you be interested in training on this approach? If not, please also share your thoughts?

Question #4

We plan on recommending to the utilities that they develop a sales training module that helps builder sales people, in a simple way, understand technically what the nature of the energy efficiency features are that are in an ENERGY STAR or California Advanced Homes Program (CAHP); and then translate, as we just spoke about, those features into benefits that sales people can use to help close the deal.

Chief amongst these is the “monetization” of the financial benefits of living in an energy efficient home. One builder uses this approach with a focus on pointing out to buyers that the home will save the buyer up to \$30,000 over the life of the mortgage over a typical, non-energy efficient (usually resale) home. Others focus on monthly or annual bill savings.

Please share your thoughts on this approach of “selling” the monetized savings of an energy efficient home. Do you think that would help you in your sale of the house? If so, why? And If not, also why not?

Question #5

Key benefits beyond the likely dollar savings over a competing home also feature the notion that an energy efficient home is:

- A high (thermal) *comfort* home in all seasons
- Built to the *highest standards of quality in construction* that has been reviewed and checked by the builders at the plans check stage, the code officials, and many times and independent third-party energy raters
- *Durable* and will not need to be upgraded to future codes, as it already is a least 15% above-code energy efficient standards

- Able to *reduced* outside noise
- Superior to other homes in *lighting*
- *Indoor air quality* and *environmental safety*
- More likely to have *higher resale or rental value* than a competitor resale home
- Energy bill protection
- *Better Than* its competition for all the reasons above

Are these ideas that you have used yourself, or would be interested in learning more about how the energy efficiency in the homes you sell and some of the best practices for translating these into sales supports? Please share your thoughts.

Question #6

One last area where training might be beneficial relates to the use of Home Energy Rating System (HERS) scores to indicate that the energy efficient new home your builder has for sales is usually a cut above, in terms of HERs or other rating scores, the competition – usually a resale home.

Can you share your experience in using something like this? And if you have not used a rating to help show a positive comparison of your energy efficient home to another, does the idea seem like a good one that can bring you some benefits?

C. Understanding Your Buyers Related to Energy Efficiency – How to “Read” Them and What to Say to Help Make the Deal

We want to talk about what we have discovered in terms of approaches to buyers that if taught in an energy efficiency sales training might help in saying just the right thing at the right time to help make the deal.

Question # 1 – Women Buyers

First, we have researched and found out the fact that *single women* make up the largest part of the buying market for new homes and that surveys have found that even in couples, it is the *woman that makes most of the purchasing decisions*.

1) *First, can you tell us if that is your own experience, and then if it is, what kinds of things do you think women would care about in relation to some of the benefits we just spoke about in the previous section? As a reminder, some of the things we talked about where: a) monetizing savings; b) family environmental health and safety; c) comfort; d) durability e) quality A high (thermal) comfort home in all seasons; f) reduced noise; g) energy bill protection.*

Question # 2 – Typology of Buyers and What to Say to Them

So, we have talked with a lot of builders and builders sales folks and we know you as sales agents are taught to: a) “recognize” what type of buyer you have in front of you, b) confirm what your instinct is and, c) pitch the home’s benefits based on your “reading of the buyer.”

This is no difference in relationship to using energy efficiency as “Better Than” approach to telling your buyer that, for instance, (1) though the resale home floor plan looks as good as ours, and (2)

the price is around the same, and (3) the location of both works for your family, *“WE HAVE A FORTH REASON THAT MAKES OUR HOME PREFERABLE AND BETTER THAN THE OTHER(S) – AND THAT IS THAT THIS HOME HAS ALL THE BENEFITS OF BEING ENERGY EFFICIENT.”*

I want to ask a few questions about the typology list:

First, do you think having this knowledge would be valuable to you?

And second, would it be worth your spending some time in a training to do some role playing and other practice exercises in learning about how to apply these approaches.

ACTIVES	
<p>Key Characteristics:</p> <ul style="list-style-type: none"> • Somewhat more likely to be female • Most are aged 45-54 • Well-educated • High-income • Ethnically diverse (significant Hispanic population) • Have children living at home • Sustainability is big part of self-image • Highly sensitive to greenwashing • Respond best to themes of innovation and possibility • Health is a driving force: label readers • Will pay more for green 	<p>How to market to an Active:</p> <ul style="list-style-type: none"> • Emphasize brands that are authentically green, especially in categories where she has no brand loyalty • Use language that stresses the positive, not fear or concern • Tout health benefits • Tie the brand to greater cause, a bigger idea • Appeal to her personal identity • Reach her online and tie to social media community
SEEKERS	
<p>Key Characteristics:</p> <ul style="list-style-type: none"> • Equally likely to be male or female • Slightly younger than actives • Average education level • White collar and middle- to upper-income • Homeowners • Married with kids at home • Define green as energy efficient • Split on global warming • Pragmatic shoppers • Looking for green options in lower priced categories 	<p>How to market to a Seeker:</p> <ul style="list-style-type: none"> • Rely on known, trusted brand names to put her at ease • Align your brand with “good for the family” concepts • Avoid high-minded jargon and “keep it real” • Reach her through traditional media: TV, radio and magazines • Make sure your product is seen as equal to or better than conventional brands and available through retail outlets • Tout the reputation and values of your company as being about more than money
SKEPTICS	
<p>Key Characteristics:</p> <ul style="list-style-type: none"> • Oldest of the groups • Predominately male • Average education level • Income of \$100k or more • Feel no personal responsibility for changing to positively impact the environment • Most concerned about comfort and convenience; find comfort in tradition 	<p>How to market to a Skeptics:</p> <ul style="list-style-type: none"> • Emphasize traditional brands and lifestyle • Layer green concepts into existing brands, focusing on benefit to the buyer, not benefit to environment • Reinforce concepts of self-determination and individualism • Provide tools to help them demonstrate that they were right all along in their worldview • Show how your brand/product will make the Skeptic feel smart and powerful
INDIFFERENTS	
<p>Key Characteristics:</p> <ul style="list-style-type: none"> • Value personal accomplishment, power and profit • “Life is a game to be won or lost” • Self-directed, pragmatic individualists responsible for creating their own lives • Believe that tough lessons are part of the growth process: despise victimhood mentality • Chafe at outside restrictions and burdens that limit their potential to create wealth and success, no matter how limited their own prospects for upward mobility • Believe business exists simply to increase profits, not to serve any bigger cause 	<p>How to market to a Indifferents:</p> <ul style="list-style-type: none"> • Stick to established brands and treat green features as mere extras that add value • Offer a lower price on green products with the same of better performance than conventional alternatives • Include big box store options • Emphasize features that increase self-sufficiency • Use humor • Avoid facts and figures and other jargon that smacks of an ivory tower education

D. Structure of the Sales Training

In this section, we wish to talk about the structure of the recommendations for training we are thinking of proposing to PG&E and the other utilities.

In general we are looking at a variety of training approaches to meet several different goals. These goals are described below, and we would like to talk to you about your feedback on each. In particular we want to know your thoughts on each --- too much, too little, not enough, other.

I. The goals are designed to ensure that sales agents have an opportunity to:

1. Attend at least one full day of energy efficiency sales training a year to ensure that adequate time is made to:

a. Cover building science/energy efficiency issues and how to effectively translate these to “sales language” that can help make a deal

b. Cover different types of buyers and how best to approach each related to using energy efficiency to help make the deal

c. Provide time for lots of role playing and practice in understanding a) and b) above.

2. Attend at least one half-day refresher course in the middle of year – focused on basic building science concepts and translation to “sales speak” and a limited amount of practice in identifying buyers and what to say to them

3. Be able to receive short updates and information at sales meeting through half-hour to 45 minute presentations by utility staff, or others – with a focus on best practice techniques for helping sales staff who have not been to training, or need an occasional question answered to receive the ability to get that information

4. Take home a relatively short, 45 minute to an hour – DVD on selling energy efficient homes – techniques and best practice reminders and (perhaps) and exercise or two to jog the memory

5. Access short reminders and training modules online – which sales agents can use for self-training on selling energy efficient homes

II. For training recommendations 1, 2, 4, and 5, we will recommend certificates of achievement / completion -- with appropriate professional organization credit (e.g., CAR, NAR) be sought and given to attendees.

What credit giving authorities matter to you....or is the certificate enough?

E. “Rewards and “Benefits” of Attending the Training

1. Our research seems to show that providing Certification of some sort for those attending the session is a good idea as it allows agents credibility in this subject area related to selling and talking about energy efficient homes.

Please share your thoughts on this. Is it a good idea, or one that is not necessary to a successful training?

2. To help build confidence in the knowledge gained from the training and to carry that knowledge into day-to-day sales activities, it has been suggested that sales staff should leave the training with an “Energy Efficiency Sales Playbook” that is their own unique plan for how they will carry the training knowledge forward.

Can you please comment on this? Do you like the idea...or think it unnecessary?

F. Open Discussion of What Works and Does Not Work for You

Here we would simply like to open up the discussion to let you tell us a bit about what works best for you in a training situation and how our recommendations make sense or not. If we have covered everything already, then thank you for all, if not, we would like to hear your thoughts.

In either case, we thank you greatly for the time and effort you have spent with us. It will make help us making workable recommendations and a better product for that the Utilities offer for sales training to your industry.

Finish

Appendix D. Interview Summaries

D.1 Non-CA Program Managers

D.1.1 Program Manager, NEEA, Northwest ENERGY STAR Homes Program

- The Northwest ENERGY STAR Homes program is well-known in the region (good brand awareness) which makes the label itself is a good selling point. The label is used in websites, brochures, and yard signs. Every builder has different selling strategies that are unique to their business and the interviewee did not know of any sales specific techniques used by program builders.
- Builders rely on homeowner guides (brochures) to market their homes. These brochures help explain and emphasize the “better is better” marketing focus:
 - 3rd party verification (ENERGY STAR name/designation carries a lot of weight)
 - Comfort levels and “peace of mind”
 - A better built home is better for you (economically and “emotionally”)
- NEEA tries to get involved anyway they can to assist the builders to better market and sell the program homes. They supply the logo, co-branding, and co-op advertising through parade of homes events. They do not attend open house but may attend parade of homes events. The current NEEA program market campaign for this year is to highlight homes beyond ENERGY STAR so doing events and going to events that have these focuses really speaks to this message. NEEA also provides PSAs on the radio about the program and builder events.
- The number 1 sales barrier in the market is price. There are many existing homes on the market including many foreclosures and this takes away from the new construction market.
- Code changes do challenge builders because they are always more stringent than that last code change. However, in the past year, the NEEA program rebranded their program marketing message to help builders communicate the value of new code to consumers.
- NEEA held focus groups to gain information on what would be most influence on consumers. The results were clear that consumers need “comfort” and peace of mind with the home-buying process and this is the most impactful on the home-buying decision. A “homey” feeling, being healthy, and not having to worry about short term home repairs were all emphasized as major influence factors by consumers.
 - The heart of the Northwest ENERGY STAR Homes program is an emphasis on “better is better” and there is “better living through ENERGY STAR.”
 - NEEA has found that the technical specs of the home are important to know, but less influential in the home-buying process. Instead of focusing on the technical pieces, they focus on how these technical parts make consumers feel in the home. They have not emphasized cost savings or energy savings in marketing materials. They do mention the emerging technologies of the program in their radio ads because it sounds “beyond what is being done.”
- Currently, the program is not using a scoring code for the homes constructed. They want to find something that is regionally acceptable on the technical specifications that vary with the different state’s codes. NEEA is still trying to figure out how to “score” a home based on energy use, price, and other aspects that will be most beneficial for consumers and builders.

- NEEA provides training on the building science of the homes and how to sell this to customers to the verifiers that work directly with the builders. The verifiers work with the builders to help them better market the energy efficient building science and walk them through the certification process for the ENERGY STAR homes.

D.1.2 VP, Program Development, McGrann Associates

- McGrann does not participate in builder marketing but the interviewee did reference how the use of customer testimonials about the how great their program home is as a major tool used by builders to market the homes.
- McGrann Associates provides materials to builders to help them explain the different between an energy efficient home and a regular home. These materials include poster boards set up in the homes and brochures to help highlight and explain the benefits of home features that often “cannot be seen.”
 - They provide content for the builder websites that include instruction to click on utility link to find out more information about the program. The interviewee believes that most of the content they will provide to builders in the future will be online based materials. Just like with any other major purchase in their life, home buyers are doing research before they meet a builder or see a house. Consumers are trained to do research before they buy any product and energy efficiency needs to be included in the information that comes up when they do online research. The builders can position themselves to provide this information upfront when the customer is doing the initial research of home buyer
- Some builders within the program do not exploit the sales potential of the program. These builders do not market the home as being anything different from a standard built home.
 - However, there are builders who embrace the program message. They illustrate the benefits to a program home, such as the lower operating costs, a better built home, and third-party verification. The challenge for builder is how to sell a house with these features because they are often “intangible.” Sometimes there is skepticism among builders because they do not understand how to sell what cannot be seen and they do not know if the home will prove comfortable to the purchaser. To ensure the home is sold effectively, builders need to understand the benefits, show the customer these benefits, and receive training from the sales team on how to sell these benefits. If there is anything that can give them an edge and distinguish them from existing homes or standard new construction homes, it helps them sell. For example, a builder could explain to a customer about a HERS score and what it means for the home and what it means for the customer.
- McGrann Associates provide technical training on “how to meet utility requirements.” Currently, McGrann is working with Advanced Energy to take it the training to next level by creating a curriculum for sales personnel. McGrann also provides training for real estate and appraisal individuals. Customers often say that energy efficiency is important to them but if they do not hear the information when they are in the home, they often forget that they value it as a home priority.

D.1.3 Program Manager, Southern Maryland Energy Cooperative (SMECO) ENERGY STAR for New Homes Program

- Participating builders view EE/ENERGY STAR home designation as good way to differentiate themselves and their product – key in current economy (and also worked to retain builders in program without incentives during the ‘90s)
- Co-branding is seen as a key benefit – both ENERGY STAR and SMECO logos used as symbol of trustworthiness and both “carry a lot of weight” with buyers
- Builders use a variety of marketing and sales channels (print and electronic ads, brochures, window decals, yard signs), but interviewee also stressed importance of word of mouth – “if you build it right, they will come”
- Builders use the following messages to sell EE (in order of importance): 1) Lower cost of ownership; 2) Comfort levels; 3) 3rd party verification/validation (ENERGY STAR); 4) Environmental stewardship (*frequently used for resale/in listings by realtors*)
- SMECO uses third-party program implementer (which also provides the training and marketing & sales support). Interviewee was not completely tapped into what builders thought of current support offerings or might want
- Program provides building science and sales training, although interviewee noted that this was primarily for the smaller/regional builders, as the nationals provide their own
- Interviewee felt that as codes become increasingly stringent, program might help sell homes by “getting to the next level with renewables” (although currently EE programs may not offer incentives for renewables) and/or find ways to “step outside” home performance with sustainable features (which would also not be rebated – but would be a way to differentiate).

D.1.4 Program Managers (2), Arizona Public Service Company (APS) ENERGY STAR Homes Program

- APS is very focused on long-term relationship building. The program emphasizes working with and developing a relationship with program builders to retain them and to assist with recruiting new participants. Personal interaction with builders is critical.
 - “Targeting the bell cow” (i.e., get the leading builder on board and the others will follow) is key to building program participation and improving area building practices.
 - Make the market a “community” involving builders, trade allies, sales, utility program managers.
 - Relationship building is also key with contractors. Contractors provide ENERGY STAR “advocacy;” earns credibility.
- APS believes the program should help builders with code support. They need to figure out how to achieve code standards before the code is instated and absorb the incremental costs associated with the increased standards. This will help builders get ahead of the curve and in front of their competitors.
- APS provides examples and allow builders to create innovative selling practices. Some examples of good sales practices include: programs collaborate with builders to offer Silent Sales Signs and Builders use Deconstructed Model homes.
 - Key to sales and marketing messaging: Tie features of the program homes to key selling points: (e.g., comfort); Use the ENERGY STAR logo as validation

- APS provides suite of trainings – conducted both by third parties and by in-house staff. Program staff involvement (both as trainers and at third-party-provided classes) in trainings is important not only to builder knowledge retention, but also to building a bond with builders.
 - Critical for the trainings to be interactive – and trainers must be passionate about topic
 - Role playing to practice sales skills and make sales force more comfortable with selling points of ENERGY STAR homes

D.1.5 Account Manager, ICF (implementation contractor) and Program Manager, Public Service Company of New Mexico (PNM) ENERGY STAR Home program

- Builders want to differentiate themselves from other builders. They reference the lower monthly utility bills and indoor air quality of their homes. Then, another builder will find another angle to market but not “copy-cat.”
- PNM uses billboards, radio, and newspaper adds to market program homes. They co-brand with ENERGY STAR because there is a high brand trust with customers. Builders stay with program because they value the ENERGY STAR label.
- PNM is not going to continue the program because it is not cost-effective.

D.1.6 Program Manager, North Carolina Energy Efficiency Alliance (NCEEA)

- Progress Energy and the NCEEA work to build great relationships with builders to help answer questions and push them forward to meet codes and low HERS scores. There is consumer education available, but it is not enough so the utility and alliance help.
- The alliance is on the ground, educating and finding builders. The alliance had the funds to do marketing via banner ads, social media, billboards, and print media-magazines. In order to target the new home-buying market, they advertise in Elle Decor and other living magazines – not just in home improvement magazines. They have had to hold off on marketing – need money to get back to consistent flow of marketing.
- If the consumer wants it, they will give it to them. Therefore, the NCEEA softens the market so consumers “want” the high EE features and lower utility bills. Promote and market EE homes/process in hopes that consumer will ask their builder for that.
 - Comfort is the leader as a sales tool. Not so much the cost breakdown anymore. Buyers want whole home comfort. Durability is another sales point and the ENERGY STAR compliances validate this durability.
- NCEEA produces a story board for builders that include a walk-through tour of 15 plaques throughout the house that describes the equipment. This way the real estate person would have to work so hard. Looks a lot like ENERGY STAR products with North Carolina spin.
- Progress Energy contacted alliance to do ENERGY STAR training for builder collations. The alliance shows them the process of building a home and the value of the incentive and how to apply for it. Provide the education for the incentive program.
 - Training for home builders – some building science, enough to get builders thinking of whole house systems. Sales training – how to educate sales staff on ENERGY STAR. They use ENERGY STAR materials to focus on their training – ‘better is better’ focus. Get real estate people confident on the specs and give them resources to tag on energy benefits, as an appraisal addendum.
 - They show pictures of job site being framed, pictures of equipment – get builders to understand the process.

- NCEEA provides sales templates for their audience that shows what builders need to hear regarding building science and what to give to their sales team. Sales personnel need to speak to appraisers so they will know the process and “value” of the EE features and how to make adjustments to account for them.
- Training is a half day, 2-4 hours, “lunch and learns” – utility will sponsor the alliance to come and talk.
 - End of each training there’s an evaluation to fill out (encourage people to be candid). Sometimes they will do an iClicker “pop quiz” in the middle of the session. Lets you poll them throughout the process rather than at the end.

D.1.7 VP, Better Building Performance, Nevada ENERGY STAR Alliance

- During the sale of homes, builders focus on a whole homes approach and showing how systems connect. Some builders may have renewables but that is builder specific. Energy savings is in forefront. Selling the brand of ENERGY STAR – home comfort and indoor air quality are the focus.
- Builders have been dormant for a while – now trying to come back out into it and all programs are thinking about getting together and figuring out what to do to help everyone.
 - Trainings focused on home builders to help them sell. Builders even train each other
- The alliance strives to provide a consistent message platform and have been providing multimedia campaign for years. The message is always speaking to the value of the energy efficient homes and ENERGY STAR is the foundation.
 - Radio, print, billboard, TV, community outreach (public events), and Greenfest event (earth day) is used as an education event. Alliance does speaking engagements on the success of builders. Features their builders on the ENERGY STAR website. Use social media – Facebook, LinkedIn, and Twitter.
 - Used to do a shell home model tour, not so much anymore.
- The alliance believes in nurturing a relationship with real estate/appraisal staff to help them understand the benefits of ENERGY STAR. They also work with trade ally individuals so they understand and are onboard.
 - Appraisal cannot fit the actual sales price. Desire is still there to purchase, but the market is rough.
- All messaging is targeted to get builders to the websites and ENERGY STAR website. They use co-marketing, pool their funds into marketing campaign and then the advertisements carry their names into collective message.
 - Very strong PR strategies – everything they do, they made sure the builders know what was happening; made sure they would feature testimonials from the customers who bought from the various builders.
 - Marketing firms, title companies, utility, real estates, builders, etc. – everyone involved in homes process would get training and chance to collaborate.

D.2 *Non-California Builders*

D.2.1 **Marketing Manager, and Owner, New Tradition Homes**

- New Tradition Homes only builds ENERGY STAR qualified homes and therefore focuses their sales messages on the quality that ENERGY STAR brings to the construction of the home. They focus on building science messages that resonate easily with potential buyers, such as Tankless Water Heaters. Buyers are able to understand how this equipment works and can understand the benefits without much description.
- New Tradition Homes keeps their sales messages on target with the components from ENERGY STAR, but makes them applicable to their building practices and their region. They focus heavily on the “quality” of the home as it compares to a “used home.” The sales team believes that if a buyer has to make a choice between two home options, the features of the ENERGY STAR home will be a tipping point in their decision-making process. The main messages include:
 - Energy efficiency of the home.
 - Improved indoor air quality.
 - Improved air sealing.
 - Third-party verification from ENERGY STAR.
 - The “green responsibility” of a buyer and how the homes support this priority.
- New Tradition Homes has incorporated the main sales messages into a “dare to compare” checklist gives an itemized list to potential buyers that shows the features their homes have as compared to homes built just to code. The reverse side of the checklist allows potential buyers to rate other homes they visit based on the features available in that home and then directly compare that to what a New Tradition Home offers.
 - The use of “silent sellers” is important to New Tradition Homes because they are good reminders for the sales people to speak about the different energy efficient features of the home. To get the energy efficient features conversation started, they have shown buyers a mock-up wall that displays the insulation and air sealing in the home.
- Do at least one big training a year and they bring in a third-party trainer. Training focuses on:
 - Personality types. Best sales people know how to adapt to the buyer.
 - Train a lot on the technical side so the agents are knowledgeable.
 - Do role playing to explain building science and know how to speak about it to buyers and answer potential questions.
 - Challenge in the last five years – have not had the resources to put towards training. Now, with the market resurgence, they are focusing less on price and more on “future.”
 - Train sales folks and then check-in once a month (not formal, part of a meeting). Could be more training – areas where they are lacking is with a comprehensive training for new folks.
- New training comes up when there is something “new” such as new building science.
- Educating the appraisers and the real estate people would be an immediate benefit to selling ENERGY STAR homes.
- New Tradition Homes does radio, print, and online advertisements. They put logos on everything and reference energy efficiency, indoor air quality and how energy efficiency relates to savings (utility) and cost savings on home.

D.2.2 VP Environmental Affairs, Meritage Homes

- Meritage’s sales techniques focus on how energy efficiency and sustainability augments people’s lives by adding comfort and value as opposed to imposing a scarcity model, which focuses on sacrifice of comfort. One way they do this is by converting building science information into valued features and benefits that the customer can understand. For example, instead of speaking to the HVAC features in the home, a sales representative will talk about the overall improved health benefits to the air quality in the home.
 - Meritage uses collateral, signage, etc., but feels there is real value in the deconstructed homes/learning centers – really important as an experiential tool to show/validate there is something new, better, different.
- Meritage sales staff uses a “42 sentences” approach to selling the home and its overall features. This technique says that you only need to spend a maximum of 42 sentences speaking to a person on certain sales topics to get the point across without wearing them down. This approach begins with an assessment of the buyer’s typology, as this will give direction to the 42 sentences used to sell the product.
- Meritage believes that people will choose the “better than” option and energy efficient and sustainable homes create the market opportunity to include the “better than option” and allows for the differentiation between better and standard homes.
- Sale Training:
 - Meritage requires sales force training that includes both building science and sales training (how to sell the building science). The building science component is intended more to increase the confidence and “posture” if the sales force, than to really teach them the technology. They then work really hard to train on the “emotional sell” – how to translate technology to how people can live better
 - Use a lot of role playing
 - Key to recognize the need to learn and change as the market changes. They are building something never before built, and so need to learn how to adapt and sell. Key to this is for leaders and trainers to listen to lessons from the field and incorporate them into trainings/sales approach
 - Tiered training based on performance (Silver; Gold; Platinum - better with better performance)
- Marketing
 - Interviewee would spend “\$10 on consumer education before \$10 on builder education.” Moreover, realtor education might be the real place to focus attention to get consumer educated.

D.2.3 Director of Purchasing, Southern California and Southern Nevada, Pulte Homes

- Pulte uses HERS scoring and energy savings values as a starting point for speaking to the energy efficiency features of the home. They find HERS scores are easily understood by potential buyers and are as comprehensible as MPG for cars. The sales representatives use the HERS score as a starting point for discussing the benefits related to comfort, durability, and energy costs and savings.
- The Pulte sales force is well-trained at explaining how the home will perform better compared to a resale home. They have to highlight any features that show the differentiation between their homes and any other new construction home in order to stay competitive in the market.

- “QCC Rooms” (quality display)/“show and tell”; Silent signs/placards throughout house
- Sale Training:
 - Multi-pronged training approach: Regular sales meetings, + online “on-demand” training modules with quizzes (sales managers check-in on completion and scores) + in-person trainings including role playing
 - Regular series of follow-up trainings is key
 - Sales force is trained on HERS score and what it means – and on how to relate it to what is important to the buyer. Role playing is used a lot to train
- The best customer is the one who walks in asking for energy efficiency. There needs to be consumer education. The interviewee feels that ENERGY STAR is the only consumer-valued brand.

D.2.4 Regional Director of Purchasing, Southern California, San Diego, Arizona and Florida, Shea Homes Interview Summary

- Shea uses market research firms to inform them about the consumer market and customer typologies within the market. They use this information to hone their sales techniques to the most prominent consumer markets.
- Selling focuses around how the homes compare to code: a combination of code plus better than code.
- Sales training is required and is a regimented process. Sale staff receives training several months prior to being on the sales floor. Once on sales floor, Shea uses “mystery shoppers” to ensure sales performance and follow-up with coaching if it is discovered that a sales person is not selling correctly. They use regular sales meetings to reinforce techniques and answer questions from field.
- Shea uses silent selling signs in model homes and they are specific by division. They provide brochures and “Show & Tell home” – converted garage (required for Shea Zero Homes).

D.3 CAHP Program Managers

D.3.1 SCE Program Staff

- SCE program staff believes that there could be value in consumer marketing of the CAHP brand. They rebranded the program in 2010. There have been many names, but now they have a brand and logo so it could turn to a “seal of approval.” A barrier to get the program accepted and builders to go along with it - the builders are not able to reap the saving related to CAHP participation—as they seem to not have a good idea how to market it.
- Staff will often go to model homes and talk to sales staff about the program homes and they find that the builder’s sales staff seem not to have a good grasp of the benefits of the energy efficiency features in the home.
 - They have differentiation / differentiator, and the question is “Why don’t they use it?”
 - At small startup builders – the marketing and sales people want the information (they want it, they need it, but they, too, just do not know how to use the features to make the sale).
- In terms of the utility providing energy savings calculations on the home: the utility can do it if it is a model home and typical usage in that zip code. This is possible as long as it is kept very general.
- The California Energy Commission (CEC) is trying to push the HERS. Builders are doing “Build It Green” and some are 100% ENERGY STAR (builder personal choice to use a rating system or brand). There seems to be a perception that ENERGY STAR is hard to qualify for, but builders just need to be educated from utility staff point of view.
- The Energy Resource Centers are open to the public. So, the CAHP program staff tend to go to builders place to do training and use this as a relationship building tool. Participating builders often will pick up the phone and call SCE staff to answer questions; so another CAHP perk will be that the utility will train builders’ sales/marketing staff.
- Early thoughts:
 - Give training to SCE staff and then they figure out how to incorporate the resource centers.
 - As the market gets better, the builders will be hiring back some more “solid” sales staff.
 - SCE recognizes the need to train both builder staff and real estate staff.
 - For builders to perceive a benefit from training, it has to be regionally specific (not a national training plan).
- An idea for training structure: annual training partnered with the greater marketing council. Class provided and builders send who needs to be trained. Then, program staff will offer to come out to do little trainings in-between the big trainings. It would be good if SCE staff could leave behind a DVD and/or give to builders -- with focused training for sales person.
 - Use account executives (train them) and then work with builder to figure out what works for them

D.3.2 SCG Program Staff

- From a utility perspective, enrollment is not an issue as the program is highly subscribed. But how can the utility be more effective at putting incentives in the right place? How do you enroll quality participants in the program?

- If there is a market for green (the consumers want it), then builders can differentiate themselves easier.
 - Cost savings is the most impactful selling point for uneducated buyers. Direct link to savings and showing that savings over time. Energy star is “nice” but not what utility sees as most important.
 - Ratings are good at the time of inspection. Increase the cost of appraisal price – how do you implement it that is good for everyone.
- Utility does not even brand the program to builders, let alone consumers. They refer to it based on its features.
 - Perhaps build a ZNE brand rather than a CAHP brand.
 - They have a small media budget in a very expensive media market – not a lot of consumer softening that could happen.
- It is still the standard features of the home (granite countertops, etc.), not the energy efficiency features that matter.
- Most builders do not have in-house sales team, they have outside sales agents. If the sales agents are from the temp agency and are roaming from one city to another, then it is hard to educate them on different features.
 - Training the transient sales team will be a good way to go. BIA offers some training for sales so they could have BIA co-sponsor.
 - Builders want to be special. KB wants to be different from Meritage so they will want to put their own spin on it. If it is cookie cutter and free from utility, will they want it?
- An idea for training structure: make it available to everyone (packet of material that they can use), a certificate of completion (added bonus), when it is updated, program sends a reminder. Once a year, have the resources to do presentation/training.

D.3.3 PG&E Program Staff

- Program staff does not do any marketing. The program is over-subscribed, so providing training and other quality benefits to participating builders is a good idea. Quality sales training provides a potential to help builders.
- As code comes in 2014, the utility have need to sign people up – but best practices have showed that people stay in program and want to be in program to get benefits.
- The CAHP brand is not known to builders/buyers. Need to figure out how to use and train this. People know ENERGY STAR but not CAHP.
 - Buyers (and builders) should want CAHP because it is the same as ENERGY STAR and they already want ENERGY STAR. However, they do not know about it so they do not seek it out.
 - Goal: CAHP would have the same reaction as ENERGY STAR. Build brand to resonate with builders. If the builders are proud to be a CAHP builder, that will spill into consumer market and that brand will grow in awareness.
- Program staff wants builders to see value in participating because it helps them to sell.
 - Goal: to improve the program for participating builders. The team would like builders who are actively involved rather than just wanting the incentive.
 - PGE provides training to anyone in the general market on new code and building science. HMG, the PG&E delivery contractor, provides training around the program for participants and those thinking about becoming to participants – includes information on how to sign-up and building science. This training occurs once every 3 months.

D.3.4 SDG&E Program Staff

- It is going to cost money to educate the market with mass media. Instead, go after builders to show the builders the benefits of program participation. Buyers will not know anything unless the utility co-brand with builders.
- Program staff has not been involved with builders and have not helped them on the selling homes side of things.
- Not so much a point getting the program name into buyer awareness but use HERS and ENERGY STAR with buyers. Use program name for builders. Utility cannot do ANY co-branding with builders.
- Use HERS scores as a marketing tool and increase brand awareness. Currently, builders are using HERS scores here and there, more than title 24 or specific energy savings. HERS is easier for buyers to understand.
- Sales themes focusing on “higher quality” and “beating the energy code.” Buyers will have lower utility bill. Focus on cost savings and energy.
- They have an energy center where anyone can come learn about building science. They do energy modeling, HERS training, etc. Nevertheless, the program does not do direct builder training.
 - Have a “home of the future” to show the building science of the home (for buyers too).
 - Industry sponsorship with BIA – talk about program and things they are doing (with builders, key builders).
 - Who delivers the training: account executives and program staff would be happy to provide follow-up sales training to builders. Then, account executives would check up on the project every couple of months, because that is their normal routine.

D.4 California Builders

D.4.1 VP of Sales, Southern CA and Southern NV, Pulte Homes

- Pulte provides general sales training (selling process, home-buying process), and then do specific training on energy efficiency (product knowledge).
 - As part of training, figure out how to uncover the customer’s desire for features, especially energy efficient features
 - Train on how to educate the appraisers on how to account for energy efficient features
 - Need to know exactly what to say to each person (right questions to ask the customers to know what their desires are). Training includes all steps: bring up energy features at all points in the sales process.
- Only use temp sellers to cover sick time/vacations because selling is more effective with full time staff (builder staff)
- Appraiser training from the utilities would be very beneficial. All about the education – once they spend time with appraiser and show them the benefits and features of energy efficiency. Every time a new lender comes in and does not know about it, they have to educate them. Get to the point where they can say “here are the features in the home” and appraiser would know what that means.

D.4.2 VP for On-site Purchasing, KB Homes

- KB uses an EPG score – shows people in a chart how much they will save in energy as compared to a non-ENERGY STAR home. With the EPG tag and the ENERGY STAR tag, the homes are easy to sell. They offer estimates on monthly energy savings but have disclaimer about “don’t abuse energy”
 - Put it on website, have it in sales office.
 - Have a contest that says “bring us your monthly bill” and whoever has the smallest number gets a prize. Then they can keep the bill and show potential buyers actual savings numbers.
 - They have a video on loop in the model home that describes the energy efficiency of the home and one that talks about solar.
 - Use EPG a LOT to show customers that the home is EE.
- Break it down and tell them about the building science in the home. Home owner gets a customized look at the construction of their home as the home comes together.
- They talk about the comfort they will have and the savings in energy. Insulation will keep out noise/savings from utility bills.
- It is hard to meet the code, but they do not consider it a barrier – just consider it part of the task.
- Competing against the cost of foreclosures. However, KB shows prospective buyers the “hidden costs” of home ownership and that you may pay less to start, but will pay more over time. A CAHP home will save you money.
- Selling training cannot happen in one training session so it needs to happen more. KB wants more training from utility – once a quarter would be a good. No more than half a day for a twice year training. KB likes the idea of an online refresher or a DVD.

D.4.3 VP Environmental Affairs, Meritage Homes (California specific)

- Based on Meritage experience in California, the interviewee feels that because it is a progressive state and code, the average consumer believes that the code is the best that can be done and so they do not differentiate or look for the “better than” options that go beyond-code.
 - The utilities need to position ENERGY STAR/CAHP as the “better than” option. Interviewee feels that ENERGY STAR has a lot of power and consumer penetration; and that for many/most the “little blue label” = “this functions better.” Other labels/brands are too amorphous to matter to buyers.

D.4.4 Regional Director of Purchasing, Southern California, San Diego, Arizona and Florida, Shea Homes (California specific)

- California has made itself so different it is hard for consumers to understand (especially for those moving from out of state).
- They do not see very much impetus to go above and beyond-code for energy efficiency.

D.4.5 Project Manager, Brookfield Homes (Los Angeles area)

- Interviewee believes all builders are essentially doing the same thing and it is hard to differentiate yourself from other builders.
 - Solar is tangible to a buyer that will set you apart from other community.
 - Only 1% of buyers will understand ratings so they will know what it means, but for the rest it does not matter.
 - Tried to market the dollar savings for energy, but it is so personal per person use. Buyers really just looking at overall price. Do not market their homes as a “program home.” Brookfield does not differentiate between program and non-program homes.
- Usually only once the purchase is made do they educate the buyer on the energy efficient features and how to “use the home.” They do not speak to perspective buyers about energy efficient features.
 - Sell on the material points only, granite counter tops and \$10,000 incentive. The energy efficient features are “nice to know” but not told as a selling point.
- Sales staff will size up the buyer with introduction questions, and then they will classify what they are interested in.
 - They could qualify the buyer into their level of energy understanding.
 - Educate the buyer on what is “better” but they often do not get to that point because of the nature of the selling. If people wanted the features, then the builder will sell on them.
 - Everyone would want training to know what information they can use for selling points. They cannot realize the efficiencies in the price (appraisal issue).

D.5 Subject Matter Experts

D.5.1 Program Manager, Energy Centers , PG&E

- Charles provided general background discussion of history and status of RNC training and approaches in California, including discussions of code issues and rating systems

D.5.2 Technical Specialist, Codes & Standards Program, PG&E

- Currently managing a California builder’s needs assessment for energy efficiency in residential market
- Recommends doing pre- and post-testing to gauge effects of training
- Noted 1999 RNC builder training sponsored by PG&E and recommended discussion with Lisa McLain Instructional Design Consulting

D.5.3 Executive Director and Staff Lead - Building Industries Association of San Diego (BIASD)

- Include in training – how do you differentiate between Energy efficiency, new code homes and the existing buildings, which are the major new home competition
 - Teach how to use a rating system to show the difference between EE home and existing, “just code” home
 - With increase in code and net zero, the more the WHOLE industry is involved in the home selling/building process, the better

D.5.4 Residential Program Manager - DOE

- DOE is actively engaged in new initiatives related to advanced home; supporting the Passive Home standard and its own DOE Challenge Home program. These programs include environmental savings and are seen as the “next step” in new home construction for environmental and energy savings.
- DOE has worked with NEEA and its own marketing firms to identify key marketing approaches that will help sell energy efficiency homes. Energy efficiency is only one of those approaches, which include: comfort, durability, safety, advanced related to future codes and other important such benefits.
- DOE is working with California program participants and hopes to expand its efforts there.

D.5.5 Program Manager, EPA ENERGY STAR

- The interviewee spoke about the history of ENERGY STAR in California related to the ENERGY STAR brand:
 - Always important for ENERGY STAR to have presence in California, however confusion has existed on branding ENERGY STAR and state sponsored RNC programs
- ENERGY STAR is working with IOUs, CPUC and CEC to try and re-engage the California builders
 - In CAHP, meeting ENERGY STAR requirements earns additional incentives
 - ENERGY STAR believes that consumer-facing marketing in California and ENERGY STAR branding might be confusing and would like to see more of an ENERGY STAR brand presence in California

- Provided key contacts and information about current non-California “Best Practice” ENERGY STAR programs

D.5.6 Executive Director and Staff Lead - EEBA

- Most homebuyers are not as interested or will not be swayed by the technical details of sustainable features – however builders/sellers need to have a strong foundation about the building science in order to feel confident selling these features and to feel that they are worth the investment (both for builder and buyer)
- While building science is taught in the EEBA’s Selling High-Performance Homes session, what is stressed is how to communicate the value of the features in a way that resonates with buyer. It is felt that most technical features are over the heads of buyers. Take the technical aspects out and focus on benefits. Trainings map technology/technical features to benefits/value for buyer
- Safety, comfort and durability are stressed as what “sticks” with the buyer (rather than the technology that provides them)
- Building Science training must be combined with more “general” sales training in order to provide the full quiver of sales arrows for builders
- Unique and effective element of EEBA sales training:
 - Manufacturer national education reps are present at trainings in interactive format with participants
 - Attendees walk away with a plan, and the knowledge and tools to sell homes (this also adds to the “calming” effect of the trainings that also comes from reducing anxiety about meeting increasingly stringent codes)
- EEBA’s training courses may be suitable for use by California IOUs, with some modifications to account for California codes and climates.

D.5.7 Owner - McLain Instructional Design Consulting

- A major challenge is how to convey the information, in a comprehensible (rather than comprehensive) way.
 - How to prove efficiency and what the impact would be to energy savings AND how to pitch it – how to get people excited about it.
- Trainings have been effective in the past because they incorporated Adult Learning: metrics to gauge understanding and role playing exercises.
- At the beginning of training development, one needs to do a high-level job task assessment relative to the higher goals of the training. What do people need to do to be successful on the job?
 - Interview the Best Practice successful people
 - Interview SME to hear what people would need to be successful in the market
 - What are the things people will be able to do after the training? How do we get there?- Blueprint that outlines the support for the objectives and the steps to get there.
- The general “sales process” for any product: find leads, engage the leads around the product, then figure out what the prospect wants from the product, then focus on what they want and sell to that, answer questions, then make sale.
 - Any sales training would need to be designed with real estate “sales process” in mind.
 - Sale training needs to: convey information, apply the information in role playing/team brainstorming (if the features are vastly different between houses, how would you match these houses to these prospects) (how would you highlight the top three features to the prospects based on their needs/desires).

- A good training framework: Pre-work that conveys info online (building science and demographic groups) (levels the playing field), and then bring them into a classroom and do quick review of online material, then you apply the info in the classroom (presentation, role playing). Face-to-face is interactive and what you do with the pre-work information “in the field.”
 - Periodic refreshers depend on the training objectives. Maybe refreshers have the live facilitators?
 - Real estate people need to have face-to-face training as the nature of selling houses is very face-to-face
- An effective sales training module will educate people on how to convey information about the product and understand the people buying the product.
- Need time to practice the intellectual skills AND how this plays out in the real world. This works best in a classroom. Only time used online would be if it were not logistically feasible to get everyone in the room.

D.6 Focused Sales Staff Interviews

D.6.1 Sales Agent, Pardee Construction Company (SDG&E Territory)

Key Findings

- There is more value in putting lessons learned in training directly into practice with customers rather than role playing scenarios in a classroom. The pre-scripted scenarios that are performed in the classroom don't allow the sales agent to understand the true sense of the market and how the techniques are put into practice with customers.
- A training is most successful when a trainer is knowledgeable and engaging with the building science concepts and allowed for participants to ask lots of questions about the building science. Sales agents gain knowledge from trainers who present the information as a set of tools that can be used to address the desires of different buyer.
- Having more data about energy efficiency would help the sales process, so trainings that encourage the use of a standardized home rating system and technical knowledge of energy efficiency are the most beneficial to sales agents.
- Trainings that include home buyer typologies must be cautious, as some sales agents may only look at a typology summary and use it without first understanding how to approach and understand buyers based on their individual desires.
- Sales trainings should have quick bursts of information, focus on building science features, and carry a momentum that encourages sales agents to get excited about the material and want to learn more.

1. Approaches to Training Sales Professionals

Interviewee understands that every person has their own way of absorbing knowledge and will take away different focuses from the training, so all types of approaches will work in a training session. Interviewee did express that he appreciates PowerPoint presentations that help describe the information in the training and are available to reference later at his leisure. In addition, having demonstrations of techniques and approaches to sales is very helpful. However, Interviewee feels that role playing has a low value in training because it is conducted with other sales agents and does not address the types of "in the field" customer questions. The pre-scripted scenarios that are performed in the classroom do not allow the sales agent to understand the true sense of the market and how the techniques are put into practice with customers. He sees a greater value in putting lessons learned in training directly into practice with customers rather than role playing scenarios in a classroom.

The most beneficial trainings have been ones where Interviewee had a really knowledgeable expert presenting the information and he took notes and then studied and applied the information he learned later on. He wants to know as much about the building science as possible so he can speak confidently about the features and incorporate them into his own sales methods. Interviewee found that participants in building science training benefited from being able to talk about the features and ask many questions as this knowledge sharing and practice increased his confidence. He gained the most knowledge from trainers who presented the information as a set of tools that can be used to address the desires of different buyers. Therefore, the instructor shows the sales agents the tools to sell and then asks the question "if a customer shows these characteristics, what type of person would this be and how should you talk to them?" Then, the sales agent would have to think through the sales

process and how to incorporate the energy efficiency features into their dialogue with the potential buyer based on that buyer's preferences.

2. Using/Translating Building Science Features into Sales Benefits

Pardee Homes currently incorporates speaking about the energy efficiency features of the home to the potential buyer. They speak about the features that are present and also why the features may be missing, for example the condominium may be too small for certain efficiency measures and therefore they were not added during construction. Interviewee would like more knowledge about energy scoring and energy ratings. If he had more hard data to present during a sales pitch, he would feel more confident.

The builder has meetings where supplier will come in and go over the energy efficient technology with the sales staff. Interviewee believes that technical knowledge goes hand-in-hand with the understanding and translating the benefits to customers. When Interviewee can see the benefits in the technology because he understands the specifications, this makes him more excited and passionate which makes it easier to sell. He gets confidence in his sales skills with the more knowledge he gains about the technology.

3. Scoping Out Prospective Buyers Related to Energy Efficiency – How to “Read” Them and What to Say to Help Make the Deal

Interviewee's first reaction to the typology list was one of caution. He felt the list was too limited and did not allow for those who may have traits in all four categories. He thought some sales agents might see this and use it without first understanding how to approach and understand buyers based on their individual desires. Interviewee's approach to sales is one that focuses on how people live. He asks a few personal questions to understand how they live their life and how certain home features play into these habits. He believes training should focus on general sales knowledge that teaches sales agents to connect with the buyer on a human level and the incorporate the energy efficiency sales points accordingly. Interviewee suggested that instead of using a typology list, someone develops a list of the features and how they would apply to various homebuyer desires. This would focus buyer concerns and desires to technologies rather than people to typologies.

Pardee Homes already focuses their marketing and sales approaches to target woman as they have found that woman are the leader in home-buying decisions. Women understand the big picture more than men do, but every person is different so sales agents need to play off the potential buyer's values and what they want in a home. If a sales agent can teach buyers why the features are there, then the buyer will care and want those features.

4. Structure of the Sales Training

Interviewee stressed that trainings often take longer than they should to fill the time they are allotted. He feels that many of the full-day trainings he has taken could have been condensed into a few hours. If trainings drag on, they lose people's interest. Therefore, Interviewee suggested that the sales trainings should have quick bursts of information, focus on building science features, and carry a momentum that encourages sales agents to get excited about the material and want to learn more. In short, sales training should be interesting, educational and create value in a condensed format.

Sales agents respond positively to a trainer that relates to them rather than dictates to them, so more opportunities for discussion and practice rather than lecture will lead to a successful training. Steven

suggested sending a monthly check-in email to training participants that asks them if they have questions about what they learned and also gives tips and new information on the training topics. This will encourage dialogue between sales agents and utility staff. The emails could include content that could either be used to refresh sales staff on lessons learned or be given to potential customers to help them understand the building science.

5. Open Discussion of What Works and Does Not Work for You

Interviewee is not a fan of social media and would not use it for marketing the homes sold by the builder.

D.6.2 Owners / Purchasing Lead, DeYoung Properties (PG&E Territory) (with Pre-Interview Feedback from Sales Staff on Questions Posed)

Key Findings:

- There should be multiple tracks to the sales training, one for managers and one for sales agents. In the manager training, participants research and learn about the building science specifically and then learn how to filter the information and present it effectively to the sales agents. The sales agent training focuses on the practice and application of the building science into sales situations through role playing.
- Sales agents start with communicating the monetary savings, such as monthly savings from utility bills. Then, the sales agents then turn to communicating the benefits of the energy efficient features of the home and how it will increase comfort and provide a healthy and durable home for the customer.
- The main goal during the sales process is to “mirror” the customer and to speak to them in a way that reflects how they are speaking to the sales agent. Therefore, the sales training offered should focus more on understanding building science and how to integrate it into already existing general sales knowledge and procedures.

1. Approaches to Training Sales Professionals

Interviewees both agreed that the best trainer is one that gives the participants the knowledge on building science, but also involves the participants in hands-on exercises during the learning process to help them understand how to apply the building science knowledge in sales situations.

Understanding the building science is most important to the sales agents, as they want to know as much as possible so they can speak to customers with confidence. The interviewees noted that the most successful trainings focused on understanding the concepts and then spending about a third of the training on practicing the concepts through role playing and scripted exercises. They also noted that trainers should be very clear about what they are teaching and how they will present the concepts. Having an unclear purpose to the training is not beneficial to the sales agents. To ensure the training purpose is clear, participants should receive a copy of the PowerPoint that they can print out and take notes on during the presentation. In addition, the interviewees noted the importance of having the purchasing side and the sales side be integrated into the training so they know how to speak to each other about the building science concepts.

The interviewees have been involved in two different tracks of training. Paula has participated in manager training, where she has researched and learned about the building science and then learned how to filter the information and present it effectively to her sales agents. Brandon has participated in sales agent training which focused on the practice and application of the building science into sales situations through role playing. This practice and role playing allows them to learn the new material

and gain confidence to use it in the field. For future trainings, the interviewees suggested that it may be a good idea to have a sales “manager” training and separate sales “team” training. The manager needs to be trained on how to train and relay information to the sales team. The managers would learn how to keep the training fresh, how to keep the team motivated, and how to show the sales team all the information they would need to know to speak about the concepts with confidence. The sales team would learn how to take the concepts and speak effectively to customers and how to keep customers motivated during the sales process.

2. Using/Translating Building Science Features into Sales Benefits

The interviewees have integrated building science terminology into their sales technique. When meeting with a customer, the sales agents will introduce the energy efficient technologies by starting with building science terminology. That way, customers know that the sales agents are knowledgeable about the technology. Then, the sales agents will begin to use language that the customer will understand and relate to, such as visuals of the technology on iPads or using examples of the technology and its benefits that the customer can relate to. The sales agent will not move on to next building science concept until they feel that the customer completely understands it. Customers are always looking to lower their cost, so incorporating energy efficiency into that objective is a strong sales point. Regarding potential energy savings from the home, the sales staff does not talk about how customers will save over 30 years. Instead, they talk about monthly savings from utility bills. They show monthly payments from other customers and have a chart of monthly energy usage based on energy modeling for the floor plan offered in a community. The interviewees stressed the importance to make it clear to customers that these values are based on estimates and a home owner should not abuse energy in their home just because the home is deemed more efficient. The builder has not used HERS scores as a sales tool. They speak about how the homes exceed current code by 40% but using HERS scores has not been of value. They note that there are two scales of HERS, a national scale and a California scale, and to differentiate this to a customer would not provide any sales benefit.

Jumping off from the monetary focus, the sales agents then turn to communicating the benefits of the energy efficient features of the home and how it will increase comfort and provide a healthy and durable home for the customer. The interviewees acknowledge that in home sales you have to get past the discussion of floor plan and location before you can begin to speak about the energy efficient features of the home.

3. Scoping Out Prospective Buyers Related to Energy Efficiency – How to “Read” Them and What to Say to Help Make the Deal

DeYoung’s main sales demographic are couples, but the women of those couples are making most of the purchasing decisions during the home-buying process. The sales agents acknowledge that women want comfort and durability from the home and men want the financial information. The main goal during the sales process is to “mirror” the customer and to speak to them in a way that reflects how they are speaking to the sales agent. This is where typologies come in handy because they allow sales agents to gauge a potential customer and practice how to speak with them. The interviewees suggested that the sales training offered should focus more on understanding building science and how to integrate it into already existing general sales knowledge and procedures. Both expressed congruence with the sales typology table that they were given showing buyer types and proposed responses for each.

4. Structure of the Sales Training

The interviewees were very intrigued at the potential to gain certification by participating in the training. They feel it would resonate well with potential customers. They did caution that if training were provided which told them information they already knew, it would be considered a waste of time. Therefore, any trainings provided must be on new building science material and any subsequent trainings must be more focused on new material and less on refreshing what is already known. A good structure for training would include small groups and learning in the field, such as visiting construction sites.

D.6.3 Sales Consultant, Pulte Homes, Los Angeles (SCE/SCG Service Territories)

Key Findings

- A good trainer will cover the top 5 key points that need to be learned about the building science and energy efficiency. That way, the sales agents have enough knowledge to speak about the features but are not confused or weighted down by the details.
- The use of physical examples of the energy efficient technology, whether it's pictures of construction or examples of the technology in the classroom, is very beneficial for learning about the concepts.
- There needs to be a standardized home rating system that is understood by both the sales agents and the general public. The HERS rating is not at this level yet.
- Sales agents see a great benefit from training if there were a certification given at the conclusion of the training and if there were materials they could bring back to their builders, such as a sales playbook, that would help them relay the sales concepts into their sales routine.

1. Approaches to Training Sales Professionals

Interviewee is a visual and kinesthetic learner and absorbs concepts the best if he is using the information in demonstrations and role playing. Since the building science information is often difficult to understand, Interviewee noted that it is very helpful to have physical examples of the concepts during the training, such as different insulation types or photos of the equipment in the construction of a home. Also, physically going to a home and seeing the construction process and how the energy efficient technologies influence the home is a great learning tool.

During the training, the information presented should be short and to the point. A good trainer will cover the top five key points that need to be learned about the building science and energy efficiency. That way, the sales agents have enough knowledge to speak about the features but are not confused or weighted down by the details. Also, the trainer must present the material in a manner that holds the attention of the sales agent. That way, the sales agents will be excited and intrigued by the energy efficient features rather than uninterested.

2. Using/Translating Building Science Features into Sales Benefits

Interviewee finds the most benefit from physical tools that show customers the energy efficient features of the home. This could include a show room that has examples of the features and how they are incorporated in the home or handouts that can be given to customers in the sales office. These generic tools could be given out during the training and then the sales agent would make them builder specific during their sales process.

Regarding a home rating system, Interviewee said that the industry really needs a rating system that is comprehensible to the public, similar to miles per gallon. He does not think that HERS is understood well by the customers though the builders have been using it to compare homes. Interviewee sees great benefit in having a standardized rating system for homes and that it should be a focus for trainings.

3. Scoping Out Prospective Buyers Related to Energy Efficiency – How to “read” them and what to say to help make the deal

Interviewee agreed with the typologies and says the use something similar for their general sales understanding. He sees the benefit in learning how to speak to different groups of people about energy efficiency and having example phrases provided during training would be very helpful. Interviewee did not agree that woman have a large role in home purchasing and that it is a shared decision between couples. Woman are interested in what the equipment does and if it is easily maintained.

4. Structure of the Sales Training

Interviewee likes the suggested training structure as long as the content is presented in an engaging manner. He said any materials presented during the training, such as a sales playbook, will be very helpful if they are relevant and usable. If it is similar to many of the other training materials he has received, it may just sit on the shelf.

Interviewee was very intrigued by the idea of a certification from the training, especially one that was CAR certified. He noted that customers respond well to certifications and it helps during the sales process. This would add validity to the discussion of energy efficiency features when the sales agent meets with a potential customer.

Appendix E. Literature Review

E.1 Purpose, Scope and Approach

The literature review was initially proposed as a more “traditional one,” intended to inform the research with current knowledge of the customer research conducted on consumer attitude and preferences for energy efficient homes and to include both IOU and non-IOU studies that have been completed in recent past as well as existing research on consumer attitudes and preferences and the barriers to adoption of energy efficient homes. However, the scope of this activity changed as early research efforts revealed the lack existing information germane to the project’s overall goal of developing recommendations for training modules to support CAHP builder efforts to sell program homes.

In order to gather as much non-interview market materials and intelligence as possible related to best practices in the selling of energy efficient homes, the literature review focused on gathering best practice sales and marketing materials as an accompanying activity to builder and program manager interviews. Included in this research were sales tools and techniques, collateral material, program approaches, cooperative advertising approaches and materials, social networking, website reviews and related materials, practices and techniques.

As noted above, beyond the traditional review of the limited number of past sales studies for energy efficient homes, the literature review provided specific support to, and was integrated within, the best practices research for this project. As a result, the materials gathered as part of this “Literature Review and Materials Compilation” task were used to inform our final recommendations.

The comprehensive review included relevant research reports, conference proceedings, industry and market assessments, evaluations, and market assessments related to the sales and marketing of “green” and/or energy efficient products generally, and with a specific focus on the tools, techniques and trainings used in the sales and marketing of energy efficient residential new construction. Resources represented a wide range of publication types, from more scholarly publications to trade web sites and popular press, as well as of industry type, which included demand-side management (DSM), energy efficiency, and measurement and evaluation industries, and the housing and green building industries. Table E-1 lists key literature review resources.

Table E-1. Key Literature Review Resources

Builder Selling Practices and Strategies Literature Review Resources		
DSM/EE/M&E Industry	Housing & Green Building Industry	Misc. – Search Engines (e.g., Google, Bing)
<ul style="list-style-type: none"> • American Council for an Energy Efficient Economy (ACEEE) • Association of Energy Service Professionals (AESP) • Alliance to Save Energy (ASE) • Consortium for Energy Efficiency Market Assessment & Program Evaluation Clearinghouse (CEE/MAPE) • California Measurement Advisory Council (CALMAC) • U.S. Department of Energy /Environmental Protection Agency (DOE/EPA ENERGY STAR) • U.S. DOE Office of Energy Efficiency and Renewable Energy (EERE) • International Energy Program Evaluation Conference (IEPEC) • Northwest Energy Efficiency Alliance (NEEA) • Northeast Energy Efficiency Partnerships (NEEP) • National Renewable Energy Laboratory (NREL) • PG&E Pacific Energy Center (PEC) Resource Library 	<ul style="list-style-type: none"> • American Institute of Architects (AIA)/ecoHome Magazine • Building Industry Association (BIA) • BuildingGreen.com • California Building Industry Association / Pacific Coast Builders Conference (CBIA/PCBC) • GreenBuilder Media/Magazine • Greensource.com • HomeEnergy Magazine • National Association of Home Builders (NAHB) • United States Green Building Council (ISGBC) 	<ul style="list-style-type: none"> • Popular press and other resources • Both industry- and non-industry-specific (e.g., sales techniques)

Additionally, CAHP consumer marketing and sales materials, as well as those from the residential new construction programs and builders identified as “Best Practice” ones by this study were reviewed.⁴¹ Overall, the Literature Review is broken into seven key sections. While all aspects of the Literature Review proved valuable in helping inform the Navigant team’s recommendations for creation of an IOU-developed CAHP Builder Sales Training module, the team felt it best to identify within the Literature Review, and related materials compilation, two distinct categories: Primary Study Areas and Secondary Study Areas. Primary Study Areas include those that the team felt most important as direct influencers of the project team’s sales module recommendations. Secondary Study Areas include those that have impact on the reader’s overall understanding of the RNC market, its “best practice” marketing and other

⁴¹Program consumer sales and marketing materials were included in this review to the extent that they were supplied by the respective Program Managers and/or Implementers or were available publically via program Web sites.

techniques, as well as unique “best practice” program enablers. Table E-2 lists each of the major Literature Review sections and identifies each as a primary or secondary study area.

Table E-2. Literature Review Study Areas

Literature Review Study Areas		
Literature Review Section	Discussion Area	Subject Area Category
3.2	<ul style="list-style-type: none"> • Consumer Demographics and Market Trends <ul style="list-style-type: none"> ○ Home Ownership ○ Homebuyer Demographics ○ Energy Efficiency & the RNC Market ○ Barriers to Purchasing Energy Efficient Homes 	Secondary Study Area
3.3	<ul style="list-style-type: none"> • Marketing <ul style="list-style-type: none"> ○ Marketing “Green” ○ Marketing Green Homes 	Primary/ Secondary Study Area
3.4	<ul style="list-style-type: none"> • Sales <ul style="list-style-type: none"> ○ Sales Technique ○ Sales Tools 	Primary Study Area
3.5	<ul style="list-style-type: none"> • Unique Enablers <ul style="list-style-type: none"> ○ Alliances and Cooperative Efforts ○ Home Valuation 	Secondary Study Area
3.6	<ul style="list-style-type: none"> • Best Practice Consumer Marketing and Sales Review <ul style="list-style-type: none"> ○ Energy Efficiency Programs ○ Builders 	Secondary Study Area
3.7	<ul style="list-style-type: none"> • Builder Sales Training and Adult Learning Approaches <ul style="list-style-type: none"> ○ Adult Learning Approaches ○ Sales Training ○ RNC Best Practice Program Builder Sales Training Review 	Primary Study Area

E.2 Consumer Demographics and Market Trends (Secondary Study Area)

E.2.1 Key Findings

Home Ownership:

- Despite the fragile housing market, consumers still have a strong emotional desire to own a home
- Real estate represents both an investment and a place to live
- People want value – And to “live better” in their homes
- Total cost of ownership and enduring value expected to continue to impel investment-driven decisions
- Comfort, convenience, and safety will retain their place as the perceived greatest attributes of homeownership.

Homebuyer Demographics:

- Nearly 91% of new home purchasing decisions are made or influenced by women

- Single women represent the second largest home-buying demographic next to married couples
- Although similar in average age, new home buyers have an average income almost 25 percent above that of the existing home buyers

Energy Efficiency & the RNC Market:

- There is an increasing interest in energy efficiency among consumers, and energy efficiency will continue to differentiate new from existing homes
- However, the most critical factors influencing the decision to buy a home remain: overall cost of the home, floor plan and size, and location
- Reasons for purchasing energy efficient homes: reducing energy bills, increasing resale value and increasing comfort; not typically minimizing impact on the environment
- Most wanted green home features: ENERGY STAR appliances, high efficiency windows, and high efficiency furnace or air conditioning equipment
- Energy ratings, scores, and labels will become more prevalent as the drive for ZNE intensifies

Barriers to Purchasing Energy Efficient Homes:

- Cost /Payback period
- Undervaluing of efficiency >>lack of access to capital for homebuyers
- Buyers unaware of benefits
- Buyers unaware of energy efficient home availability

The literature review revealed that, generally speaking, the news is good and the message simple for the housing market: People want to be homeowners. Regardless of the current economic climate and state of the housing market, industry experts feel that consumers still have a “strong emotional desire to own a home.”⁴² However, as we start “peeling the onion,” the complex nature of homebuyer preferences becomes clear, as real estate represents both an investment and a place to live. Understandably, total cost of ownership and enduring value are expected to continue to impel investment-driven decisions, and comfort, convenience, and safety will retain their place as the perceived greatest attributes of homeownership.

E.2.2 Discussion

E.2.2.1 Market Trends

As stated by the CEO of GreenBuilder Media, and echoed in a number of trade publications and industry data reports, trends that will influence the production building market - and that builders of energy efficient and green homes should take note of - as the industry recovers from the economic downturn include:

- Energy efficiency will continue to differentiate new from existing homes as consumers remain on a quest for cost savings on monthly energy bills.

⁴² Brian Ng, EPA; Joel Machak, Crosby Marketing and Jessica Steiner, The Cadmus Group, “ENERGY STAR New Homes Consumer Messaging Platform And New Marketing Materials” (presentation, 2012 ENERGY STAR Sponsor Meeting, Anaheim, CA, April 18, 2012).
http://www.energystar.gov/ia/partners/bldrs_lenders_raters/downloads/sponsor_meetings/2012/Capitalizing_on_the_compelling_new_ENERGY_STAR_value_proposition.pdf

- Energy ratings, scores, and “miles per gallon”-type labels will become more prevalent as the drive for ZNE intensifies.
- Many markets are downsizing. While size will continue to matter to consumers, a renewed focus on quality over quantity points to new homes not getting much bigger in most markets.
- New homes will get greener.
 - Energy continues to be the leading green topic for homeowners, followed closely by indoor air quality and water.
 - Green homes do not come from brown companies - homebuyers will increasingly expect green builders to practice what they preach and equate green business practices with a high-level of corporate ethics.
- New homes will grow smarter
 - Whole home automation and controls that enable products to interact with each other and the utility, reducing resource use and taking human error out of operating a home.⁴³

E.2.2.2 Homebuyer Demographic Data

Additionally, experts predict that demographics will drive new home design. Data from the National Association of Home Builders (NAHB)⁴⁴ and the Shelton Group’s annual Green Living Pulse™⁴⁵ and Eco Pulse™⁴⁶ reports provide much of the demographic and consumer behavior pattern information in relevant literature, either directly or as cited in more academic white papers and reports, as well as in the popular and trade press. The active adult community – one that already tends to demand efficient homes and includes early adopters of ZNE homes - is expected to be a major catalyst for new home design. Other key demographic data for the RNC market include that nearly 91 percent of new home purchasing decisions are made or influenced by women, and that single women represent the second largest home-buying demographic next to married couples.⁴⁷ A 2010 NAHB special study⁴⁸ reports that, on average, buyers of new homes are approximately 42 years old and have a household income of slightly over \$100,000. While there is almost no difference in age between new and existing home buyers, the new home buyer has an average income almost 25 percent above that of the existing home buyer, as illustrated in Figure E-1.

⁴³Sara Gutterman, Design for the Decade, *Sara Gutterman Green Builder Media Blog*, June 28, 2012,

<http://www.greenbuildermag.com/Blogs/Sara-Gutterman/June-2012>

⁴⁴The NAHB provides consumer data and special studies on its web site at

<http://www.nahb.org/page.aspx/landing/sectionID=113>, including the Housing Economics subsite at <http://www.housingeconomics.com>

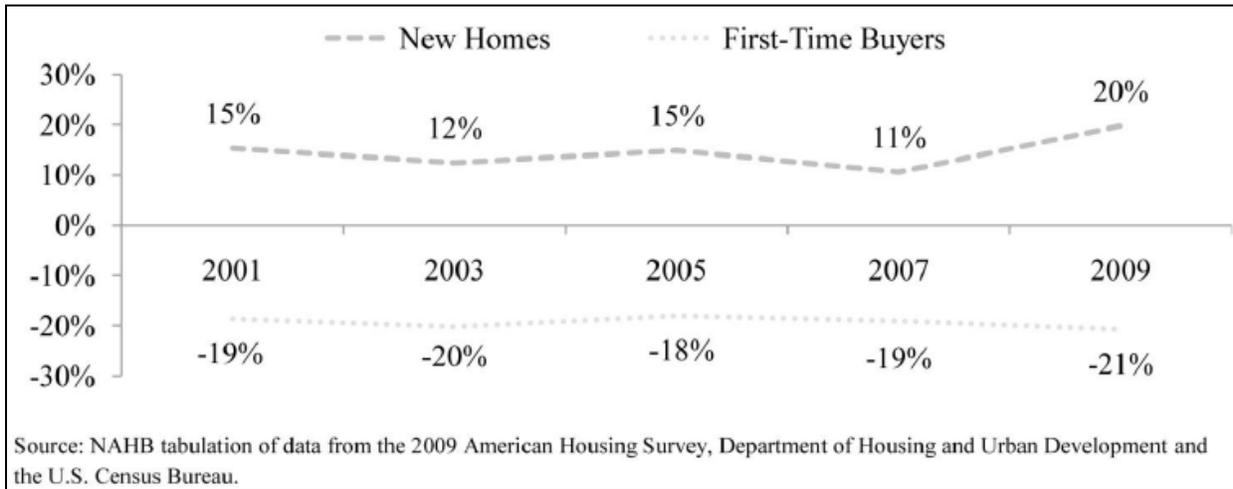
⁴⁵Shelton Group, *Green Living™ Pulse 2012, The Social Norming Tipping Point*; <http://sheltongrp.com/green-living-pulse>

⁴⁶Shelton Group, *Eco Pulse™ 2012*. <http://www.sheltongrp.com/eco-pulse>

⁴⁷Tara-Nicholle Nelson, *Trillion Dollar Women: Use Your Power to Make Buying & Remodeling Decisions* (Baltimore, MD: NAHB BuilderBooks.com, 2008). This statistic is also referenced by both the EPA (ENERGY STAR) and NEEA in presentations about their respective current consumer marketing and messaging campaigns. It is notable for this study’s purpose that these presentations also make the point that, unlike men, women “will read every word of a marketing piece, hang onto it, and show it to their friends.”

⁴⁸Heather Taylor, “Characteristics of New and First-Time Home Buyers,” *NAHB special Studies*, (NAHB HousingEconomics.com: September 1, 2010). <http://www.nahb.org/generic.aspx?genericContentID=143996>

Figure E-1. Percent Above or Below All Home Buyers



As reported in the NAHB study, as well as in numerous other sources reviewed⁴⁹, layout/design, size, and price are the top three reasons both new and existing home buyers choose a home. However, more new home buyers choose their home because of its layout/design than existing home buyers. New home buyers are less likely to choose their home because of the price than existing home buyers are, and more likely to cite quality as a reason for choosing a home. New home buyers are less concerned with the yard/view, the exterior, and the availability of the home.

While location remained an important factor in home selection, it is notable that about a quarter of new home buyers choose a neighborhood because of the house itself. The two most popular reasons among new home buyers for choosing a particular neighborhood were reported as the looks/design of the neighborhood (32 percent) and that neighborhood was convenient to work (31 percent).⁵⁰

⁴⁹ Representative examples of these sources include: Curtis Research Associates, *Home Buyers Focus Groups – Market Research Report* (Portland, OR:Northwest Energy Efficiency Alliance, 2009).http://www.cee1.org/eval/db_pdf/1039.pdf; Jean Dimeo, “Marketing Tips for Green Homes,” *ecoHome Magazine*, November 20, 2010, <http://www.ecohomemagazine.com/news/2010/11-november/marketing-tips-for-green-homes.aspx>; Jennifer Goodman, “Oklahoma Green Builder Benefits From Fine-Tuned Marketing Approach,” *ecoHome Magazine*, February 7, 2011, <http://www.ecohomemagazine.com/news/2011/02/oklahoma-green-builder-benefits-from-fine-tuned-marketing-approach.aspx>; Sara Gutterman, CR Herro and Robert Kleiman “Selling Sustainability: The Weak Link in the Move Toward a Greener Residential Future” (seminar, Pacific Coast Builders Conference (PCBC) 2012, San Francisco, CA, June 28, 2012); Mark Hanson and Mark Bernstein, RAND Corporation; Rob Hammon, ConSol, “The Role of Energy Efficiency in Homebuying Decisions: Results of Initial Focus Group Discussions” (paper presented at the 2006 ACEEE Summer Study, Pacific Grove, CA, August 13, 2006).<http://aceee.org/proceedings-paper/ss06/panel02/paper13>; and Suzanne Shelton, “How Energy Efficiency Clobbers Green: And other secrets of effectively marketing a new home” (keynote address, 2012 ENERGY STAR for New Homes Utility Sponsor Meeting , Anaheim, CA, April 18, 2012). http://www.energystar.gov/ia/partners/bldrs_lenders_raters/downloads/sponsor_meetings/2012/keynote_presentation.pdf?bbc6-a719. (Shelton made a presentation of the same name at the NAHB’s 2012 International Builders’ Show, Orlando, FL, February 11, 2012.)

⁵⁰Taylor, “Characteristics,” 12.

E.2.2.3 Interest in Energy Efficient and Green Homes

If we now turn to investigate how energy efficiency and green features fit into the new home-buying equation, it becomes clear from the existing literature that while interest in and general understanding of the costs and benefits of these areas are increasing, they are still viewed as a “fourth value add” and generally do not trump floorplan, size, and location as purchase motivators – and frequently such “wow” features as kitchen countertop and flooring upgrades also win out over “behind-the-wall” efficiency technologies. Ultimately, price remains the key driving factor for most buyers.

The Shelton Group reports⁵¹ that the interest in energy efficiency has grown in the recent past, and that “energy efficient” is now more appealing than “green” to potential homebuyers. Similarly, a homebuyer market research study conducted for NEAA in 2008 showed that when considering a green home, the benefits of greatest interest to homebuyers are those tied to energy efficiency.⁵² Findings from the Shelton Group include that when asked if all else were the same, how much energy efficiency would affect a home-purchase decision in each 2009 and 2010, 67 percent of those surveyed responded “somewhat to very much.” In 2011, that number jumped to 76 percent. Additionally, those who claimed to be very interested in energy efficiency reported that they were willing to add 20 percent to the purchase price of a home for it. These same respondents tend to exhibit the following characteristics:

- Equally likely male or female;
- 25–34 years old;
- More likely to have children in the household;
- Have a household income of \$50,000 or more;
- Are ethnically diverse (39 percent are minorities); and
- Are more likely to reside in the Southern United States.

Reasons reported in numerous studies and articles for purchasing energy efficient homes include reducing energy bills, increasing resale value and increasing comfort, but not typically minimizing impact on the environment.⁵³ It is interesting to note that a 2009 J.D.Powers study⁵⁴ found that the top five reasons for buying a *green* home did include environmental concerns (along with the three above-mentioned motives and water conservation). This may be because people are not equating energy efficiency with eco-friendly characteristics.

⁵¹Shelton Group, *Green Living Pulse 2012*; and Suzanne Shelton, “How Energy Efficiency Clobbers Green.”

⁵²Curtis Research Associates, *Home Buyers Focus Groups*.

⁵³ Representative source examples include: Curtis Research Associates, Home Buyers; Dimeo, “Marketing Tips”; Goodman, “Oklahoma Green Builder”; Gutterman, “Design for the Decades”; Gutterman, Herro and Kleiman, “Selling Sustainability”; Hanson, Bernstein and Hammon, “The Role of Energy Efficiency”; Ng, Machak and Steiner, “ENERGY STAR New Homes Consumer Messaging”; Shelton Group, *Eco Pulse, Green Living Pulse* and “How Energy Efficiency Clobbers Green”; and Betty M. Tolkin, Nexus Market Research, Inc.; William Blake, National Grid; Elizabeth Titus, New England Energy Efficiency Partnerships, Inc.; Ralph Prah, Prah and Associates; Dorothy Conant, Independent Consultant; Lynn Hoefgen, Nexus Market Research, Inc., “What Else Does an ENERGY STAR Home Provide? Quantifying Non-Energy Impacts in Residential New Construction” (paper presented at the International Energy Program Evaluation Conference (IEPEC) 2009, Portland, OR, August, 13, 2009). <http://www.iepec.org/2009PapersTOC/papers/073.pdf#page=1>

⁵⁴J.D. Power and Associates 2009 U.S. New-Home Builder Customer Satisfaction Study. <http://www.jdpower.com/consumer-ratings/homes/index.htm>

E.2.2.4 Perceived Non-Energy Benefits

Although energy- and related cost savings are usually considered extremely important reasons for purchasing energy efficient homes, there is a fair amount of data reported in the existing literature suggesting that homebuyers value the non-energy benefits (NEB, also referred to as non-energy impacts or NEI) of energy efficiency features over their direct energy impacts. A number of studies conducted over the past decade⁵⁵ show that NEBs such as thermal comfort, reduced outside noise, lighting quality, indoor air quality, protection of indoor fabrics from fading, safety and higher resale or rental value, collectively are valued equally or even more highly by ENERGY STAR homeowners than energy benefits, and some so on an individual basis (e.g., low-E windows were preferred for sun damage protection over energy efficiency or energy savings.)⁵⁶ Typically, ENERGY STAR homeowners strongly believe their new homes provide positive NEBs in thermal comfort and a higher resale or rental value. They also tend to believe, although at a lower frequency, that their new homes provide noise reduction, better lighting features, better indoor air quality, or more safety.

Interestingly, as illustrated in Figure E-2⁵⁷ from a 2009 report, homeowners and builders appear to believe in the provision of NEBs by efficient homes differently, especially as relate to noise reduction, indoor air quality and safety (builders tend to view that these are provided to a higher degree than ENERGY STAR homeowners), as well as lighting life and quality (the one NEB that homeowners view as greater than builders.)

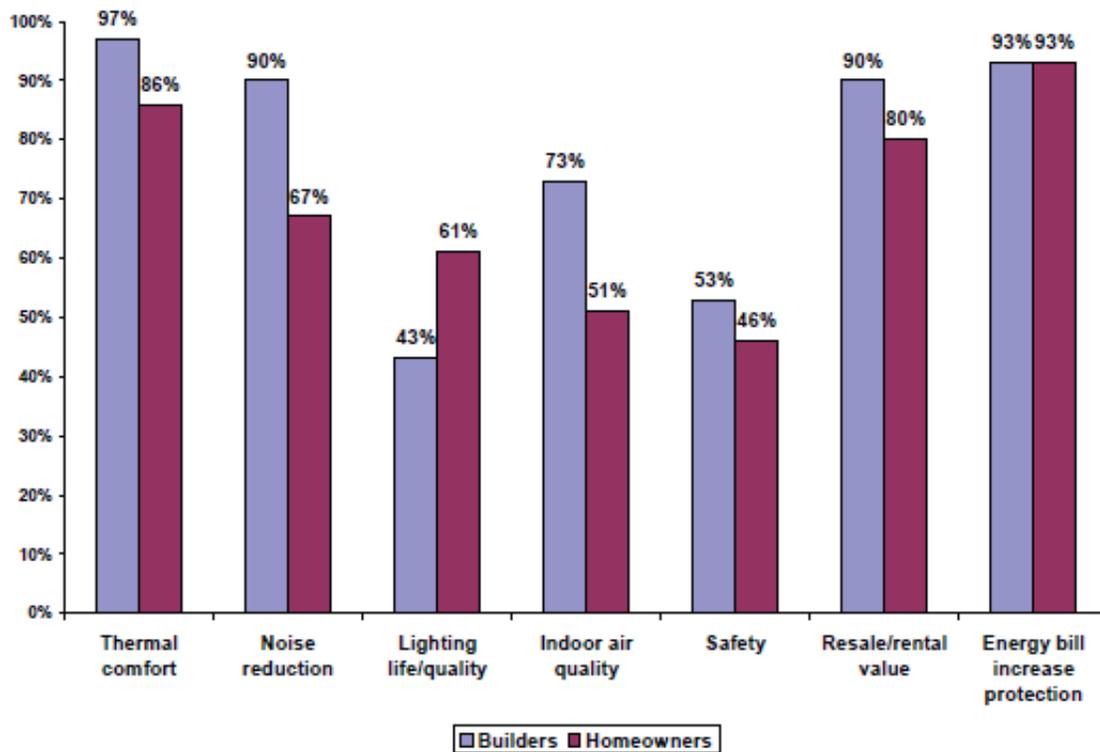
⁵⁵Representative examples include: Hanson, Bernstein and Hammon, “The Role of Energy Efficiency”; Summit Blue Consulting, LLC and Quantec, LLC. Non-Energy Impacts (NEI) Evaluation Final Report (Albany, NY: New York State Energy Research and Development Authority (NYSERDA), 2006).

http://www.aceee.org/files/pdf/conferences/workshop/valuation/MCAC_NEI_Report_06.pdf; and Tolkin et al., “What Else Does an ENERGY STAR Home Provide?”

⁵⁶Hanson, Bernstein and Hammon, “The Role of Energy Efficiency,” 31.

⁵⁷Tolkin et al., “What Else Does an ENERGY STAR Home Provide?,” 649.

Figure E-2. Builders and Homeowners Who Say ENERGY STAR Homes Provide Positive NEBs



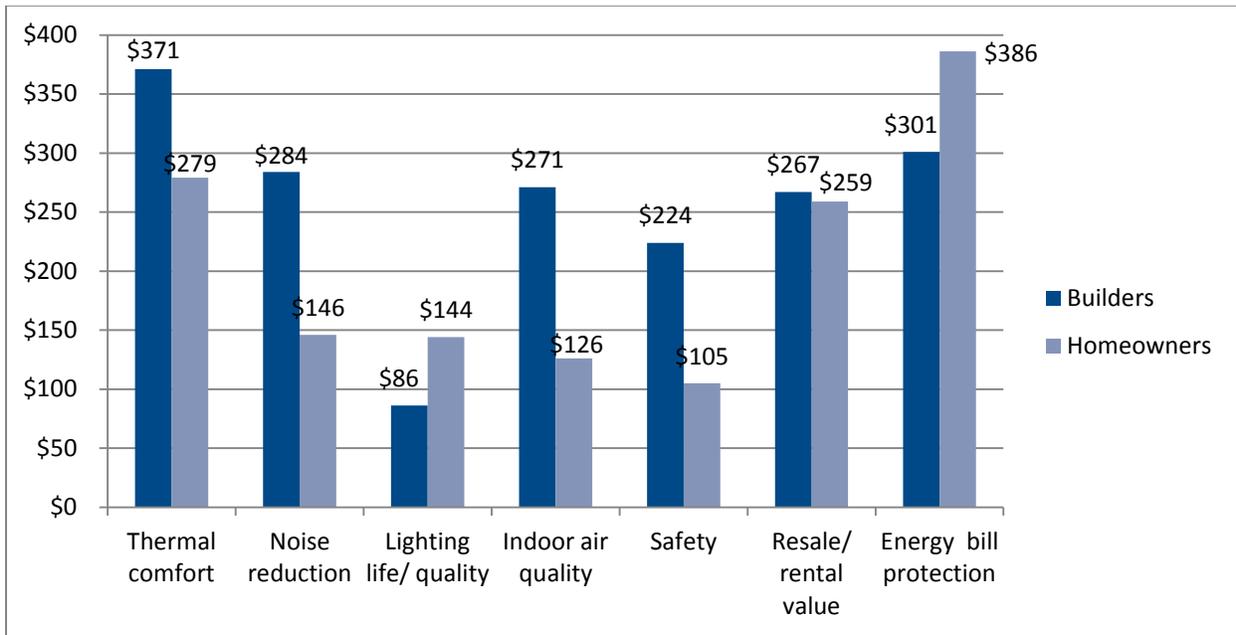
Source: Tolkin et al., “What Else Does an ENERGY STAR Home Provide? Quantifying Non-Energy Impacts in Residential New Construction”

This same report finds that sources of information for homeowners who believe their homes provide positive NEBs vary by the type of NEB, however for all the NEBs, homebuyers frequently claimed they learned of them prior to buying or building their home – and that it influenced their purchase decision. Builders were an important source for thermal comfort and noise reduction; however, many respondents say they simply figured out higher resale/rental values and energy bill protection on their own (which is somewhat surprising, given that builders reported strong belief in the homes’ provision of these benefits). Experience living in the home was also reported as an important source of information for lighting life/quality, noise reduction, indoor air quality, safety, and thermal comfort.

This 2009 study is also notable in its quantification of NEI in ENERGY STAR homes by both homeowners and builders, as shown in Table E-3. The survey used a direct scaling method, asking respondents to value NEBs as a percentage of energy savings. Respondents were asked to assume that ENERGY STAR homes saved \$400 per year in energy costs compared to similar, newly constructed non-ENERGY STAR homes. Similar values were found in the 2006 Summit Blue study⁵⁸ using a direct scaling approach (although this study assumed energy bill savings of \$600 per year.) In the latter study, Figure E-3, the resale benefit was valued at slightly over 60 percent of energy bill savings with indoor air quality at over 50 percent and thermal comfort and reduced noise levels at over 40 percent.

⁵⁸Summit Blue Consulting, *Non-Energy Impacts (NEI) Evaluation*.

Figure E-3. Builder and Homeowner Valuation of NEBs (Mean NEB Values)⁵⁹



Data Source: Tolkin et al., “What Else Does an ENERGY STAR Home Provide? Quantifying Non-Energy Impacts in Residential New Construction”

Table E-3. Builder and Homeowner Valuation of Non-Energy Benefits

	Thermal comfort	Noise reduction	Lighting life/quality	Indoor air quality	Safety	Resale/rental value	Energy bill protection	Total
Builders								
Dollars	\$371	\$284	\$86	\$271	\$224	\$267	\$301	\$1804
% Bill Savings	93%	71%	22%	68%	56%	67%	75%	451%
Homeowners								
Dollars	\$279	\$146	\$144	\$126	\$105	\$259	\$386	\$1445
% Bill Savings	70%	37%	36%	32%	26%	65%	97%	361%

Data Source: Tolkin et al., “What Else Does an ENERGY STAR Home Provide? Quantifying Non-Energy Impacts in Residential New Construction”

⁵⁹Tolkin et al., “What Else Does an ENERGY STAR Home Provide? Quantifying Non-Energy Impacts in Residential New Construction,” 654.

E.2.2.5 Desirable Efficient and Green Features – What Is Selling?

Efficient windows and HVAC equipment are consistently among the most desired features in green homes. The Shelton Group reports the top energy efficiency and green features wanted in a new home to be:

- ENERGY STAR appliances (47 percent)
- High Efficiency windows (44 percent)
- High efficiency furnace or air conditioning equipment (30 percent)
- Renewable electric power generation system (27 percent)
- Water saving features, like showerheads, toilets or rainwater collection systems (25 percent)
- High efficiency or tankless water heater (24 percent)
- Most advanced (highest R-value/best air seal) insulation (23 percent)
- Long-lasting, lower maintenance components, like granite, rock or brick (16 percent)
- Air exchange/filtering system to contribute to better indoor air quality (14 percent)⁶⁰

Similarly, a 2008 homebuyer market research study conducted for NEAA, found that buyers most frequently considered the energy efficiency of windows, insulation and heating and cooling systems in homes they toured, and of nine component benefits considered, the three most important included:

1. “High-performance heating and cooling systems reduce utility costs by up to 30 percent”;
2. “Efficient whole house insulation provides improved indoor comfort all year-round”;
3. “Efficient appliances can reduce your utility costs by up to 20 percent.”⁶¹

A 2011 online trade publication⁶² cites a successful green builder in Oklahoma as claiming that the most popular features in the company’s homes are their proximity to green space, walking trails, parks, and playgrounds; high-performance windows (double-pane, low-E glass windows with an SHGC of 0.29); well-insulated mechanical systems with less than five percent duct leakage; and fresh air strategies. Additional discussion of what homebuyers are responding to in their purchasing decisions is found in later sections on marketing and selling in this literature review.

E.2.2.6 Barriers to Energy Efficient and Green Home Purchases

The literature suggests that consumer understanding and appreciation of the benefits and costs of energy efficiency features are increasing. A 2001 survey⁶³ showed that homebuyers expect to recoup any investment in energy efficiency in three to four years, and in the same year, the NAHB reported that homebuyers are not interested in paying more than \$5,000 upfront to save \$1,000 every year thereafter. Whereas in a study survey conducted by Pulte approximately nine years later of 5,000 new-home buyers, 48 percent said they would spend \$2,000 to \$6,000 to lower their monthly utility bills by \$30,⁶⁴ but there

⁶⁰ Shelton, “How Energy Efficiency Clobbers Green,” slide 13.

⁶¹ Curtis Research Associates, *Home Buyers*, 13.

⁶² [Goodman](#), “Oklahoma Green Builder.”

⁶³ In Professional Builder Magazine the Cahners publishing group reported the results of an online 2001 survey of potential home buyers, conducted in partnership with the Partnership for Advancing Technology in Housing (PATH), the U.S. Green Building Council, builders, and appliance makers. The survey has been cited in a number of reports including the August 2005 *Final Report for Profitability, Quality and Risk Reduction through Energy Efficiency*, prepared by Building Industry Institute for the California Energy Commission Public Interest Energy Research (PIER) Program, and Hanson, Bernstein and Hammon, “The Role of Energy Efficiency.”

⁶⁴ Cited in Dimeo, “Marketing Tips for Green Homes.”

are still gaps to be bridged. However, there is still a gap to be bridged in order to maximize market penetration of efficient homes, particularly with the 2020 goal of ZNE residential new construction.

Despite the value homeowners report placing on energy efficiency homes and their respective features and benefits, there appear to remain significant barriers to purchasing them, as evident in the existing recent literature. In the vast majority of studies and articles covering this topic, cost is listed as the primary obstacle to the purchase of energy efficient new homes. This is discussed in terms of the price of the home and the perceived payback time on the investment.

Similar concerns deter potential buyers of ZNE homes who are unsure of the certainty of economic payback. Reportedly, for most customers of the above-mentioned Oklahoma builder, especially those interested in affordable homes, “the challenge on a net zero home is how to pay for a \$30,000 PV array.”⁶⁵

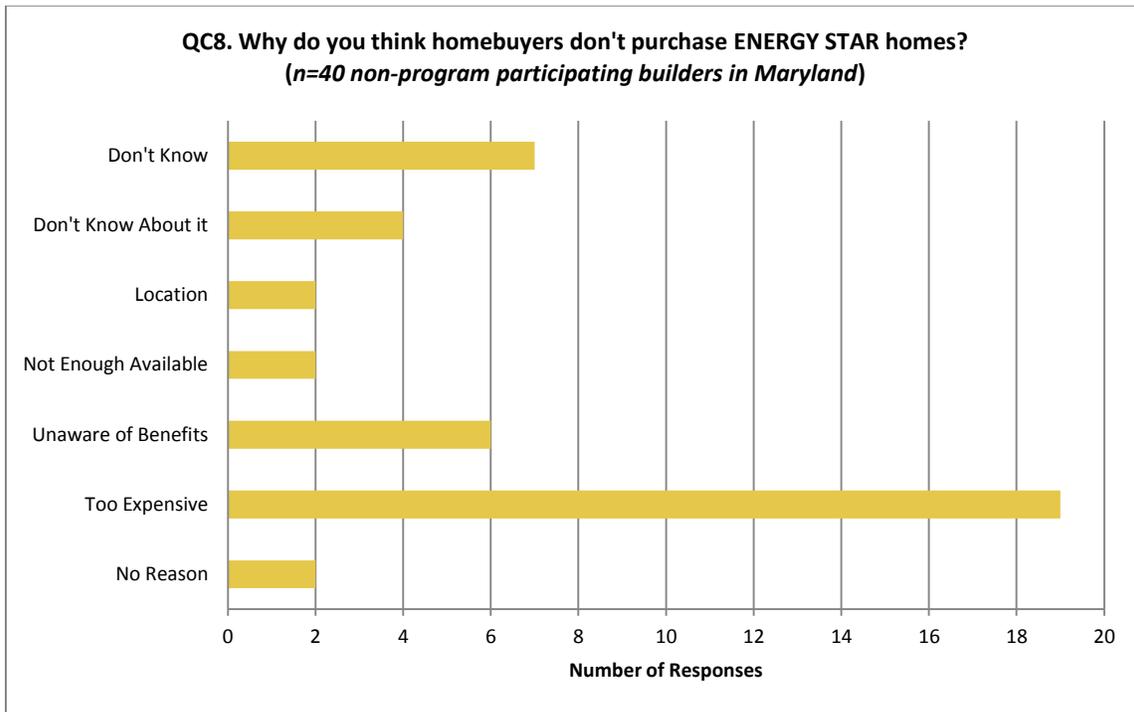
Coupled closely with these is the systemic undervaluing of efficient homes, which can lead to a barrier of lack of access to capital for homebuyers. There is a great deal of recent literature on this topic, as the Sensible Accounting to Value Energy Act (SAVE Act, S. 1737) has been making its way through the legislative process. A 2012 ACEEE paper sums up the problem well, “[c]urrent federal mortgage underwriting and appraisal rules do not recognize the value of energy efficiency, and thus mortgages often cannot cover the cost of efficiency measures. Besides making underwriting less accurate, these federal rules, combined with limited information..., prevent buyers from being able to pay more for efficient homes, and thus prevent builders from building them.”⁶⁶ The issue of home valuation is discussed in more detail in Section 3.5.

Other barriers include that buyers are unaware of the benefits of energy efficient homes, and that they do not know of energy efficient home availability. Figure E-4 illustrates such findings from a 2012 study of the 2011 EmPOWER Maryland program.

⁶⁵Goodman, “Oklahoma Green Builder Benefits.”

⁶⁶ Lowell Ungar, Rodney Sobin, Neal Humphrey, Tom Simchak, Nancy Gonzalez and Francesca Wahl, *Guiding the Invisible Hand: Policies to Address Market Barriers to Energy Efficiency* (paper presented at the 2012 ACEEE Summer Study, Pacific Grove, CA, August, 2012). <http://www.aceee.org/files/proceedings/2012/data/papers/0193-000214.pdf>

Figure E-4. Reasons for NOT Purchasing ENERGY STAR Homes⁶⁷



Source: Navigant Consulting, *EmPOWER Maryland 2011 Evaluation Report*

E.2.2.7 Undesirable Energy Efficient and Green Features - What Is Not Selling?

Current literature, particularly trade and popular press, emphasize that even among those who are compelled by “the green movement,” efficient features need to be aesthetically pleasing and cannot detract from the overall home size, seemingly form triumphs over function in most cases.⁶⁸ It may not be the case that specific green or efficient features are undesirable, per se, but rather that they are less of a priority than design elements that homeowners regularly see, touch and show to their visitors. Additionally, water conservation features are proving to be a hard sell.⁶⁹

⁶⁷Navigant Consulting, Inc. and The Cadmus Group, Inc., *EmPOWER Maryland 2011 Evaluation Report* (Baltimore Gas & Electric, Potomac Electric Power Company, Delmarva Power, Southern Maryland Electric Cooperative and Potomac Edison, March 8, 2012) ,34.

⁶⁸Representative sourceexamples include: Curtis Research Associates, *Home Buyers*;Dimeo, “Marketing Tips”; Goodman, “Oklahoma Green Builder”; Gutterman, “Design for the Decades”; Gutterman, Herro and Kleiman, “Selling Sustainability”; Hanson, Bernstein andHammon, “The Role of Energy Efficiency”; Ng, Machak and Steiner, “ENERGY STAR New Homes Consumer Messaging”; and Shelton Group, *Eco Pulse, Green Living Pulse* and “How Energy Efficiency Clobbers Green.”

⁶⁹Goodman, “Oklahoma Green Builder Benefits”; and Curtis Research Associates, *Home Buyers*.

E.3 Marketing: Marketing “Green” and Green Homes (Primary Study Area)

E.3.1 Key Findings

- Marketing should support sales efforts by stimulating desire and demand, and be based on the fundamental sales principle that people buy on emotion and justify with logic
- Marketing should start to shift the buyer from accepting the “good enough” house to demanding the “better than” option that energy efficiency creates
- Barriers: Consumer cynicism (“Greenwash Backlash”) and misconceptions about energy efficiency
- Solutions: Effective advertising and education to guide home buyers :
- Keep advertising copy short, to the point and without jargon
- Use trusted third-party validation
- Overcome misperceptions about efficiency: teach customers how to be efficient and run their high-performance homes, do not oversell savings
- Strategies: Play to the priorities of various consumer typologies and use multiple marketing channels
 - Understand what actually motivates different consumer groups and play to it (e.g., comfort, convenience, peace of mind, independence, control, aesthetics) – there is no universal way to motivate everyone
 - Consumer messaging should work to “prime” the buyer to connect emotionally with the home by featuring its implicit comfort, low-maintenance and healthier, improved air quality
 - Use a multi-pronged approach – just like no one message will speak to all, no one channel will reach all. Internet and social media marketing is critical component: 88 percent of home buyers use the internet to search for a home

E.3.2 Discussion

E.3.2.1 Marketing Green

Knowing who is buying what and why is fundamental to building a successful marketing campaign for any type of product or service. Building from the information presented in the section above on demographics and consumer demand, we now turn to a discussion of the literature related to marketing “green” products generally.

Much of the existing literature⁷⁰ highlights that the process of branding a green product is essentially the same as the process for branding any product, and includes coordinated marketing campaigns across multiple channels such as traditional media, social media, advertising, and a company web site. However, there are some challenges to building a green brand in today’s environment, the biggest of

⁷⁰The findings and recommendations in this section are reflected in multiple reports and trade and popular press publications, including most notably: Jennifer Goodman, “Green Marketing Should Go Beyond Energy Efficiency,” *ecoHome Magazine*, May 15, 2012. <http://www.ecohomemagazine.com/news/2012/05-may/green-marketing-should-go-beyond-energy-efficiency.aspx>; Gutterman, Herro and Kleiman, “Selling Sustainability”; Shelton Group, *Green Living Pulse 2012*; and Charles Wardell, “A Matter of Trust,” *GreenBuilder Magazine*, May 1, 2012. <http://www.greenbuildermag.com/News/Green-Trends/A-Matter-of-Trust>.

which is getting buyers to believe your messaging. Due to the “greenwash backlash,” buyers became increasingly less likely to buy into “eco-friendly” claims and green brand messages. Additionally, green buyers are even more likely to be skeptical, as they tend to view themselves as less susceptible to traditional marketing and advertising. Creating a “good feeling” around green products and lifestyles remains a top priority of any marketing effort, but it must be carefully crafted with balanced and believable messages, which use clearly defined terms and validated benefits. Advertising copy should be short and to the point, and not laden with “techno-jargon” or vague phrases like “eco-friendly” or “go green,” which are not specific or prescriptive enough for most consumers. Third-party verification and recognized trustworthy labels are being increasingly demanded by buyers. Relying on product manufacturer disclosures is recommended, but using too many testimonials, particularly of “non-average” customers, is not. Additionally, as mentioned earlier in this section, as related to market trends, green companies must practice what they preach, as consumers are looking beyond product features to the company producing them.

In essence, there has been an evolution of consumer views of what “green” means as the market has similarly gone through a process of “changing shades of green,” which can be loosely broken down into three stages:

- “Old Green” which consumers equated to “Sacrifice and Ugly”
- “New Green” which marketed undefined benefits and undefined terms making consumers skeptical
- “Now Green” during which the market needs to produce and present validated products that allow people to live the way they want to and presents the “better than” option for consumers

Another key component to any successful marketing campaign is knowing and targeting your audience. The Shelton Group does a good job of segmenting green buyers, as presented below (and cited by many in the industry press), but it is not alone in doing so, and much of the existing literature describes similar typologies and targeted marketing approaches.

According to the Shelton Group,⁷¹ women are almost twice as likely to vote with their wallets for companies with a green reputation. Approximately 80 percent of the U.S. adult population makes green product purchases, and these green consumers fall into three groups: Actives, Seekers, and Skeptics. Actives and Seekers are the two “greenest” segments and made up more than 50 percent of the market in 2011. Although not as likely to be a green purchaser, Shelton also defines a fourth category of consumer, Indifferent. Table E-4 describes the key characteristics and marketing approaches for each of the four groups.

⁷¹Shelton Group *Eco Pulse 2011*. Also cited in Matthew Power, “Marketing Green to the Mainstream,” *GreenBuilder Magazine*, September 2011. <http://content.yudu.com/A1to61/GreenBuilderSept2011/resources/index.htm>

Table E-4. Green Consumer Groups: Key Characteristics and Marketing Approaches

ACTIVES	
<p>Key Characteristics:</p> <ul style="list-style-type: none"> • Somewhat more likely to be female • Most are aged 45-54 • Well-educated • High-income • Ethnically diverse (significant Hispanic population) • Have children living at home • Sustainability is big part of self-image • Highly sensitive to greenwashing • Respond best to themes of innovation and possibility • Health is a driving force: label readers • Will pay more for green 	<p>How to market to an Active:</p> <ul style="list-style-type: none"> • Emphasize brands that are authentically green, especially in categories where she has no brand loyalty • Use language that stresses the positive, not fear or concern • Tout health benefits • Tie the brand to greater cause, a bigger idea • Appeal to her personal identity • Reach her online and tie to social media community
SEEKERS	
<p>Key Characteristics:</p> <ul style="list-style-type: none"> • Equally likely to be male or female • Slightly younger than actives • Average education level • White collar and middle- to upper-income • Homeowners • Married with kids at home • Define green as energy efficient • Split on global warming • Pragmatic shoppers • Looking for green options in lower priced categories 	<p>How to market to a Seeker:</p> <ul style="list-style-type: none"> • Rely on known, trusted brand names to put her at ease • Align your brand with “good for the family” concepts • Avoid high-minded jargon and “keep it real” • Reach her through traditional media: TV, radio and magazines • Make sure your product is seen as equal to or better than conventional brands and available through retail outlets • Tout the reputation and values of your company as being about more than money
SKEPTICS	
<p>Key Characteristics:</p> <ul style="list-style-type: none"> • Oldest of the groups • Predominately male • Average education level • Income of \$100k or more • Feel no personal responsibility for changing to positively impact the environment • Most concerned about comfort and convenience; find comfort in tradition 	<p>How to market to a Skeptics:</p> <ul style="list-style-type: none"> • Emphasize traditional brands and lifestyle • Layer green concepts into existing brands, focusing on benefit to the buyer, not benefit to environment • Reinforce concepts of self-determination and individualism • Provide tools to help them demonstrate that they were right all along in their worldview • Show how your brand/product will make the Skeptic feel smart and powerful
INDIFFERENTS	
<p>Key Characteristics:</p> <ul style="list-style-type: none"> • Value personal accomplishment, power and profit • “Life is a game to be won or lost” • Self-directed, pragmatic individualists responsible for creating their own lives • Believe that tough lessons are part of the growth process: despise victimhood mentality • Chafe at outside restrictions and burdens that limit their potential to create wealth and success, no matter how limited their own prospects for upward mobility • Believe business exists simply to increase profits, not to serve any bigger cause 	<p>How to market to a Indifferents:</p> <ul style="list-style-type: none"> • Stick to established brands and treat green features as mere extras that add value • Offer a lower price on green products with the same of better performance than conventional alternatives • Include big box store options • Emphasize features that increase self-sufficiency • Use humor • Avoid facts and figures and other jargon that smacks of an ivory tower education

Source: Data from Shelton Group, Eco Pulse 2011 and as cited in Power, “Marketing Green to the Mainstream.”

The Shelton Group’s research also found that Actives and Seekers reported rates of asthma or COPD in their households at three times the national Center for Disease Control average. The research report suggests that health-related concerns are very strong motivators that seem to have boosted interest in sustainable product alternatives, and that sustainable product marketers should connect to this driver in messaging and use this insight in their online search and ad placement strategies. The *Green Living Pulse 2012* concludes that sustainability has reached a “social norming tipping point,” meaning that “sustainable behaviors are emerging as a new definition of what is socially acceptable for more than half of Americans [and that] acting in ways that aren’t eco-friendly will soon be considered embarrassing for greater numbers of people.”⁷²

E.3.2.2 Marketing Green and Energy Efficient Homes

A successful marketing campaign increases consumer awareness and stimulates consumer preference. A green/energy efficient home marketing strategy should aim to drive educated homebuyers to the doors of such houses. It should be designed to create demand through raising awareness, providing validation, and monetizing benefits. Current existing relevant literature tended to repeat similar themes, findings and recommendations, which are summarized below.⁷³

⁷²Shelton Group, *GreenLivingPulse 2012*.

⁷³Among the key references are the ENERGY STAR Marketing Best Practices webinar and other marketing resources provided for partners and found at http://www.energystar.gov/index.cfm?c=bldrs_lenders_raters.recorded_presentations and http://www.energystar.gov/index.cfm?c=bldrs_lenders_raters.nh_marketing_resources. Other representative source examples include: Anne Brink, “Real Progress on Homebuyer Awareness” (presentation, 2010 ENERGY STAR Utility Sponsor Meeting, Scottsdale, AZ, March 25, 2010). http://www.energystar.gov/ia/partners/bldrs_lenders_raters/downloads/sponsor_meetings/2010_NEEA.pdf?9a3f-2542; The Cadmus Group, Inc. and Quantec, *SCE California New Home 2006-2008 Program (CANHP) Process Evaluation Report* (Rosemead, CA: Southern California Edison, April 16, 2009). http://www.calmac.org/publications/SCE_CANHP_Final_Report_042009.pdf; Curtis Research Associates, *Home Buyers*; Dimeo, “[Marketing Tips](#)”; Rick Gazica, “Maryland ENERGY STAR for New Homes Programs: A Case Study in Statewide Market Transformation,” (presentation, 2012 ENERGY STAR for New Homes Utility Sponsor Meeting, Anaheim, CA, April 18, 2012). http://www.energystar.gov/ia/partners/bldrs_lenders_raters/downloads/sponsor_meetings/2012/Building_a_statewide_commitment_to_ENERGY_STAR.pdf; Neil Grigsby, “Driving Marketplace Adoption with Consumer Messaging” (presentation, 2012 ENERGY STAR for New Homes Utility Sponsor Meeting, Anaheim, CA, April 18, 2012). http://www.energystar.gov/ia/partners/bldrs_lenders_raters/downloads/sponsor_meetings/2012/Driving_marketplace_adoption_with_consumer_messaging.pdf; Hanson, Bernstein and Hammon, “The Role of Energy Efficiency”; Navigant Consulting, *EmPOWER Maryland 2011 Evaluation*; Ng, Machak and Steiner, “ENERGY STAR New Homes Consumer Messaging”; Courtney Owen and Lisa Puyear, “Using Social Media and the Web to Promote ENERGY STAR® for Homes,” (presentation, 2010 ENERGY STAR Utility Sponsor Meeting, Scottsdale, AZ, March 24, 2010). http://www.energystar.gov/ia/partners/bldrs_lenders_raters/downloads/sponsor_meetings/2010_PSO.pdf?fbec-4e1b; Power, “Marketing Green to the Mainstream”; Sam Rashkin, “Builders Challenge is Better Business” (presentation, ResNet Annual Conference, Austin, TX, February 27, 2012). http://resnet.us/uploads/documents/conference/2012/pdfs/Rashkin-Builders_Challenge.pdf; Evelyn Royer, “Part 8: Marketing - Web-savvy strategies help keep Bethesda Bungalows top-of-mind with green-inclined buyers,” *EcoHome Magazine*, November 17, 2010. <http://www.ecohomemagazine.com/news/bethesda-bungalows/part-8-marketing.aspx>; Bob Schultz, “[Techniques for Mastering Social Media in New-home Sales](#),” *Housing Zone.com*, May 24, 2012. <http://www.housingzone.com/sales/techniques-mastering-social-media-new-home-sales>; Shelton, “How Energy Efficiency Clobbers Green”; Stephanie Thomas-Rees, Todd Louis and Ken Fonorow, “[If You Build It, They](#)

A strong green and energy efficient home marketing campaign must acknowledge that while consumer interest in energy efficiency is increasing, there remain a number of hurdles to overcome to turn that interest into a purchase. Consumer confusion, apathy, anger (around energy bills), misconceptions, and skepticism continue to present barriers to market penetration and transformation. Sixty percent of housing professionals believe that consumer confidence is the key to energizing the green housing market.⁷⁴ In order to gain that confidence, marketing strategies have to speak directly to homebuyers in ways that resonate with them. Forming that type of connection requires understanding a buyer's values – or at least a value set of a given typology - particularly as they relate to “home,” “energy efficiency,” and “green.” Using an existing set of consumer typologies such as that developed by the Shelton Group⁷⁵ or developing one specifically for a given marketplace⁷⁶ allows for a more effective way of targeting marketing messages that will motivate the desired behavior or action – in this case asking for efficient or green homes.⁷⁷

Marketing should support sales efforts by stimulating desire and demand, and be based on the fundamental sales principle that people buy on emotion and justify with logic. Consumer messaging should be aligned with this theory and needs to work to “prime” the buyer to connect emotionally with the home by featuring its implicit comfort, low-maintenance and healthier, improved air quality. Successful strategies will appeal to the true drivers of buyers of energy efficient homes (which most of the existing literature reported to be such things as comfort, convenience, peace of mind, independence, control, and aesthetics), capturing their attention, and telling a compelling story by leveraging the contrast between the “rational” benefits of homes technologies and emotional language and images. Related recommended tips include using “creative” or “catchy” names for features so they resonate with buyers and still convey value (e.g., “Fresh Air System” instead of “Positive-pressure Ventilation System” for those less inclined towards the technical or the “gee whiz” appeal of more technical names.)

[Will Come...But Will They Buy?](#) *Home Energy Magazine*, May/June 2011.

<http://www.homeenergy.org/show/article/nav/singlefamily/id/804>; Chris Walls, Jeff Shaw, Paul Barkoukis, Karen Parham and Matthew Cooper, “Transforming the Maryland Residential New Construction Market,” (panel presentation, Association of Energy Services Professionals (AESP) 2012 Spring Conference, Baltimore, MD, May 16, 2012).

⁷⁴Power, “Marketing Green to the Mainstream.”

⁷⁵ Other examples include that of Harvard’s Joint Center for Housing Studies which identifies two distinct buyer groups: Echo Boomers (early 20s) – caused-based buyers; and Baby Boomers (retirees/empty-nesters) – looking to create a legacy; and the segmentation model developed by the National Marketing Institute which identifies five groups of “Lifestyles of Health and Sustainability” (LOHAS) consumers.

⁷⁶For example, one California utility uses a residential demographic segmentation model identifying six categories of residential categories that the utility uses in its outreach efforts. Builders also frequently develop their own typologies. For example, Messer and Company identified primary buyer types (interestingly all female because of their purchasing influence) for Heritage’s HomeCare program, including “Elise” - Her home is her haven. Traits: traditional, practical, family-orientated, predictable; “Margo” - Her home is unique. Traits: contemporary, edgy, goal-oriented, individualistic; and “Claire” - Her home makes a statement. Traits: formal, sophisticated, quality-driven, detail-oriented. Meritage also uses four primary categories to type buyers by those who are looking for green, those wanting the best deal, those who care most about “flashy looks” and the skeptics.

⁷⁷Shelton provides a good overview of motivationally-related factors, such as intrinsic versus extrinsic motivations, moral licensing and situational problems that can deter people from taking action.

Well-targeted messages can also help create an educated buyer by acting to overcome the aforementioned misconceptions about energy efficiency, which the Shelton group reports as including:

- 71 percent think they do not use more electricity today than they did five years ago;
- 50 percent think their homes are already efficient;
- 91 percent claim they have already changed their habits to save energy; and
- Many expect to save half of their utility bill after a \$4,000 investment.⁷⁸

Additionally, the use of trusted third-party verification brands was recommended across the vast majority of existing literature. The ENERGY STAR brand is widely acknowledged as being the most recognized and trusted energy efficiency brand, and is also considered more broadly with “green” or “eco-friendly” attributes. ENERGY STAR reports that as of the end of 2009, over 75 percent of American household recognize the brand.⁷⁹ Qualifying homes and builders should take advantage of marketing materials supplied by ENERGY STAR and/or other trusted brands, such as logos, web banners, yard signs, press releases, and consumer and technical resources.

Just as no one message will speak to everyone, no one communication channel will reach everyone. Given that there are multiple consumer types, a multi-pronged marketing approach is recommended as a best practice. Knowing where homebuyers will look for an energy efficient or green home helps in crafting an effective marketing plan. Shelton reports that such search methods include Googling it (30 percent); going to the ENERGY STAR website (18 percent); asking any Realtor (15 percent); asking an Eco Broker or National Association of Realtors (NAR) Green designee (14 percent); and going to their utility’s website (11 percent)⁸⁰

A 2011 NAR study on homebuyers and sellers reflects a somewhat similar breakdown for searches for all home types, with most respondents claiming to start the search process online and then to contact an agent. This study found that 88 percent use the internet to search for a home, 87 percent use real estate agents, 55 percent yard signs, 45 percent attend open houses and 30 percent review print or newspaper ads. When buyers were asked where they first learned about the home they purchased, 40 percent said the internet; 35 percent from a real estate agent; 11 percent a yard sign or open house; six percent from a friend, neighbor or relative; five percent home builders; two percent a print or newspaper ad; two percent directly from the seller; and less than one percent from a home book or magazine. Ninety-one percent of home buyers who used the internet to search for a home purchased through a real estate agent, as did 70 percent of non-internet users, who were more likely to purchase directly from a builder or from an owner they already knew in a private transaction.⁸¹

Clearly, use of the internet and websites is a key component of a builder’s marketing plan. An informative and engaging site provides arguably the “biggest bang for the marketing buck.” But only if the right people visit it. Recommended methods to drive traffic to a site include using Google keywords and paid searches; placing a link to the site on trusted third-party sites with good brand recognition (e.g.,

⁷⁸Shelton, “How Energy Efficiency Clobbers Green.”

⁷⁹ U.S. EPA, “How to Market ENERGY STAR Qualified Homes” webinar, 22 min., 19 sec.; <http://www.youtube.com/watch?v=NDAFKQF-6sY&feature=relmfu>

⁸⁰Shelton, “How Energy Efficiency Clobbers Green.”

⁸¹National Association of Realtors (NAR), *2011 National Association of Realtors® Profile of Home Buyers and Sellers*, November 11, 2011. <http://www.realtor.org/prodser.nsf/Research>

ENERGY STAR; Utility); partnering with a local Realtor or Eco Broker to promote site, and using social media (more on this below). In addition to the builder’s own site, consideration should be given to the other sites homebuyers visit. Local metropolitan multiple listing service (MLS) websites are reported to be the most popular internet resource, used by 56 percent of buyers; followed by real estate agent websites, 46 percent; Realtor.com, 45 percent; real estate company sites, 40 percent; other websites with real estate listings, 38 percent; and for-sale-by-owner sites, 14 percent.⁸²

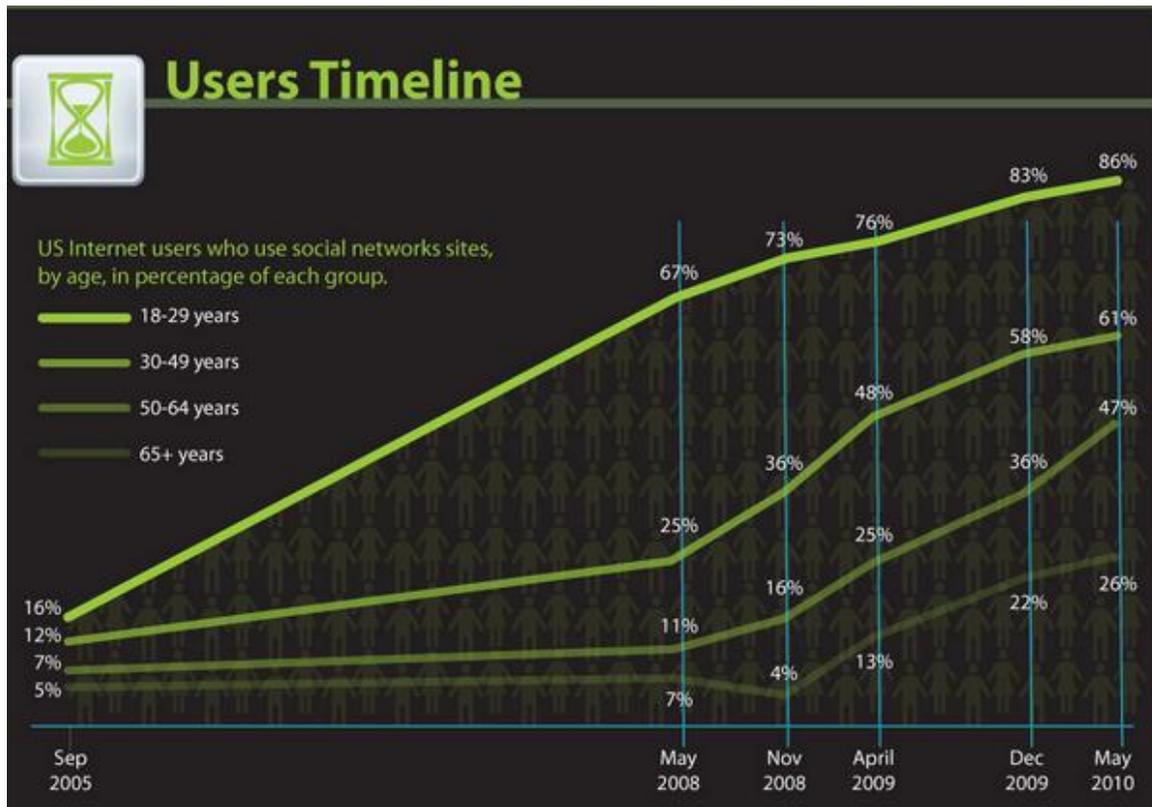
Much of the literature named the use of social media as critical in today’s marketplace as a channel to connect and communicate with prospective homebuyers, current homeowners and valuable trade partners, like Realtors. As an example of the reach of this channel, as of October 2012, Twitter had over 200 million users, including eight percent of the U.S. population. About one-quarter of all users are considered “extremely active,” checking in several times per day, and more than 166 million Americans were on Facebook, over 30 percent of whom were between the ages of 35 and 54.⁸³ Figure E-5 shows the growth of use of social network sites in the U.S. from 2005 – 2010. Social media provides an opportunity for builders to have an active presence in the conversations that are taking place and to engage in real-time conversations with prospects and homeowners. If used well, it can help grow the builder’s network, increase website traffic, generate traffic to sales center, and proactively build relationships online before prospects get to the sales center. Promotion of ENERGY STAR affiliation, available homes, open house events, availability of tax credits, and other such information and events can be easily and cost-effectively achieved via this channel. However, social media is recommended as one component of a balanced campaign of offline and online marketing and advertising. As with any other component (and the campaign as a whole), having a strategy is crucial to success. All posts should be made to align with planned goals, and should be timely, conversational, and light. Videos and photos appear to promote the most comments and “likes.” Blog posts should include select keywords to help drive traffic to the primary website.⁸⁴

⁸² NAR, *2011 Profile of Home Buyers*.

⁸³ Tom Pick, “72 Fascinating Social Media Marketing Facts and Statistics for 2012,” <http://www.jeffbullas.com/2012/07/24/72-fascinating-social-media-marketing-facts-and-statistics-for-2012/#2FxGI0ldJMkUOoJJ.99>; and www.checkfacebook.com

⁸⁴ Recommendations summarized from Owen and Puyear, “Using Social Media and the Web”; Thomas-Rees et al., “If You Build It”; Royer, “Part 8: Marketing - Web-savvy Strategies”; and Schultz, “Techniques for Mastering Social Media.”

Figure E-5. US Internet Users on Social Network Sites 2005 - 2010



Source: [The Growth of Social Media: An Infographic](#)

In addition to websites and social media, the wide variety of recommended marketing channels includes:

- Print Collateral (e.g., brochures, fact sheets).
- Signage (e.g., yard signs, house banner) (See Figure).
- Advertising:
 - Print (e.g., local newspapers, and trade, shelter and lifestyle magazines);
 - TV;
 - Radio;
 - Online; and
 - Billboards.
- Participation in Trade and Green Events and Expos
- Special Promotions:
 - Especially as collaborative efforts involving builders, utility programs and locally-based non-profits, campaigns like giveaways work to generate significant press that covers a wide-ranging audience
 - Some builders have had success by promotions such as paying homeowner electricity bills for a year, not only does this act to build trust in savings claims, but can also serve to generate press

Figure E-6. ENERGY STAR Example of Marketing Best Practice- Builder Signage



Source: [Marketing ENERGY STAR Qualified Homes webinar](#)

Many are no longer using direct mailings as part of a marketing campaign as it is not proving to be a cost-effective tool. However, the value of “word of mouth” marketing should be remembered and leveraged. Such a channel can help quickly “spread the word” of builder quality and trustworthiness, as well as of the attributes of energy efficient and green homes, more generally. A 2006 research report stated that “awareness of the value of energy efficiency appeared to grow with homeownership experience – and is associated with communications among neighbors regarding energy bills.”⁸⁵In addition, a 2011 trade publication article discussed a tactic used successfully by Florida builders where in-yard signs displaying the HERS index or similar “energy score” of the home “initiated friendly competition among new homeowners for bragging rights – and also offered the builder an opportunity to educate and gain exposure.”⁸⁶

Ultimately, when executed properly, marketing should start to shift the buyer from accepting the “good enough” house to demanding the “better than” option that energy efficiency creates – and which serves to differentiate the builder in an extremely competitive market. This will act to get buyers to the door of an efficient new home, and then salesmanship must take over to “close the deal.”

⁸⁵Hanson, Bernstein and Hammon, “The Role of Energy Efficiency,” p.2-149.

⁸⁶Thomas-Rees et al., “If You Build It.”

E.3.2.3 *An Example: ENERGY STAR's New Marketing Campaign – "Better Is Better"*

ENERGY STAR recently revamped its new homes marketing campaign, grounded in the basic principles described above. At its foundation is the goal of appealing to the emotional desire for homeownership while presenting a rational argument for energy efficiency.⁸⁷ The campaign, messages, and collateral materials are designed to promote ENERGY STAR's "new value proposition" which offer homeowners lower utility bills, better comfort, durability, and quality, and a more livable home. As the marketing materials are offered to partnering builders, the campaign is also meant to address some key marketplace challenges, including consumer misunderstanding and misinformation, sales staff lack of knowledge of how to sell ENERGY STAR homes, and the competition of existing construction as well as other "green home" options.

Many of the consumer research findings discussed above shaped the campaign's concept, including that a strong desire to own a home still exists in a down economy, an increasing number of people are buying "green" products, although there is more interest in an "energy efficient" than "green" home, and that women appear to be driving the vast majority of home-buying decisions.

The messaging appeals emotionally by playing on the aspiration to own a home that is durable, comfortable, and high-performing, and rationally by supporting the value of energy efficiency through building science, third-party verification and the "seal of approval" assurance of ENERGY STAR branding. It uses a tone that is confident, trustworthy, informative and authoritative, yet approachable – all designed to give a sense of peace of mind to the buyer that she has made not just the *right* choice, but the *better* decision. In essence, the message is selling "the better" that ENERGY STAR new homes offer, and in so doing, differentiates them from the "good enough" options available. And, indeed, the creative concept and hook is "Better is Better," based on four "pillars:" Peace of Mind, Enduring Quality, Wall-to-Wall Comfort and Proven Value. Figure E-7 presents images from the new ENERGY STAR New Homes consumer brochure that incorporates these four pillars and related messages.

⁸⁷Ng, Machak and Steiner, "ENERGY STAR New Homes Consumer Messaging."

Figure E-7. ENERGY STAR New Homes 2012 Consumer Brochure



New Consumer Brochure

YOUR ENERGY STAR CERTIFIED NEW HOME BETTER IS BETTER



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



Enduring quality.
Better systems make all the difference.







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

The secret to owning a new home is what you see. It's not a home with energy. Our stars builders make a special team of building experts to build a home with peace of mind. Only the ENERGY STAR label can give you peace of mind.

When you see ENERGY STAR requirements are applied to your home, you know you get a home that's built better from the ground up. The combination of a full program approach to design and construction with standards that exceed industry standards will give you peace with better building cost control and reduced utility and maintenance costs.

Plus, you'll get some knowledge of your home that can save you significantly more. Inspectors and building trade professionals. They only certified professionals trained in advanced building science. With the ENERGY STAR label, you can be sure that the most important energy-efficient features for your home are included. The independent verification. Inspectors from the ENERGY STAR label.

It's common to see energy that people are satisfied with their ENERGY STAR certified new homes. And you know who they are or their spouse/children—and it's that peace of mind that's built better.

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

Proven value.
A better investment for today and tomorrow.

Invest in the future. Investing in ENERGY STAR certified new homes will give you the confidence of knowing that it's a better value for today and a better investment for tomorrow.

ENERGY STAR certified new homes offer significantly better energy efficiency and performance compared to other homes. Homes that average 12-14% less energy use than 2012 homes. And energy that's built better. And you know who they are or their spouse/children—and it's that peace of mind that's built better.

Remember that the ENERGY STAR label is a mark of quality. It's a mark of quality that's built better. And you know who they are or their spouse/children—and it's that peace of mind that's built better.

And you know the best way to invest in your home. The ENERGY STAR label will tell you. It's a mark of quality that's built better. And you know who they are or their spouse/children—and it's that peace of mind that's built better.

Source: http://www.energystar.gov/ia/partners/downloads/consumer_brochure.pdf

Consumer marketing materials include brochures, a consumer video, an online house illustration, factsheets, a homeowner certificate detailing the features and showing a HERS index with the homes score), and a consumer-facing website. Additionally, ENERGY STAR uses Twitter and Facebook as communications channels.

The Department of Energy’s Builders Challenge Version 2 program incorporates a similar approach in its messaging and focus on who the consumers are, what they want, how they hear it and market differentiation. Major themes include “symbol of excellence” (leveraging the program logo), “strong heritage” (proven innovation), “sustained value”(peace-of-mind investment), “no or ultra-low energy bills” (immediate bill savings and increasing return on investment as utility rates rise), “breathe better” (healthier family home), “water smart” (save water without sacrificing performance), “engineered to last” (eliminates moisture-related problems and disaster-resistant) and “future performance available today” (confidence in large investment.)⁸⁸

E.4 Sales: Techniques and Tools (Primary Study Area)

E.4.1 Key Findings

Sales Techniques:

- People Buy on Emotion, Justify with Logic and Make Decisions in Silence
- Combination of emotional and rational appeal found in marketing should be amplified in the sales process
- In order to appropriately hone in on the emotional motivators for each buyer, a salesperson must be able to accurately read and characterize that customer very quickly, using a balanced combination of science and art
- Ultimately, the way a home “feels” will likely be the key factor for a buyer. It is critical for the seller to understand what it is about a given house that feels good to the buyer and then play to that, focusing on the ways that a select few of the energy efficient features help create that feeling
- Sell Them What They **Want**: Emotional connection with the home; Comfort, low-maintenance; Safety from pollutants, pollen, mold
- Give Them What They **Need**: Rational justification for their purchase; Energy efficient appliances and products ; best practices in building
- Bottom Line: Average buyer wants: The best they can afford today; and to live better
- You need to sell “The Better” of an efficient home
- A continued builder-buyer relationship after the sale is closed is also important to help gain new customers through word of mouth recommendations, and also to secure repeat buyers

Sales Tools:

- Use sales tools to illustrate the benefits of an energy efficient home in a way that engages and resonates with buyer (e.g., “show & tell” demo homes, and “silent sign” wall placards)
- Best “Sales Tool” is a well-trained salesperson: Sales staff must be well-versed in home’s Green and energy efficient features, and know how to sell them.

⁸⁸Rashkin, “Builders Challenge is Better Business.”

E.4.2 Discussion

E.4.2.1 Sales Techniques - General

As discussed above, a well-executed marketing campaign should act to drive homebuyers to the door, but at this point, the sales person must take over to get the home sold. If the marketing has done its job, the buyer's awareness of energy efficient homes and their benefits has been increased and preference for them stimulated. This was achieved through a combination of emotional and rational appeal, which will be amplified in the sales process.

There is very little to be found in the existing utility program evaluation and related literature on sales technique and tools, per se. This is most likely due to the fact that most programs do not have goals related to home sales, but rather to the number and types of homes built. Most relevant information comes from industry and popular press and publications, the highlights of which are summarized below.⁸⁹

To re-state the basic theory behind effective sales and marketing: People buy on emotion and justify with logic to fit their needs, allowing a rationalization of their purchase.

In order to appropriately hone in on the emotional motivators for each buyer, a salesperson must be able to accurately read and characterize that customer very quickly, using a balanced combination of science and art. Most experts recommend using set of typologies to aid in this process. As noted in the earlier discussion of marketing, numerous examples of these have been developed for specific markets (although, there are strong similarities across most). It is important for sales staff to know those most applicable to the industry and then work to adapt them to their particular clientele. It is equally important to recognize that no standardized set of values will fit any individual perfectly. A good sales person must make a personal connection to the buyer, be attuned to both the spoken and non-verbal messages she is sending and nimble enough to adapt the pitch accordingly.

Once the "features" of a buyer that draws them to the product have been recognized through a type of "profiling" of attributes which is confirmed and broadened through both general conversation and specific questioning about what they are "looking for," the sales person must align them with the features of the product that will meet key emotional needs and wants. To do this effectively, of course, sales staff must know and be able to talk authoritatively about those features, but in a way that will speak to the buyer. The sales presentation should focus on the emotional benefits of the purchase. Once the emotional decision to buy has been made, the sale can be closed by presenting the logical reason to commit – convincing the buyer that she has made a well-thought out decision. This can be aided by a variety of collateral materials and tools that can assist in conveying information, particularly if it is something that conveys more authoritatively as a written document, that requires detailed explanation and/or which is better understood through a physical experience of seeing or feeling how something works.

⁸⁹Stephen Craine, "Sales Closing Techniques for Emotional Selling," <http://www.sales-training-sales-tips.com/sales-closing-techniques.html>; Jack A Dempsey, "People Buy on Emotion, Justify with Logic & Make Decisions in Silence," Business2Community.com, March 25, 2012; Perry Marshall, "Emotion vs. Logic in Sales, Marketing and Advertising," PerryMarshall.com. <http://www.perrymarshall.com/marketing/m11/>; Gutterman, Herro and Kleiman, "Selling Sustainability"; Power, "Marketing Green to the Mainstream"; Katy Tomasulo, "Tips for Selling Green: Promoting your projects' green features begins with understanding customers' needs," *EcoHome Magazine*, September 26, 2008. <http://www.ecohomemagazine.com/green-sales-and-marketing/west-coast-green-tips-for-selling-green.aspx>.

There is one last vital component which enters the equation during the sales phase. People make decisions in silence. The existing literature on sales technique and salesmanship emphasizes the importance of knowing when to be silent in a sales presentation, when to let the customer think and make the final decision. It also underscores that this is a very difficult skill to learn and put into practice.

E.4.2.2 Sales Techniques - Selling Energy Efficient and Green Homes

While certain aspects of selling energy efficient and green homes are specific to this industry, much of the basic salesmanship and technique described above holds true.⁹⁰ The same concept of emotional buying rationalized by logic applies. In many respects, it is amplified by the weight of emotion that “home” carries for most people. Additionally, as highlighted in the new ENERGY STAR marketing campaign (and the market research supporting it), the average consumer wants the best she can afford today, and she wants to live *better*. It is “The Better” of a sustainable home that should be featured. Selling energy efficient new construction will require understanding the buyer’s personal values and what will turn the for-sale house into a sold home.

As discussed for the basic sales technique, to gain this understanding sales staff will need to assess the buyer for categorization using a pre-determined and learned set of typologies. Initial verbal and non-verbal cues will be fleshed out by carefully chosen questions and careful listening to the responses. When selling an efficient house, it is important to remember that for most people, the prime motivators for buying a home are location, community, lifestyle, and space – not energy- or green-related concerns. Ultimately, the way a home “feels” will likely be the key factor for a buyer. It is critical for the seller to understand what it is about a given house that feels good to the buyer and then play to that, focusing on the ways that a select few (three to five is most often recommended) of the energy efficient features help create that feeling. Discovering what a buyer does not like about her current home can help a seller focus on how the efficient home provides solutions that will help improve her life and lifestyle. Qualities like comfort, healthy air, and low-maintenance durability are among those that could be emphasized.

Demonstrating these key features is also recommended as a critical sales step. Showing buyers how things work, letting them observe and touch the product, helps cement the benefit in their mind. An oft quoted statistic in the literature claims that people only retain 10-15 percent of what they hear, but 90 percent of what they experience.”⁹¹

Once an emotional connection with the home has been developed, these same features should be used to build a rational justification for the purchase decision by monetizing the benefits of energy efficiency. A

⁹⁰ Example sources that this section’s findings summarize include: David Barista, “Five Tips on Marketing and Selling Green Homes,” *Housing Zone Magazine*, September 15, 2010. <http://www.housingzone.com/marketing/five-tips-marketing-and-selling-green-homes>; Goodman, “Green Marketing”; Grigsby, “Driving Marketplace Adoption”; Gutterman, Herro and Kleiman, “Selling Sustainability”; Hanson, Bernstein and Hammon, “The Role of Energy Efficiency”; Ron Jones, C.R. Herro and Chad Ray, “SAVE Act: How It Affects Builders/Remodelers,” Part 2 of 3 Part Webinar Series - SAVE Act -Impact Series 2012: Game Changers in Sustainability, *GreenBuilder Magazine*. <http://www.greenbuildermag.com/ImpactSeries/Archive>; Power, “Marketing Green to the Mainstream”; Tomasulo, “Tips for Selling Green.”

⁹¹ A few examples of the use of this claim are found in the ENERGY STAR Qualified Homes Sales and Marketing webinars at http://www.youtube.com/watch_popup?v=wUayfNxH9RY&vq=medium and http://www.youtube.com/watch_popup?v=NDAFKQF-6sY&vq=medium, and Tomasulo, “Tips for Selling Green.”

number of industry experts recommend equating energy bill savings over time to what it will afford the homeowner and emphasizing that she will not be giving anything up to get the rewards. For example, over five years they could save enough for a family vacation to Hawaii, in 10 years it could mean a new car, while over the term of a 30-year mortgage they may save enough to retire a year early – all while enjoying life in a comfortable, healthy, low-maintenance home. While sales staff need to be well-versed in the building science of the features they are selling, they should only go into technical explanation if the buyer is predisposed to such. Trustworthy third-party validation of “green” and efficiency claims is important, particularly in the current somewhat cynical environment brought on by greenwashing. As discussed in the above section on marketing, employing recognized brands such as ENERGY STAR is recommended.

E.4.2.3 Sales Tools - Selling Energy Efficient and Green Homes

While a well-trained salesperson, enabled to explain the science and taught not to lead with it, is the best “tool” for closing the deal on an energy efficient home,⁹² there are several others recommended in the relevant literature.

Point-of-sale materials⁹³ such as fact sheets, brochures, and call-out cards work well to help explain more detailed or technical information without using valuable conversation time. They also serve to keep the home in the mind of the buyer after they have left the site. However, as with discussing the key features important to the buyer, the sales person should select just those covering those that most interest and inspire the buyer. “Silent Signs” or wall placards posted near the relevant features not only draw the buyers attention to key features, including those hidden “behind the walls,” but also work to remind the seller to point them out, as appropriate. Using a recognized and trusted third-party label and brand (e.g., ENERGY STAR) for validation on these printed materials is widely recommended.

Reference sheets and checklists of the energy efficient attributes of the home are also valuable in assisting the seller to effectively communicate the home’s features. Two examples include those developed and offered by the Northeast Energy Efficiency Partnership (NEEP)⁹⁴ and ENERGY STAR⁹⁵. NEEP’s checklist is meant to enable a real estate professional to make a relatively quick assessment of a home’s efficiency during a walk-through of the home. In addition to space for the salesperson to record information on each feature present, the checklist includes information on the types of equipment that might be encountered and their associated efficiency factors, as well as some expected savings and benefits worth highlighting. The ENERGY STAR reference sheet includes brief descriptions of typical components of an ENERGY STAR qualified home, a drawing showing where they are typically located and related benefits to discuss with the buyer.

⁹²Gutterman, Herro and Kleiman, “Selling Sustainability.”

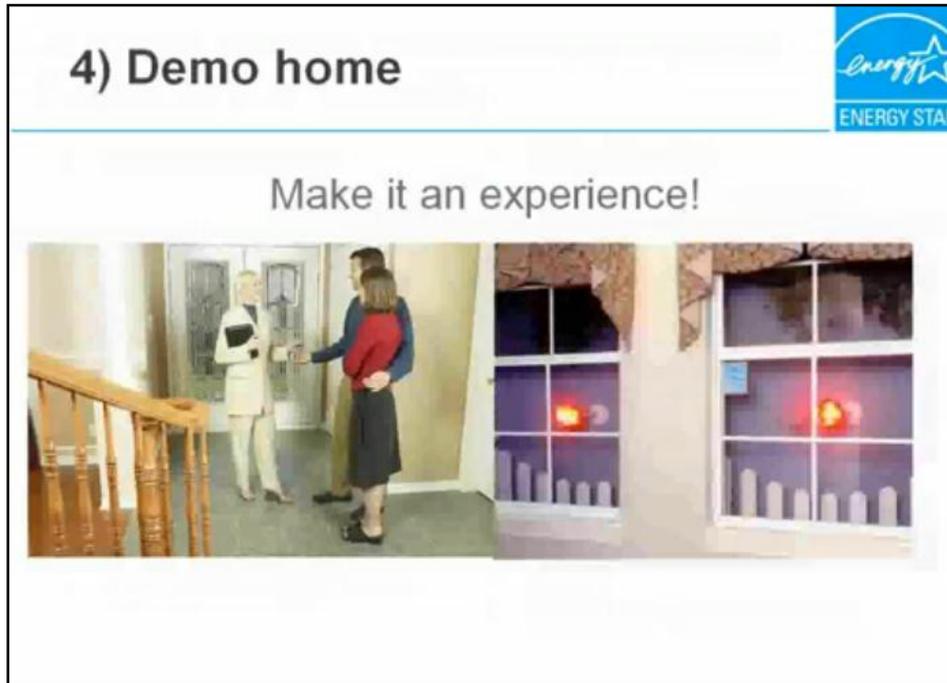
⁹³ While such collateral materials may also be considered as marketing materials, we include them as sales tools in reference to their use on-site in helping to “close the deal,” as opposed to helping bring buyers “to the door” of the home.

⁹⁴NEEP, “Checklist of Home Energy Efficient Attributes for Real Estate Professionals,” November 2011. http://neep.org/uploads/NEEPResources/id762/NEEP%20GuidanceChecklist%20Real%20Estate%20Professionals_Final_Nov2011.pdf

⁹⁵EPA, “ENERGY STAR Quick Sales Reference Guide.” http://www.energystar.gov/ia/partners/bldrs_lenders_raters/downloads/sales_e_packet/Sales_Quick_Reference_Guide.pdf?7e9d-2d4e

“Show and tell” demonstration homes and learning centers offer salespeople a chance to educate and bond with the buyer. Frequently builders convert a model home garage into such an experiential space in which they can show how the house is built and why it is important. A few builders use a partially constructed house as a learning center that shows the entire “behind the walls” scene. In both such spaces, including additional displays and signage that help explain the technology in an engaging and memorable way. As seen in Figure E-8, ENERGY STAR encourages the use of demo homes.

Figure E-8. ENERGY STAR Sales Webinar Slide Encouraging Demo Homes



Source: [Best Practices for Selling ENERGY STAR Qualified Homes webinar](#)

Similar virtual “Behind the Walls” home and tours, such as ENERGY STAR’s (illustrated in Figure E-9), can be effective sales tools in the sales office as well as a resource for long-distance re-locators who may not be able to visit a home in person.

Figure E-9. ENERGY STAR Virtual “Behind the Walls”



ENERGY STAR also counts among sales best practices hosting special events targeting market actors beyond just the buyer. Recommendations include “muddy boots tours” for prospective buyers that also involve home energy raters, subcontractors and satisfied homeowners who act to “assist” in sales by adding a trustworthy third-party voice to underscore builder claims. Educational events for real estate agents are also encouraged as a means to teach the benefits of energy efficiency (which can also be reinforced by the distribution of branded gifts.)

Among the many resources ENERGY STAR provides its partner builders is a “Sales E-Packet”⁹⁶ which includes a 1-page overview of its recommended five sales steps, a tip sheet for best business sales practices, the above-mentioned reference guide, and a list of marketing resources with links. These can all serve to assist builders in the sales process, although they tend to be rather high-level and brief and are best used in conjunction with more detailed sales training and technical information.

E.4.2.4 Ongoing Builder/Buyer Relationship

Some of the existing literature also discusses the importance of a continued builder-buyer relationship after the sale is closed. The trust and loyalty built by providing ongoing customer service serves not only to help gain new customers through word of mouth recommendations, but also to secure repeat buyers as homeowner changes in needs and lifestyles dictate moves. Key aspects of building this type of customer satisfaction include ensuring that the homeowners know how best to run their high-performance homes by teaching them how to use features to fully reap their benefits, providing a homeowner’s manual for future reference on this information (and which also offers reinforcement of the

⁹⁶http://www.energystar.gov/index.cfm?c=bldrs_lenders_raters.nh_sales_e_packet

builder’s brand and messaging), and staying in contact over the first year of ownership as they learn to manage their energy use. On a broader scale, this should also help move the industry forward as consumers become more confident in the claims promised by energy efficient features.

The 2010 J.D. Power New-Home Builder Customer Satisfaction Study⁹⁷ points to the fact that the housing market downturn and attendant increased competition for homebuyers has reinforced the importance of customer focus for builders. Based on study findings, Dale Haines, senior director of the real estate and construction industries practice at J.D. Power and Associates, stated that “in this buyers’ market, builders that are attentive to customer needs and focus on relationship building stand the best chance of enduring through the market recovery. Many builders that were unable to maintain this focus consistently have had to exit the marketplace.”⁹⁸ The same study also indicated that builders had improved in raising awareness of “green” features of their homes and that green features have become a crucial selling point in the “hypercompetitive” market.

Additionally, the previously cited 2006 study on the role of energy efficiency in home-buying decisions found that the builder’s presentation may influence how the homeowner views energy efficient features and benefits, using the example of thermal comfort being the best known and highly valued NEB for homeowners, as well as the attribute that builders were most likely to talk to homeowners about and that homeowners were most likely to remember learning about from builders. The study also reports on the importance of the building a long-term builder/buyer relationship, and that “[h]ow the builder presents a home at time of sale likely influences the purchase decision. But perhaps more importantly, the owner’s ongoing experience in the home likely affects preferences that will be revealed in subsequent purchase decisions, and potentially builders’ future designs.”⁹⁹

E.5 Unique Enablers: Alliances & Cooperative Efforts, and Home Valuation Issues (Secondary Study Area)

Before reviewing the marketing and sales materials of the CAHP and best practice programs and builders both in and outside of California, two issues with direct impact on the RNC marketplace and program design warrant discussion. These include the effect of alliances and cooperative efforts in increasing market penetration of energy efficient and sustainable homes, and the impact of home valuation on home sales.

E.5.1 Key Findings

Alliances and Coalitions:

- Effective collaborative regional solutions act to help overcome some barriers to transforming residential new construction” and to increase market penetration (Energy Star/EPA)
- Builder Alliances that include all members of the industry group in training and support activities seem to promote long-term energy efficient market success

⁹⁷J.D. Power and Associates 2010 U.S. New-Home Builder Customer Satisfaction Study. <http://www.jdpower.com/consumer-ratings/homes/index.htm>

⁹⁸As cited in a press release issued by J. D. Power and Associates on September 15, 2010 announcing the publication of its 2010 U.S. New-Home Builder Customer Satisfaction

Study. <http://businesscenter.jdpower.com/news/pressrelease.aspx?ID=2010177>

⁹⁹Hanson, Bernstein and Hammon, “The Role of Energy Efficiency,” p.2-141.

- Groups that should be included in such coalition efforts include appraisers, mortgage lenders and real estate agents

Valuation Findings:

- Builders are concerned that appraisers do not take the added value of energy efficiency homes into account in the appraisal process
- Information about “green” and energy efficiency is known to appraisers, but industry infrastructure and practice makes it difficult to “across the board” approach this issue
- Appraiser education, industry procedure changes in relationship to valuing energy efficiency and involving appraisers in the program in some ways, may address this issue

E.5.2 Discussion

E.5.2.1 Alliances and Cooperative Efforts

Our research found, as the EPA did in reviewing ENERGY STAR utility sponsor and partner best practices, that “effective collaborative regional solutions act to help overcome some barriers to transforming residential new construction”¹⁰⁰ and to increase market penetration. Such efforts take a variety of forms, including multi-utility programs, and multi-market actor alliances and collaboration. While varying in design, all displayed the power of building relationships, and an increased potential for leveraging cost-effective broadening of marketing campaigns and training programs, as well as strengthened buy-in from a larger pool of participants – all of which appear to aid in driving increased efficient home inventory and consumer demand for it.

AEP Ohio & Columbia Gas of Ohio ENERGY STAR New Homes provides a good example of a multi-utility program in which two companies successfully collaborated to quickly gain significant market traction.¹⁰¹ Using one implementer (MaGrann Associates) allowed cooperation on incentives, administration, marketing, training and quality assurance, which worked to expand a limited market potential and delivery channel, provide a consistent message and process, and employ a single strategy with shared costs.¹⁰² This model has allowed the program to increase and better target marketing and training efforts. Additionally, it is also now growing its definition of collaborative efforts to include working with a variety of market actor types.

The program has begun to build its outreach network to such trade organizations as HBAs and BIAs, and to non-governmental and governmental agencies serving the affordable housing market. It has also formed innovative partnerships with a regional bank to develop a preferred construction/purchase financing package and with North Carolina non-profit Advanced Energy to provide a bill guarantee tied

¹⁰⁰ US EPA, *ENERGY STAR for New Homes Sponsor and Utility Partner Guide Appendices*, October 2007, 3.

http://www.energystar.gov/ia/partners/rep/pt_reps_new_construction/Best_Practices_Guide_Appendices.pdf

¹⁰¹ While this Ohio program did not quite meet the criteria to be considered a “best practice” program for the purposes of this study (due largely to Ohio’s code stringency level), it did contribute significantly to Ohio achieving 48 percent market penetration in 2011 (the second highest in the ENERGY STAR 2011 indices) and 50 percent in 2010.

¹⁰² Ben Adams, “Collaboration & Innovation in Program Delivery - AEP Ohio& Columbia Gas of Ohio ENERGY STAR New Homes” (presentation, 2012 ENERGY STAR for New Homes Utility Sponsor Meeting, Anaheim, CA, April 19, 2012).

http://www.energystar.gov/ia/partners/bldrs_lenders_raters/downloads/sponsor_meetings/2012/Collaboration_and_innovation_in_program_delivery.pdf?d6a2-4057

to participation in ENERGY STAR Version 3 (and is incorporating these components into its new marketing campaign.) It is notable that MaGrann Associates also implemented other programs achieving significant market penetration in Kentucky and New Jersey (which is among this study's best practice programs¹⁰³.) This may point to a benefit in the ability of a single implementation company to effectively leverage resources, including intellectual capital. Additional discussion on this topic is found in Section 2 and Appendix D, covering our interview with MaGrann Vice President of Program Development, Ben Adams.

The EmPOWER Maryland program may also be considered a multi-utility program, although its RNC program is composed of ENERGY STAR New Homes programs administered separately by multiple utilities (Baltimore Gas & Electric [BGE] and SMECO began their EmPOWER new construction programs when the statewide effort launched in 2009¹⁰⁴, Delmarva Power, Pepco and Potomac Edison just started theirs in 2012.) However, the same consultant serves as the program implementation and design consultant. The programs' goals and strategies are aligned, and they maintain similar incentive and design structures. Additionally tools, such as the recently developed home registration and rebate tool, have been developed collaboratively to address the same program and participant needs, and are used across all programs. The EmPOWER Maryland participating utilities note as key elements to successful program participation building relationships with builders and rates in order to understand their needs and capabilities so that program offerings can best match them. All these activities aid in increasing market understanding, satisfaction, and recognition of the programs and the energy efficient homes they promote. This, in turn, boosts market penetration—which in Maryland jumped from 5.4 percent in 2009 (when the EmPOWER Maryland program began) to 42 percent in 2011.¹⁰⁵ Such growth would be considered impressive under more favorable market conditions, but is phenomenal in a time of economic downturn and increasing code stringency. It should be noted, that this level of penetration was achieved with only two of the five utilities having EmPOWER Maryland RNC programs. It will be interesting to track statewide results with the additional service area coverage in 2012.

Certainly, there were other market factors at work that affected this result, however, the power of the allied efforts of the utilities among themselves, as well as with other market actors, must not be overlooked.

NEEA provides an example of a successful multi-utility alliance that also includes two public service organizations and which serves multiple states in a large Northwest region. Founded in 1997, NEEA is a non-profit organization using the market power of the region to accelerate the innovation and adoption of energy efficient products, services, and practices. NEEA is supported by, and works in collaboration with, the Bonneville Power Administration, Energy Trust of Oregon and over 100 Northwest utilities on behalf of more than 12 million energy consumers. Its Northwest ENERGY STAR Homes program has been very successful in leveraging the combined reach and resources of NEEA collaborators. The

¹⁰³ It should be noted that MaGrann stopped implementing the New Jersey program at the beginning of 2012, due to regulatory changes in the state. This is discussed in more detail in Section 3.

¹⁰⁴ However, these utilities had implemented new construction programs independently for many years prior to the launch of EmPOWER MARYLAND.

¹⁰⁵ Gazica, "Maryland ENERGY STAR for New Homes Programs"; Navigant Consulting, *EmPOWER Maryland 2011 Evaluation Report*; and Walls et al., "Transforming the Maryland Residential New Construction Market."

program implements a wide-ranging and effective consumer marketing campaign, which in many respects is possible due to NEAA's collaborative regional structure.

Other such successful collaborative efforts take the form of alliances among a variety of market actors such as builders, training organizations, "green" non-profits, raters, marketing companies and utilities. Nevada's Builders Green Alliance and the NCEEA are such groups that have found success in this model.

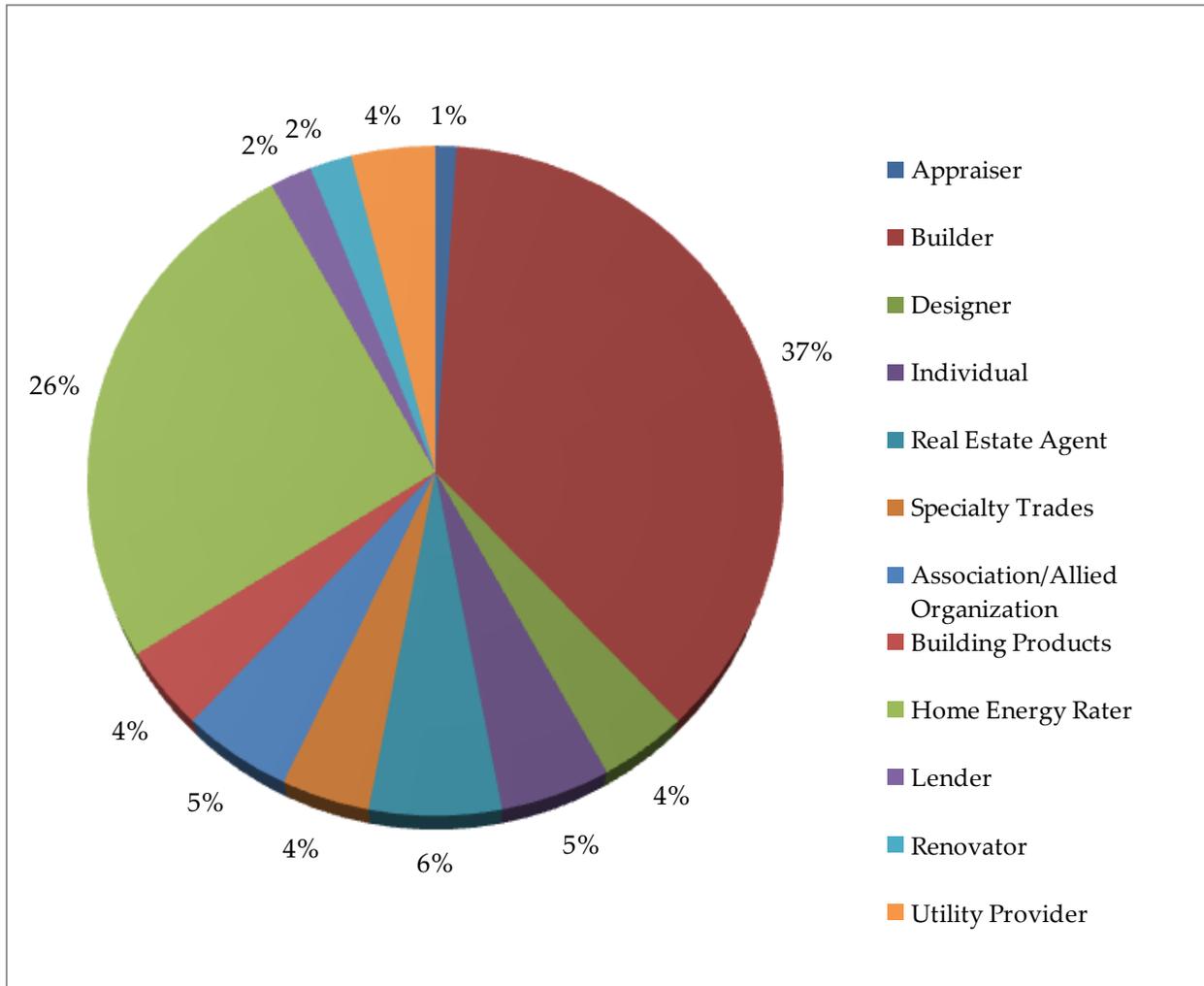
The Nevada coalition was formed in 2001 when a group of builders, utilities, HERS raters, and local homebuilding marketing professionals formed an alliance to promote ENERGY STAR qualified homes. Members now also include other types of industry professionals such as title companies. All participating entities pool funds and work together to develop and disseminate marketing materials, which feature testimonials of participating builder customers and logos or names of coalition members. Technical and marketing training is offered to members, provided both by outside consultants as well as by members themselves (e.g., builders will train other coalition builders.) The collaboration allows for the effective implementation of a marketing and outreach campaigns advertising the benefits of ENERGY STAR to homebuyers, and increased market actor knowledge and capabilities. Additionally, it provides a forum for discussion and development of strategies to address such industry concerns as new codes, appraisal methods and the down market. Results include an increase in consumer awareness of and demand for ENERGY STAR homes, along with strong market penetration.¹⁰⁶

The NCEEA used Nevada as a model in forming an alliance to bridge gap among many key energy efficient housing industry stakeholders in North Carolina including home builders, raters, designers, appraisers, real estate agents, lenders, electric and gas utilities, and other allied organization. Figure E-10 illustrates NCEEA membership make-up as of April 2012. Its founding partners include Appalachian State University, North Carolina Solar Center, Advanced Energy, and Southern Energy Management. It aims to benefit the sustainable housing industry by overcoming market barriers through educating home buyers, training home builders, and real estate agents, strengthening the HERS network, and educating appraisers and lenders on the benefits and value of energy efficiency. Alliance offerings include regular workshops for building professionals, continuing education trainings, networking opportunities, printed publications, online resources, and consumer outreach initiatives across the state. These allied efforts appear to be working well. The NCEEA had its inaugural strategic planning summit in 2011 and in April 2012 reported results exceeding its goal by over 500 homes, with 3,226 ENERGY STAR Qualified Homes, 682 of which are ENERGY STAR and Green Certified.¹⁰⁷

¹⁰⁶ US EPA, *ENERGY STAR for New Homes Sponsor and Utility Partner Guide Appendices*.

¹⁰⁷Kristi Matthews and Chuck Perry, "Promoting ENERGY STAR Homes Through a Statewide Energy Efficiency Alliance" (presentation, 2012 ENERGY STAR for New Homes Utility Sponsor Meeting, Anaheim, CA, April 18, 2012). http://www.energystar.gov/ia/partners/bldrs_lenders_raters/downloads/sponsor_meetings/2012/Promoting_ENERGY_STAR_homes_through_a_state_energy_efficiency_alliance.pdf?fec1-817d

Figure E-10. NCEEA Membership Make-up (n=650)



Source: [Promoting ENERGY STAR Homes through a Statewide Energy Efficiency Alliance](#)

Figure E-11. Home-Buying Sphere of Influence



Source: [Promoting ENERGY STAR Homes through a Statewide Energy Efficiency Alliance](#)

The literature review also found that a number of sources report that less formalized strong relationships among real estate agents, appraisers, lenders and builders also help sell green homes and bridge gaps between builders and buyers. Figure E-11 depicts this sphere of influence. As cited in a recent article on GreenBuilder.com, “Al Medina, director of the NAR’s Green Designation, says it is important to ‘network within the green industry. This includes meeting community planners, developers/builders, architects, energy raters, and other green industry professionals.’ He stresses that gaining the attention of green-savvy buyers requires the right networking and marketing, and says, ‘This network of contacts will not only expose [agents] to the local green scene, but it is also a source of potential business.’ Agents and lending organizations are often the link between home buyers and green builders, and experts say that crafting a sustainability message that gets attention in the current economic environment requires good collaboration.”¹⁰⁸

E.5.2.2 Home Valuation

As evidenced in the above discussion on the power of collaborative efforts that work to form relationships among multiple market actors, involving lending companies and appraisers is important to moving the green building industry forward. Existing literature related more directly to the issue of home valuation echoed this. Robert Sahadi of the Institute for Market Transformation voices the concerned belief of many in the industry when he discusses the “green market challenge,” claiming that “appraisers and lenders can derail good green projects by not valuing green.”¹⁰⁹ A 2011 study on the market impacts

¹⁰⁸Julie Knudson. “Partnering for Profits,” *GreenBuilder Magazine*, March 13, 2012. <http://www.greenbuildermag.com/News/Green-Trends/Partnering-for-Profits>

¹⁰⁹ Robert Sahadi, “Valuing High Performance Homes:Strategies for Working with the Appraisal Industry” (presentation, 2011ENERGY STAR for New Homes Utility Sponsor Meeting, Baltimore, MD, April 27, 2011), 2.

of ENERGY STAR qualifications for new homes found that “[v]aluing energy efficient home features can alleviate many of the problems facing widespread implementation of building efficiency programs across the country. It would enable builders to be more assured that their additional investment would be recoverable at the time of sale, and it may allow them to secure construction loans that cover this additional investment. Proper valuation will help home buyers in obtaining a mortgage that covers the added upfront expenses of energy efficient construction, while giving lenders assurance that the collateral against the loan is valued properly.”¹¹⁰

There are, of course, a number of factors that can impede appropriate valuation of efficient homes, including finding valid comparables, insufficiently qualified appraisers, a lack of understanding of energy efficiency, lack of appropriate documentation (e.g., HERS report or other ratings), and an inability to establish value, detail costs and identify savings. Many such issues revolve around a lack of information and knowledge, suggesting that educational and training efforts targeting appraisers and lenders could go a long way to ameliorating the situation. Recent documentation of the value of efficient homes could support such efforts. The above-mentioned 2011 report on market impacts of ENERGY STAR qualifications notes a number of studies that have shown that efficient homes sell faster and for higher prices, and it also provides data supporting this claim.¹¹¹ Additionally, builder trainings could provide information on how to best have their homes appraise at an appropriate value.¹¹²

Work to implement robust “Green MLS” systems and increase their use may also serve to advance appropriate valuation through providing sales data appraisers need to properly compare “green” homes to “standard” (non-green) homes. Through its Green Resource Council and NeighborWorks® America,

http://www.energystar.gov/ia/partners/bldrs_lenders_raters/downloads/sponsor_meetings/2011/Strategies_for_Working_with_the_Appraisal_Industry.pdf

¹¹⁰William Pflieger, Chuck Perry, Nicholas Hurst and Jeff Tiller, *Market Impacts of ENERGY STAR Qualification for New Homes* (North Carolina Energy Efficiency Alliance: Boone, NC, 2011), 48.

http://ncenergystar.org/sites/ncenergystar.org/files/NCEEA_ENERGY_STAR_Market_Impact_Study.pdf

¹¹¹Pflieger, *Market Impacts of ENERGY STAR Qualification for New Homes*, 9-10. Studies cited include: A 2011 NCEEA study that provides statistically significant analysis that ENERGY STAR qualified new homes sell faster and for higher prices than comparable nonqualified homes; a 2009 study found statistically significant evidence that green certifications, including ENERGY STAR, played a positive role in a home’s market performance. Homes in Portland, OR sold for an average of 4.2% more and sold 18 days faster compared to non-certified homes; a 2011 investigation of the housing market in Asheville, NC found that green buildings were able to defy the downward trend in the housing market. Mosrie found that the price per square foot of green homes actually increased steadily since 2007, while standard homes’ price per square foot declined; a 2009 market analysis found that green certified homes, including ENERGY STAR Homes, sold for a higher percentage of their asking price (94.5% vs. 90.9%) and spent an average of 31 fewer days on the market compared to conventional homes; and a 2010 market analysis using the Triangle MLS in North Carolina found that new high performance homes with certifications sold for 12.9% more overall, an average of \$13.82 more per square foot, and were on the market 42 less days compared to non-certified homes.

¹¹²Currently to help ensure more appropriately valued homes, industry experts recommend that builders: Have lender request certified appraiser (for “complex assignments”); Have HERS and other Ratings Available; List all energy savings features; Identify costs of these features; Present green designations: Energy Star, LEED, NAHB, etc.; and Encourage appraisers to broaden their search for comps. See the Alliance for Environmental Sustainability’s Green Real Estate Toolkit at <http://www.alliancees.org/resources/real-estate-toolkit/> and Sahadi, “Valuing High Performance Homes.”

NAR organized subject matter experts from across the country to create a toolkit¹¹³ to assist MLS organizations in developing their own Green MLS. A recent article on GreenBuilder.com reports that over 100 MLS organizations, mainly in metropolitan areas, have adopted a Green MLS.¹¹⁴

An additional impediment to appropriate valuation is found in current federal underwriting and appraisal rules that do not recognize the value of energy efficiency, meaning that mortgages often cannot cover the cost of efficiency measures. A recent study by the Alliance to Save Energy reports that “[b]esides making underwriting less accurate, these federal rules, combined with limited information... prevent buyers from being able to pay more for efficient homes, and thus prevent builders from building them.”¹¹⁵ The SAVE Act (S. 1737) is a non-partisan bill, proposed by Senators Bennet (D-Co.) and Isakson (R-Ga.), to consider efficiency in all mortgages. The act will require energy costs and efficiencies to be considered in the underwriting and appraisal procedures for any federally-owned or -insured mortgage originated after January 1, 2015.¹¹⁶ Not only would an efficient home’s appraisal account for the value of the energy efficient features (thereby adjusting the home value used to cap the mortgage,) a new approach would add estimated energy costs to the criteria accounted for in the debt-to-income ratio. It is argued that this would properly account for the fact that energy costs now exceed property taxes and insurance, which are accounted for in mortgage underwriting, and that the homeowner who spends less on utilities will have more money to make mortgage payments. Figure E-12 illustrates the components of mortgage underwriting, including the so-called “Energy Blind Spot”¹¹⁷ which the SAVE Act aims to mitigate.

¹¹³www.greenthemls.org

¹¹⁴Lauren Blissard. “Green MLS,” *GreenBuilder Magazine*, April 9, 2012.

<http://www.greenbuildermag.com/News/Green-Trends/Green-MLS>

¹¹⁵Ungar et al., “Guiding the Invisible Hand.”

¹¹⁶Not unexpectedly, there has been quite a bit published and presented on this issue as the Act was being developed and now that it is being debated. In addition to the other sources cited in this section, the following provide information on the SAVE Act and its projected impacts on the industry: 3-Part Webinar Series: *SAVE Act - Impact Series 2012: Game Changers in Sustainability*, *GreenBuilder Magazine*. (Part 1: “SAVE Act 101: An Introduction,” Presenters: Ron Jones, Ken Gear, Philip Henderson; Part 2: “SAVE Act: How It Affects Builders/Remodelers,” Presenters: Ron Jones, C.R. Herro, Chad Ray; Part 3: “SAVE Act: Financing Options & Real Estate Ramifications,” Presenters: Ron Jones, Bob Sahadi, Dr. John Beldock)

<http://www.greenbuildermag.com/ImpactSeries/Archive>; Clayton Traylor, “This Legislation Can Fuel Green Growth - SAVE the Industry,” *GreenBuilder Magazine*, September 2011.

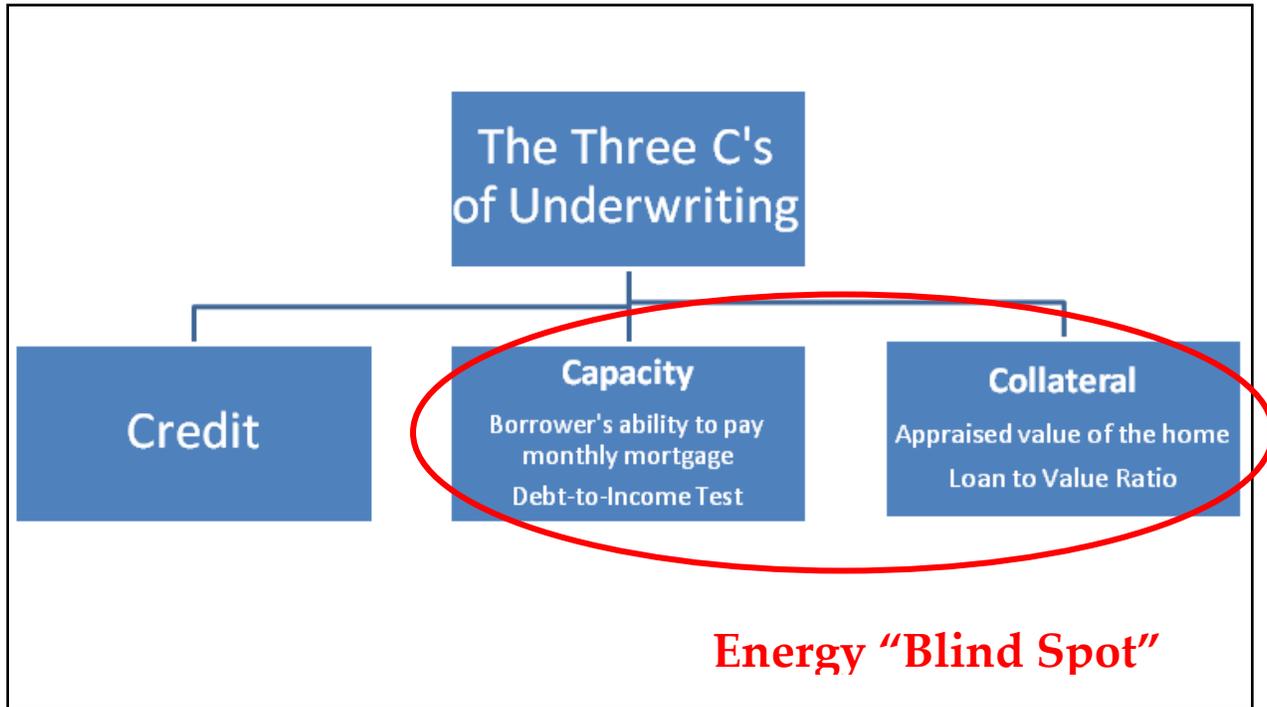
<http://content.yudu.com/A1to6l/GreenBuilderSept2011/resources/index.htm>; and Charles Wardell, “Adjusting to Stricter Codes: Mandating Efficiency,” *GreenBuilder Magazine*, September 2011.

<http://content.yudu.com/A1to6l/GreenBuilderSept2011/resources/index.htm>. More information on the Act can be found on the Institute for Market Transformation website at <http://www.imt.org/finance-and-leasing/save-act>, which has also posted the Bill in full at <http://www.imt.org/uploads/resources/files/BILLS-112s1737is.pdf>

¹¹⁷*Impact Series 2012: Game Changers in Sustainability: SAVE Act - 3 Part Webinar Series*, *GreenBuilder Magazine*.

<http://www.greenbuildermag.com/ImpactSeries/Archive>

Figure E-12. Mortgage Underwriting Components



Source: [GreenBuilder Impact Series 2012: Game Changers in Sustainability: SAVE Act - 3 Part Webinar Series](#)

E.6 Best Practice Consumer Marketing and Sales Review (Secondary Study Area)

E.6.1 Key Findings

Energy Efficiency Programs:

- Many of the best practice programs employ practices aligned with those recommended by ENERGY STAR when they marketed directly to consumers and/or offered marketing support to their participants, however, the degree to which programs engaged in consumer marketing or this support was provided varied greatly.
- Among those that did not conduct either or both of these activities, some were constrained by budgetary issues – both related to regulations of how marketing and outreach funds could be spent, as well as funding availability, and others by legal and liability concerns.
- Some, however, simply did not see the benefit of consumer marketing to attaining their goals.
- The most robust consumer-targeted campaigns were implemented through cooperative efforts and alliances, which generally were not limited by similar constraints and which had somewhat different objectives.
- Several sources note that marketing efforts should be extended to both builders and consumers. Moreover, that creating homebuyer demand through enhancing program and energy efficiency awareness and marketing not only helps achieve a goal of increased energy efficiency, but also stimulates builder participation in the programs.

Builders:

- As with best practice RNC programmatic efforts, best practice builders generally followed basic ENERGY STAR recommendations and teachings as presented in its webinars on marketing and sales, fact sheets and other similar resources, and the types of activities summarized in the above sections on marketing and selling energy efficient homes.
- While both the larger/national and smaller./regional builders all used the basic type of messaging suggested by ENERGY STAR to promote the benefits associated with key home features, the larger builders did not rely as heavily (if at all) on ENERGY STAR-provided templates.
- All the builders reviewed used the ENERGY STAR logo as a branding device to differentiate themselves and lend validation to efficiency and quality claims.
- Reviewed best practice builders targeted both message and media to their specific markets and consumer audience, and used a combination of marketing media and activities.

We reviewed consumer sales and marketing materials of RNC builders and programs selected as “best practice” ones for the purposes of this study, and also considered related measurement and evaluation findings. Currently the CAHP does not engage in consumer marketing, as outreach efforts are focused on driving builder participation rather than on increasing consumer demand or home sales, directly. It does not provide collateral templates or other such support to builders. A study report on SCE’s CAHP predecessor program, the 2006-2008 SCE California New Homes Program (CANHP)¹¹⁸ did refer to extending outreach to consumers in its review of RNC program best practices, however, it did not recommend it as a change to the CANHP, which, like the CAHP, was designed to only market and conduct outreach to builders and third-party consultants for the program.

E.6.2 Discussion

E.6.2.1 Non-California Successful, Best Practice Programs Consumer Marketing and Sales Review

We reviewed consumer sales and marketing materials of RNC programs selected as “best practice” programs for the purposes of this study, and also considered related measurement and evaluation findings. These include utility programs including SMECO’s ENERGY STAR for New Homes Program (Maryland), PNM’s ENERGY STAR Home (New Mexico), APS ENERGY STAR Homes Program (Arizona), and the New Jersey Board of Public Utilities’ New Jersey ENERGY STAR Homes, and the programmatic efforts of three alliances, including those of NCEEA for the ENERGY STAR New Homes Program in North Carolina, Nevada ENERGY STAR Partners, and NEEA’s Northwest ENERGY STAR Homes which covers a region including Idaho, Montana, Oregon and Washington. We also reviewed materials from utility programs in both Kentucky and Ohio that are implemented by MaGrann Associates, which also ran the New Jersey program until January 2012. As a reminder, this study is concerned with consumer marketing that will help builders sell energy efficient program homes. It is not focused on the marketing of the program to builders as prospective participants.

While we found that many of these programs were employing practices aligned with those recommended by ENERGY STAR when they marketed directly to consumers and/or offered marketing support to their participants, the degree to which programs engaged in consumer marketing or this support was provided varied greatly. Among those that did not conduct either or both of these activities,

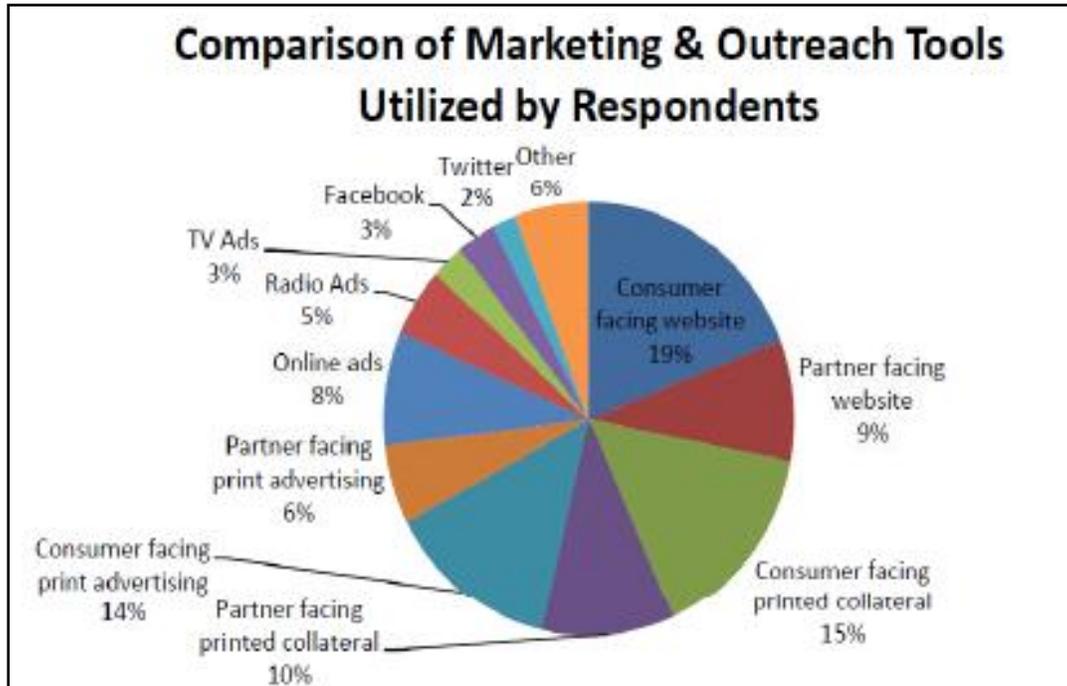
¹¹⁸The Cadmus Group, Inc. and Quantec, *SCE California New Home 2006-2008 Program Process Evaluation*, 57.

some were constrained by budgetary issues – both related to regulations of how marketing and outreach funds could be spent, as well as funding availability, and others by legal and liability concerns. Some, however, simply did not see the benefit of consumer marketing to attaining their goals. The most robust consumer-targeted campaigns were implemented through cooperative efforts and alliances, which generally were not limited by similar constraints and which had somewhat different objectives. Several sources note that marketing efforts should be extended to both builders and consumers. Moreover, that creating homebuyer demand through enhancing program and energy efficiency awareness and marketing not only helps achieve a goal of increased energy efficiency, but also stimulates builder participation in the programs.¹¹⁹ There did seem to be evidence to support the belief that softening the consumer market through such efforts did help drive market penetration and assist builders in attracting buyers. Interestingly, however, our research did not find any programs that tracked home sales, so it is difficult to draw any definitive conclusions on whether consumer marketing by programs actually drove sales. Further related discussion is found in Section 2 and Appendix D covering study interviews.

Well-performing RNC programs tend to target both message and media to their specific marketplaces, and to use a mix of the consumer marketing media and activities discussed in the section above, including print advertising in local newspapers, and shelter and lifestyle magazines (both regional and those with region-specific content); collateral materials such as fact sheets, brochures; websites; web banner ads; social media such as Twitter and Facebook; sponsorship of and participation in home- and “green-” related events, and to a more limited degree radio and TV spots (sometimes as Public Service Announcements or PSAs). Most provide collateral support to their participating builders, most typically based on ENERGY STAR templates and messaging. Some programs also offer cooperative advertising opportunities to participants, whereby they split the costs of ads with builders. Illustrative examples of best practice program marketing and sales materials are included Figure E-13 depicts the variety of marketing and outreach tools being used by ENERGY STAR utility partners. Note that some of these are targeted to program participants and potential participants (builders), while others are focused on the end consumer (homebuyers). (Again, our interest herein is in that targeting the consumer.)

¹¹⁹ Examples of sources recommended extending program marketing to consumers include: The Cadmus Group, Inc. and Quantec, *SCE California New Home 2006-2008 Program Process Evaluation*; US EPA, *ENERGY STAR for New Homes Sponsor and Utility Partner Guide Appendices*; Quantum Consulting, Inc., *National Energy Efficiency Best Practices Study, vol. 8, Residential New Construction Best Practices Report* (San Francisco: Pacific Gas and Electric Company, December 2004). http://www.eebestpractices.com/pdf/BP_R8.PDF; and Research into Action, Inc., *Process Evaluation of the 2009-2010 New Homes Program Energy Trust of Oregon* (Portland, OR: Energy Trust of Oregon, Inc., September 2, 2011). http://energytrust.org/library/reports/111002_NH_2011_Process_Eval.pdf

Figure E-13. ENERGY STAR Utility Partner - Marketing Strategies (2012)¹²⁰



Source: Choi, “[Overview of Utility Partner Strategies and EPA Resources](#)”

NEEA stands apart in the level and sophistication of its consumer marketing for its ENERGY STAR Homes program. It conducted significant market research in the development of its “Be more at home” marketing campaign which has successfully softened the market for builders to sell their products. The campaign’s emphasis is on marketing to the emotional influences of the consumer, including comfort, being healthy in the home and long-lasting quality of construction. The program provides marketing support to builders in the form of a variety of marketing and sales channels (e.g., brochures, call-out cards, window decals, and yard signs.) NEEA developed and hosts a robust program website (<http://www.northwestenergystar.com/>), and also places print ads in newspapers and targeted magazines, as well as lighthearted TV and radio PSAs about the program, ENERGY STAR home benefits and building science.¹²¹ Additionally, NEEA has been successful in engaging in cost-effective collaborative efforts for its annual marketing promotions, which have included car and home giveaways. Figure E-14 and Figure E-15 show some of the sales and marketing materials representative of how NEEA uses the emotional pull of “being more at home” in an ENERGY STAR home.

¹²⁰Ga-Young Choi, “Overview of Utility Partner Strategies and EPA Resources” (presentation, 2012 ENERGY STAR for New Homes Utility Sponsor Meeting, Anaheim, CA, April 19, 2012).
http://www.energystar.gov/ia/partners/bldrs_lenders_raters/downloads/sponsor_meetings/2012/Overview_of_utility_partner_strategies_and_epa_resources.pdf?8b9c-911d

¹²¹ Ads can be downloaded on the builder marketing support page at
<http://www.northwestenergystar.com/partners/home-builders/marketing>

Figure E-14. NEAA Marketing - "Be More at Home" Campaign Print Ads

PRINT ADS

Be more at home.

WINDOWS THAT ARE FOR WATCHING SUNSETS AND LOWERING ENERGY BILLS.

Northwest ENERGY STAR Homes are specially designed to be more efficient, more healthy and more comfortable. So whether it's the sight of a beautiful sunset or the ENERGY STAR qualified seal on your window, we'll lower energy bills, an ENERGY STAR home will make you feel better about home. And better about being at home.

Be more at home.

YOU HAVE TO BUILD COZY.

THE COMFORTS OF A HOUSE aren't just limited to warmth in the winter and cool air in the dog days of summer. Sometimes comfort comes from the knowledge that you aren't using any more energy than you need. Or that you'll be keeping your energy bills as low as you can while you enjoy the comforts of home.

See what builders in the Northwest are doing to surpass the status quo and create the next standard of super-efficient homes.

SEE HOW COMFORT IS BUILT, EXPLORE THEIR STORIES AT:
northwestenergy.com/super-efficient-homes

Figure E-15. NEAA Marketing - "Be More at Home" Campaign Collateral Materials



E.6.2.2 Best Practice Builder Marketing and Sales Review

We reviewed consumer sales and marketing materials of RNC program participants selected as “best practice” builders for the purposes of this study, and also considered related measurement and evaluation findings and trade publications. Builders included Meritage Homes (national-level), Shea Homes (Arizona), Pulte (Arizona), and New Tradition Homes (Washington). As with best practice RNC programmatic efforts, best practice builders generally followed basic ENERGY STAR recommendations and teachings as presented in its webinars on marketing and sales, fact sheets and other similar resources, and the types of activities summarized in the above sections on marketing and selling energy efficient homes. While both the larger/national and smaller./regional builders all used the basic type of messaging suggested by ENERGY STAR to promote the benefits associated with key home features, the larger builders did not rely as heavily (if at all) on ENERGY STAR-provided templates. However, all the builders reviewed used the ENERGY STAR logo as a branding device to differentiate themselves and lend validation to efficiency and quality claims.

Like the best practice RNC programs, reviewed builders targeted both message and media to their specific markets and consumer audience, and used a combination of marketing media and activities, including print advertising in local newspapers, and shelter and lifestyle magazines (both regional and those with region-specific content); collateral materials such as fact sheets, “Dare to Compare” checklists (which compare features of ENERGY STAR homes to homes built to code); brochures; websites; web banner ads; social media such as Twitter, Facebook and YouTube; and to a more limited degree radio and TV ads. “Deconstructed homes” and on-site interactive tools exhibiting feature benefits are also used widely, and some builders have also developed similar online tools to showcase the advantages of their

homes¹²². Figure E-16 shows images of Meritage’s “learning center” deconstructed home. Other on-site sales tools such as wall plaques pointing out efficient features and yard signs and banners tend to use the ENERGY STAR logo to underscore the fact that the homes are proven as efficient. Additional illustrative examples of best practice builder marketing and sales materials are included in Appendix.

Figure E-16. Images of Meritage Deconstructed Home / Learning Center



Source: <http://www.meritagehomes.com/whybuy/deconstructed.shtml>

¹²²For example, Meritage has an online version of its deconstructed house at <http://www.meritagehomes.com/whybuy/deconstructed.shtml> and a video of its Learning Center at <http://www.usbuildingdigest.com/video/meritage-homes-learning-center/>

E.7 *Builder Sales Training and Adult Learning Approaches (Primary Study Area)*

E.7.1 Key Findings

Sales Training:

- “Lack of sales skills” is among the key barriers to the adoption of energy efficiency technologies in the home building industry
- Sales training is critical (and it is not just building science)
- Most important but most difficult to teach:
 - How to listen / When to be quiet
 - Focus in on what the buyer wants
 - Use discipline and restraint to only sell top three buyer-desired features in a way that resonates with buyer
- Program-supplied trainings serve to ensure energy savings goals are achieved by helping to ensure real performance in the field. As a benefit to builders, these program offerings work to both recruit and retain participants, as well as positioning the utility as a valuable trade ally and energy efficiency expert.
- Successful programs offer some sort of "sales" training to participating builders – typically building science. More successful program offer both building science and how to sell. The most successful programs offer both types by “handholding” builders through the educational process to build both builder sales staff confidence, and program loyalty.

Adult Learning & Instructional Design:

- A grounding in the basic principles of andragogy and instructional design is called for in developing a successful training program for builders.
- The six principles of adult learning should be incorporated, with a focus on the process of learning, and placement of the student and teacher on more equal footing than is the case with younger pupils.
- Approaches incorporating case studies, role playing, simulations, and self-evaluation are recommended when teaching adults.
- Similar strategies can be successfully applied in online trainings.
- Regular short “refresher” courses offered as a follow-on to initial longer and more detailed training functions well for adults learning a practical skill.
- The instructional design model theory, form, and function should be well understood and documented in advance of course development.

E.7.2 Discussion

Clearly, as stated in a 2005 CEC report and echoed in much of the relevant literature, “builders’ sales staff are uniquely positioned to present and explain energy efficient options, whether for cooling, or for other energy-demanding services (e.g., water and space heating, lighting.) Equipped with credible information and the necessary incentives to reduce profit risks to the builder and investment costs of the home buyer, the builder is more likely to make a sale on a more energy efficient home.”¹²³ The key is to prepare the

¹²³Building Industry Institute, *Final Report for Profitability, Quality and Risk Reduction through Energy Efficiency*(Sacramento, CA:California Energy Commission, Public Interest Energy Research Program, August

sales staff to take full advantage of that position. RNC programs are well-positioned to provide sales training to do just that. The Appendices to the 2008 ENERGY STAR best practices report on program design and implementation list “lack of sales skills” among key barriers to the adoption of energy efficiency technologies in the home building industry, which should be known prior to designing a program. In describing this barrier, the report states that:

“[w]hile energy efficient homes deliver impressive operating cost and performance advantages, these values are invisible to the average home buyer during a home walk-through. In contrast, other desired design features such as architectural appearance, finishes, and layout are highly visible. The typical real estate agent and builder sales professional has not been trained to sell the benefits of energy efficiency, yet they provide homebuyers most of their housing purchase information...sales training and tools are extremely important to promote the benefits of energy efficient homes. This is because builder sales teams are focused on promoting features you can see as opposed to energy efficiency features and benefits that cannot be seen. Lastly, investments in effective marketing are crucial both to educate consumers and to help secure builder confidence in the program.”¹²⁴

Particularly in the current state of the new construction market, as many builders are not retaining a full sales staff and relying on agencies to supply temporary sales support, and are cutting back on in-house training, providing a resource to help ensure consistent sales messages and techniques would be a valuable program offering.

Currently the CAHP, specifically, does not offer builder sales training, and the objective of the current research is to formulate recommendations for effective approaches for such a program-specific training module and structure. The IOUs do offer trainings for builders through their respective training centers,¹²⁵ but these tend to focus on building science and code aspects rather than on selling efficient homes, specifically. Additionally, these trainings are open to the public, so do not offer a benefit directly tied to program participation. It is worth noting that the study of SCE’s 2006-2008 RNC program did recommend that the program “incorporate new tools for providing key information,” stating that builders “identified several types of information that would facilitate their participation and cited mechanisms for providing it. One was to provide training via Webcasts or have training available to download from SCE’s Web site.”¹²⁶

While there is not a tremendous amount of existing literature on precisely this issue, following is a review of sources on related topics that may inform recommendations for such sales training, including those on adult learning and instructional design, as well as a review of available training materials and plans of best practice RNC programs and builders.

E.7.2.1 Adult Learning and Instructional Design

A grounding in the basic principles of andragogy (adult learning) and instructional design (the process by which instruction is improved through the analysis of learning needs and systematic development of

2005), Publication Number: CEC-500-2005-118, 9. <http://www.energy.ca.gov/2005publications/CEC-500-2005-118/CEC-500-2005-118.PDF>

¹²⁴US EPA, *ENERGYSTAR for New Homes Sponsor and Utility Partner Guide Appendices*, 4-5.

¹²⁵See PG&E’s Energy Training Center, Stockton offerings at <http://www.pge.com/mybusiness/edusafety/training/stockton/>;

¹²⁶The Cadmus Group, Inc. and Quantec, *SCE California New Home 2006-2008 Program Process Evaluation*, 64.

learning materials) is called for in developing a successful training program for builders. The majority of the literature reviewed on the topic of adult learning and instructional design stressed similar themes and concepts. A brief summary¹²⁷ of these follows, and more related information can be found in the discussion of our interviews with subject matter experts in Section 2.

Andragogy, defined by Malcolm Knowles in the 1970s as “the art and science of helping adults learn,” focuses on the process of learning, and places the student and teacher on more equal footing than is the case with younger pupils. Knowles identified the six principles of adult learning as:

1. Adults are internally motivated and self-directed;
2. Adults bring life experiences and knowledge to learning experiences;
3. Adults are goal oriented;
4. Adults are relevancy oriented;
5. Adults are practical; and
6. Adult learners like to be respected.

For these reasons, approaches incorporating case studies, role playing, simulations, and self-evaluation are recommended when teaching adults. Similar strategies are being successfully applied in online trainings, as well, which can provide unique ways to meet the needs of adult learners. For example, as instructional designer Judy Hext points out, “adult learners like to feel a sense of control over their own learning. Online learning gives adults the choice to log on and learn at a time convenient to them,” and should also accommodate a desire for freedom to navigate through the course in their own way.¹²⁸

Additionally, regular short “refresher” courses offered as a follow-on training to initial longer and more detailed training functions well for adults learning a practical skill.

In developing a training course for builders, the implementer should demonstrate a thorough understanding of the principles of andragogy, which should be incorporated in the instructional design model used. Such a model should facilitate the transfer of knowledge, skills, and attitude to the “student” participants. A common example is that of the ADDIE model, a generic process traditionally used by instructional designers and training developers.

The five phases of the ADDIE model – Analysis, Design, Development, Implementation, and Evaluation—represent a dynamic, flexible guideline for building effective training and performance

¹²⁷ Representative examples of sources include: Richard Culatta, InstructionalDesign.org, 2011; Judy Hext, *Adult Learning Principles in eLearning*, 2012, <http://bonlinelearningcom.web10.hubspot.com/Portals/116571/docs/adultlearningprinciples.pdf>; Judy Hext, “Adult Learning Principles in eLearning,” *The eLearning Blog*, posted May 25, 2012, <http://bonlinelearningcom.web10.hubspot.com/elearning-blog/bid/124822/Adult-Learning-Principles-in-eLearning>; Deb Peterson, “5 Principles for the Teacher of Adults: Teaching Adult Learners,” <http://adulthood.about.com/od/teachers/a/teachingadults.htm>; Deb Peterson, “Review of *Learning Styles - A Practical Reader in the Universal Design for Learning*, Edited by David H. Rose and Anne Meyer” <http://adulthood.about.com/od/teachers/a/reviewofudl.htm>; and Queensland Occupational Therapy Fieldwork Collaborative, “Adult Learning Theory and Principles,” *The Clinical Educator’s Resource Kit*, 2007. <http://www.qotfc.edu.au/resource/index.html?page=65375>

¹²⁸Hext, “Adult Learning Principles in eLearning.”

support tools. In the ADDIE model, each step has an outcome that feeds into the subsequent step. The five ADDIE phases are as follows:

1. Analysis Phase: Instructional problem is clarified, the instructional goals and objectives are established, and the learning environment and learner's existing knowledge and skills are identified.
2. Design Phase: Learning objectives, assessment instruments, exercises, content, subject matter analysis, lesson planning and media selection are systematically and specifically designed.
3. Development Phase: Content assets designed in the previous phase are created and assembled. The project is reviewed and revised according to any feedback given.
4. Implementation Phase: Procedure for training the facilitators and the learners is developed. The facilitators' training should cover the course curriculum, learning outcomes, method of delivery, and testing procedures. Preparation of the learners include training them on new tools (software or hardware), student registration. Ensure that all books, hands-on equipment, tools, CD-ROMs, and software are in place, and that any learning application or Web site is functional.
5. Evaluation Phase: Formative evaluation is present in each stage of the ADDIE process. Summative evaluation consists of tests and providing opportunities for feedback from the users.

Most of the current instructional design models are variations of the ADDIE model.¹²⁹ Whether a training course developer uses the ADDIE model, an existing variation or one of her own design, its theory form and function should be well documented in advance of course development.

E.7.2.2 RNC Program Builder Sales Training

The literature review did not reveal much information about builder sales trainings, specifically, and we relied more heavily on our interviews with best practice program managers to collect related data. However, initial research did indicate that successful RNC programs offer some sort of sales training to participating builders, which is typically a mix of more technical training on the building science of efficient homes and methods to “translate” the technical features into the benefits desired by the home buyer. That is, they teach builder sales staff both what to sell and how to sell it. Because many of the larger and/or national builders have well-established sales training programs, program-supplied trainings tend to be more valuable to the smaller, more regional builders. Many programs contract with a third-party to develop curricula and conduct the trainings.

Program-supplied trainings serve to ensure energy savings goals are achieved by helping to ensure real performance in the field. As a benefit to builders, these program offerings work to both recruit and retain participants, as well as positioning the utility as a valuable trade ally and energy efficiency expert.¹³⁰

As discussed above, ENERGY STAR offers a number of educational resources¹³¹ to its partners, including:

¹²⁹ Other models include the Dick & Carey, and Kemp. One commonly accepted improvement to the ADDIE model is the use of rapid prototyping, by which continual or formative feedback is received while instructional materials are being created. This model attempts to save time and money by identifying and resolving problems early in the process.

¹³⁰The Cadmus Group, Inc. and Quantec, *SCE California New Home 2006-2008 Program Process Evaluation*.

¹³¹ The suite of materials available to ENERGY STAR partners is found at http://www.energystar.gov/index.cfm?c=bldrs_lenders_raters.nh_educational_resources

- [Presentations](#). Customizable presentation templates that target builders, appraisers, and real estate agents. The presentations serve to focus on the value of ENERGY STAR to the audience.
- [Fact Sheets](#). Designed to educate sales teams about the many ‘tried-and-true’ energy efficient features found in ENERGY STAR certified homes.
- [Sales E-Packet](#). Online collection of sales resources aimed to educate sales staff in best practices for selling ENERGY STAR certified homes.
- [Free Webinars and Guided Presentations](#). Free training live on the Internet and in recorded modules intended to help partners get the most out of their involvement with ENRGY STAR.

While these resources all offer a valuable benefit to ENERGY STAR partners and are used by many, they do not tend to offer content focusing on “the art of salesmanship,” including such aspects as how to use typologies and practical step-by-step sales presentation guidance. For example, the recorded webinar on how to sell an ENERGY STAR home¹³² is approximately 35 minutes long and is primarily an overview of a home’s features, including some discussion on non-energy benefits and information on how to talk to consumers about them. It is a relatively short “primer,” without real content on basic sales techniques, nor interactivity or chance to role play, which was described as of key importance in the existing relevant literature both specifically on builder sales training, as well as on that related to adult learning and instructional design, more generally.

E.7.2.3 Best Practice Program Builder Sales Training Review

All of the best practice programs offer some form of builder sales training. However the specific type and content varies. As the majority of sales training documents are proprietary (and most developed and delivered by third-party contractors), we were unable to review much actual training material from best practice programs.

Most best practice programs generally offer some combination of technical and sales technique training, although the emphasis is predominantly on the building science aspects. Best Practice programs also frequently guide builders to the above-described ENERGY STAR educational resources. In addition to builder sales trainings, NCEEA offered classes for real estate brokers, appraisers, lenders.

APS uses a multi-prong approach to the sales training it offers its program builders, using both a third-party contractor to provide a more in-depth full-day workshop, followed up on a regular basis with a few-hour refresher training offered by program staff. While the third-party training materials are proprietary and were not made available to us, we were able to review the one-page list of quiz questions APS staff use to engage builders in fun game-show-like approach. Its short format requiring brief answers appears to be designed well to test information retention.

E.7.2.4 Best Practice Builder Sales Force Training Review

As with RNC best practice programs, as the majority of their sales training documents are proprietary, we were unable to review much actual training material from best practice builders. One notable exception is the six-part series of videos on “Selling Green Homes” produced by Meritage which are posted on YouTube¹³³ and which focus both on the technical features of their efficient homes as well as how to discuss them with buyers (As the presenter, C.R. Herro states on the video, “It’s not about all the

¹³²The ENERGY STAR webinar on home sales is found at

http://www.youtube.com/watch_popup?v=wUayfNxH9RY&vq=medium

¹³³http://www.youtube.com/watch?v=-U_ytqJXMCA&list=UUTaU9FYnWP6O_tKSIUEGRaA&index=9&feature=plcp

widgets, it's about how these things translate to greater benefits for you.") Interestingly, it is not only for Meritage builders, but rather more generally for all "green" builders. Each video is approximately six to eight minutes in length and done in an informal and "approachable" manner. However, they are not interactive, and offer neither quizzes to test knowledge gain nor any suggestions for role playing to reinforce practical learnings.

Appendix F. Successful Best Practice Program Marketing and Sales Materials Examples

Figure F-1.SMECO Program Internet Marketing



Source: Transforming the Maryland Residential New Construction Market: Collaboratively Overcoming a Down Economy and Increased Standards, slide 24.

Figure F-2.SMECO Program Materials for On-site Use by Builders

- Provide collateral material to builders and raters
 - Raters, provide brochures explaining program, links to website
 - Builders brochures to explain program to customers

- 8"8 window decals (5)
- 4"4 window decals (5)
- 4"4 vinyl decals (5)
- 9" balloons (25)
- 4"4 metal plaques (1)
- Wave flag (1)
- EPA consumer brochures (quantity per request)



Source: Transforming the Maryland Residential New Construction Market: Collaboratively Overcoming a Down Economy and Increased Standards, slide 25.

Figure F-3.NCEEA – Social Media



Figure F-4.NCEEA – Print Materials



Figure F-5.NCEEA – Web Site



➤ **Soft Launch - Landing page on the NCEEA website**

Figure F-6.NCEEA – Geo-targeted Banner Ads

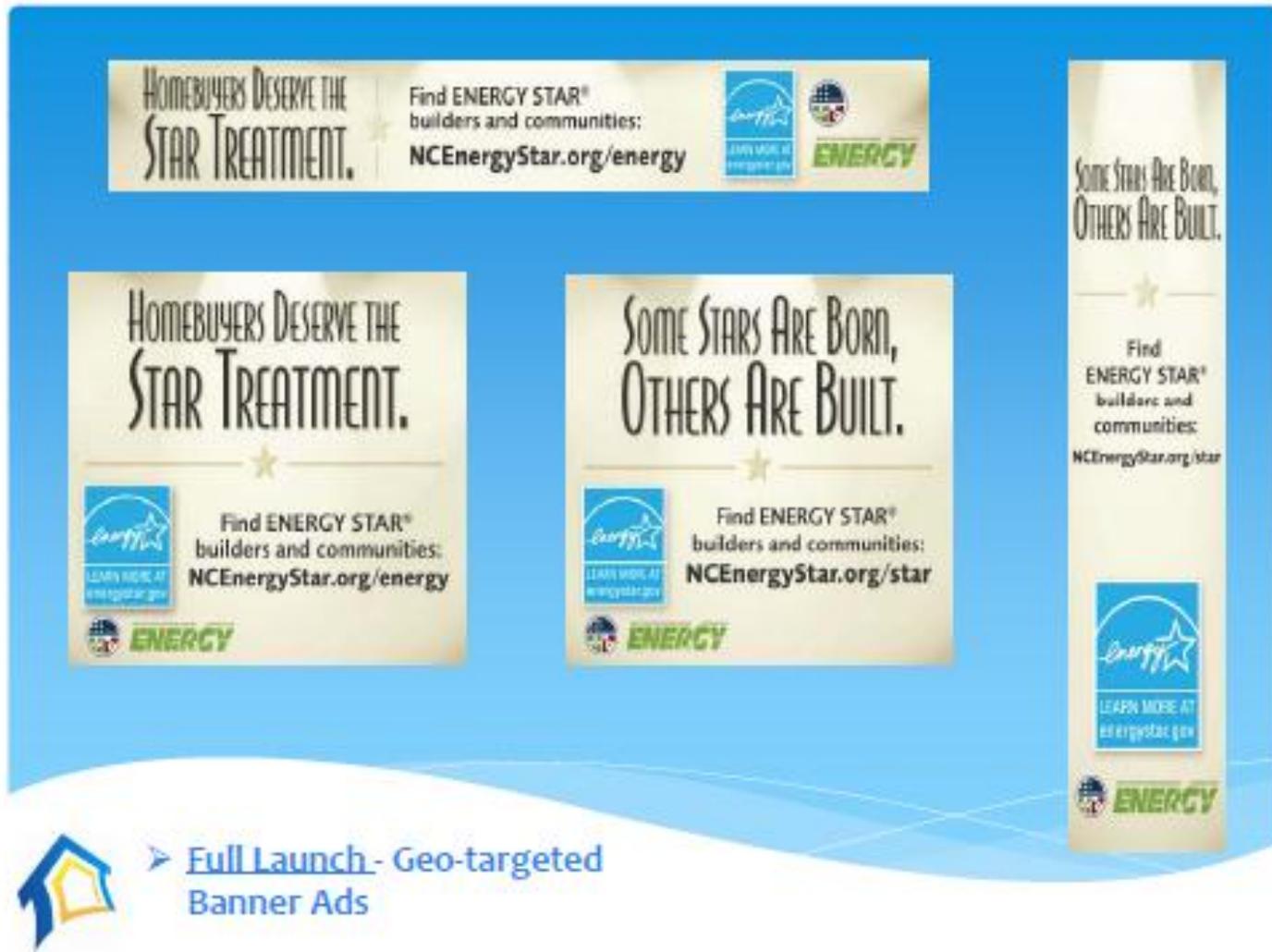


Figure F-7.NCEEA – Billboards



Figure F-8.CEEA – Geo-targeted Print Media

Full Launch - 22 geo-targeted print media insertions to publications in key NC ENERGY STAR markets

Figure F-9.NCEEA – On-site Materials – Wall Plaques

NCEEA –Wall Plaques Help Realtors Sell EE Features; QR Codes Allow Easy Access to Additional Info

1. Tight Construction and Ducts:



How is it Beneficial?
Improved Comfort:
 When ducts are properly sealed and insulated, they deliver conditioned air more effectively to all rooms, helping to ensure a more constant temperature throughout the home.

North Carolina Energy Efficiency Alliance
 ENERGY



2. Effective Insulation Systems:



How is it Beneficial?
Better Resale Position:
 The improved comfort, lower utility bills, and enhanced durability of a properly installed insulation system that meets grade 1 specifications can translate into a higher resale value for your home.

North Carolina Energy Efficiency Alliance
 ENERGY



4. High Performance Windows:

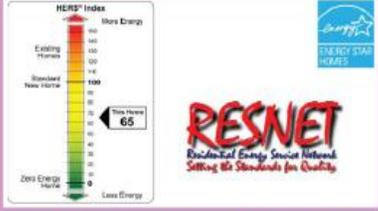


How is it Beneficial?
Protection of Your Home's Interior:
 Photographs, furniture, flooring, and window treatments can fade or become discolored after repeated exposure to sunlight. High efficiency windows with special Low-E coatings can reduce fading by up to 75%.

North Carolina Energy Efficiency Alliance
 ENERGY



6. Independent Testing:



How is it Beneficial?
The HERS® Index:
 The HERS® Index has been established by the Residential Energy Service Network to measure a home's energy efficiency, much like a miles-per-gallon rating on a car. The HERS® Index indicates a home's average energy use --the lower the score, the better.

North Carolina Energy Efficiency Alliance
 ENERGY



Figure F-10.NCEEA – Consumer Campaign Results

The Result...

- Over 35,900,000 billboard impressions
- 10,346,931 banner ad impressions
 - Average click-thru-rate (CTR) of .10% -----
OVER 2x INDUSTRY STANDARD!
- 5,029,410 print ad impressions
- Over 50,000,000 total media impressions to date and still growing!



Consumer campaign results

Figure F-11.AEP Ohio/Columbia Gas of Ohio – “Value Built Right In” Campaign Materials

AEP Ohio/Columbia Gas of Ohio – “Value Built Right In”

WATER MANAGEMENT SYSTEM

Like water off a duck's back.

AEP OHIO/COLUMBIA GAS OF OHIO ENERGY STAR® NEW HOMES
More energy savings and value built right in.



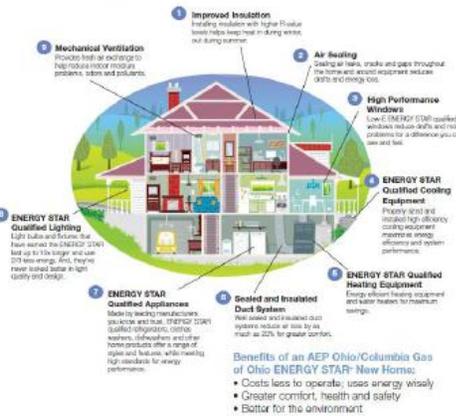
- Advanced moisture barriers and construction techniques effectively drain water from the roof walls and foundation.
- Preventing water damage is critical for maintaining performance and durability of your ENERGY STAR®

ENERGY STAR® New Homes

This home just raised the bar for energy savings and comfort.

gridSMART, Columbia Gas of Ohio, ENERGY STAR® New Homes

More energy savings and value built right in.



Call 1-877-771-5506 or visit gridSMARTOhio.com or ColumbiaGasOhio.com/ESNH



ENERGY STAR® New Homes

Beyond acceptable. More like exceptional.

AEP OHIO/COLUMBIA GAS OF OHIO ENERGY STAR® NEW HOMES



gridSMART, Columbia Gas of Ohio, ENERGY STAR® New Homes

gridSMARTOhio.com
ColumbiaGasOhio.com/ESNH
1-877-771-5506

Congratulations! You're ready to make one of life's biggest investments.

Why Buy Now?
Buy now to take advantage of the current market conditions. Home prices are still high, but inventory is low. This is a great time to buy a new home.

ENERGY STAR® New Homes
Save up to 10% on energy costs. Lower utility bills mean more money in your pocket.

Join the millions of homeowners who have already selected an ENERGY STAR® New Home for more energy savings, comfort and value.

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Figure F-13.KU and LG&E – ENERGY STAR Qualified Homes Campaign Materials

KU and LG&E – Show and “Feel”

ENERGY STAR Qualified New Homes

What makes a home ENERGY STAR?

ENERGY STAR qualified homes homeowner benefits

Build ENERGY STAR Qualified Homes

What is ENERGY STAR?

Why do homebuyers choose ENERGY STAR?

What support does LG&E offer builders?

What people are saying

ENERGY STAR

KU a PPL company

LG&E a PPL company

NAVIGANT

ENERGY

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Figure F-14.APS – ENERGY STAR Home Campaign Materials – Print and Online

APS –It's about "better" and "more," not just cost

The figure displays four distinct pieces of campaign material:

- Top Left:** A photograph of a family of four (a woman, a man, and two children) sitting around a dining table, smiling and engaged in conversation.
- Top Right:** A photograph of a man and a woman embracing warmly in front of a modern, light-colored house with a large arched doorway.
- Bottom Left:** A printed brochure titled "HYAC & VENTILATION" and "FRESH AIR VENTILATION". It features a photo of a family in bed and a technical diagram of a ventilation system. The text describes how ENERGY STAR homes use fresh air ventilation to improve indoor air quality and energy efficiency.
 - Construction Features:**
 - Special duct to the outside draws in fresh air
 - Air is filtered and evenly distributed throughout the home
 - Owner Benefits:**
 - Fresh air for your family's health
 - Improved indoor air quality
 - Better humidity control
 - Did you know?**
 - ENERGY STAR homes are tightly constructed to improve efficiency. But as homes get tighter, it's easier to bring in stressed fresh air. This improves indoor air quality throughout the home, carrying humidity and normal household odors.
- Bottom Right:** A collage of lifestyle photographs on a blue background, including a group of people dining, a person riding a horse, and a family playing on a beach. A small logo for "ENERGY STAR FOR THE BETTER" is visible in the bottom left corner of this section.

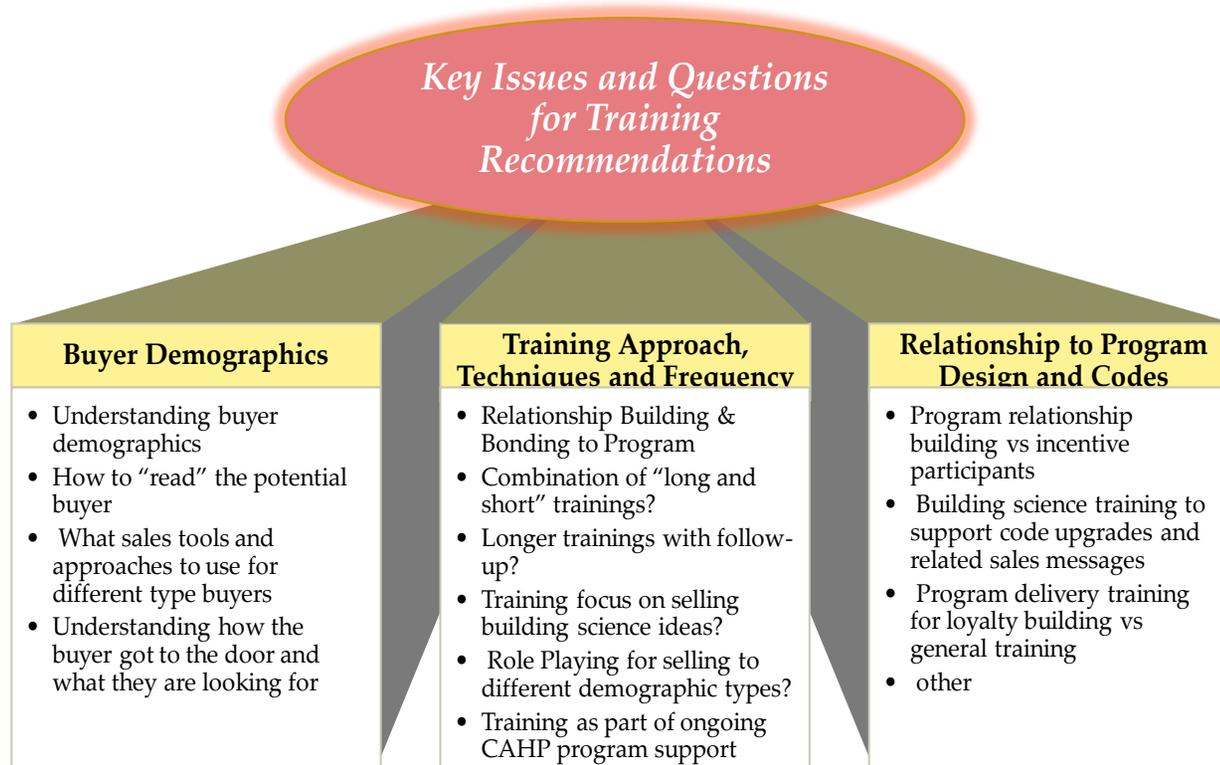
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Appendix G. Highlights of Phase I Interim Report-out

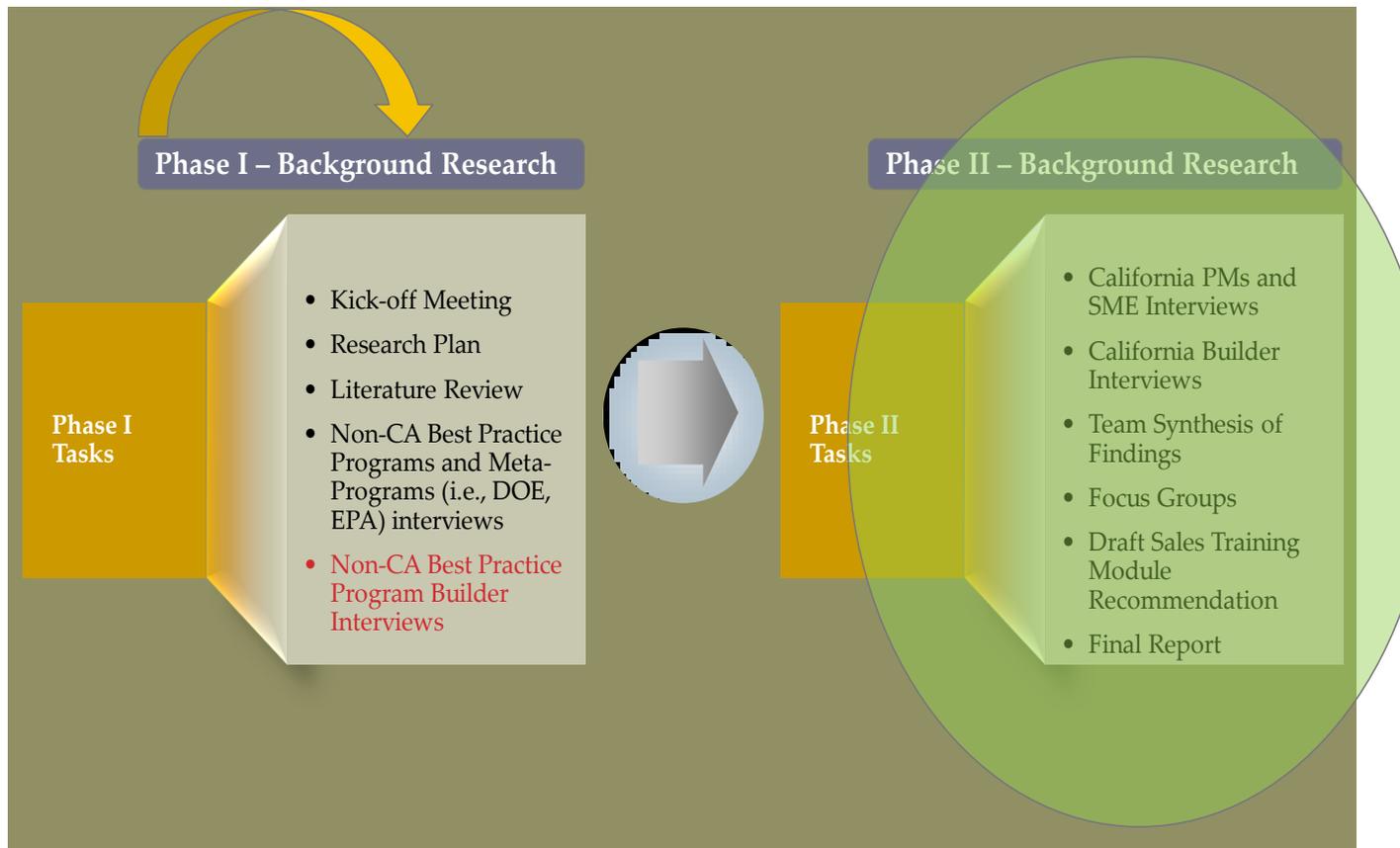
Following the completion project Phase I interviews with non-California market actors, a project interim meeting was held with the project's Program Coordinating Group (PCG) to report out midway project findings. Many of these initial findings from interviews with successful RNC program managers and national and regional builders point to the intimate connection between program design, marketing and sales training. Results of Phase 1 interviews have been incorporated into the overall study findings presented in the main body of this report.

Below we present highlights from the Phase 1 interim report-out meeting. The first slide represents the summary "takeaways" from Phase I, which then provide direction for final focused research on sales training in California.

Key issues for Next Steps Toward Sales Training Recommendations



The Project Team is Completing Phase I Research with a Phase II Completion Date Projected for October, 2012

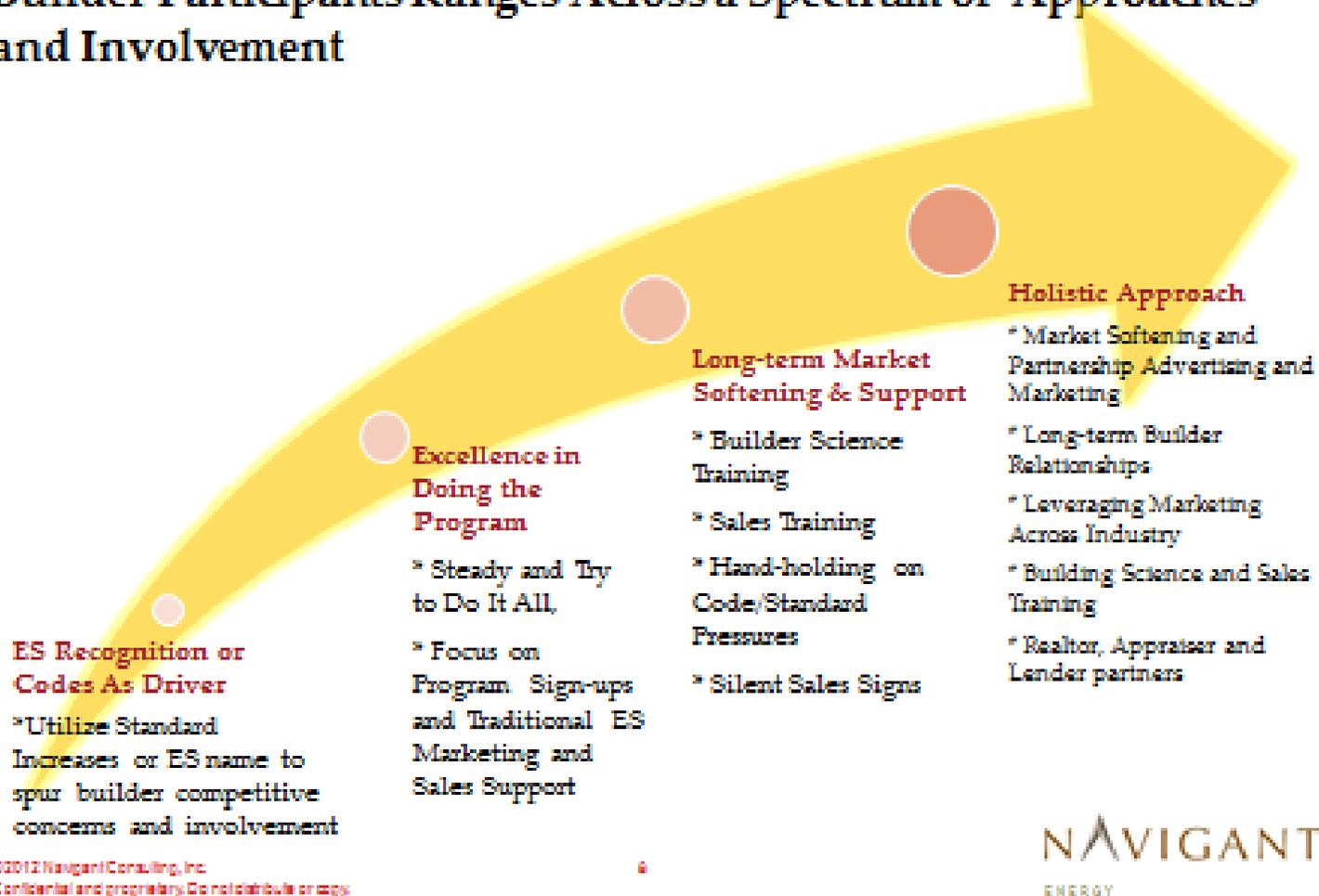


Early Findings from Literature Review and Best Practice Interviews to Date

Sections Overview

- Program Design Wisdom
- General Findings
- Sales and Sales Training
- Code Pressures and Program Foci
- Other Findings
- Preliminary Conclusions for CA Sales Training Module

Non-CA Best Practice Program Marketing and Sales Support to Builder Participants Ranges Across a Spectrum of Approaches and Involvement



Programs that focus on long-term relationship building and sales training on building science and code changes are most successful

General

- ✓ Sales Training is included in the best practice program efforts we have surveyed to-date
- ✓ Tracking of actual sales of program homes is not part of the program metric of any program surveyed, but one program reports and expected 1:1 ratio in this market
- ✓ Program design, marketing and building science and sales training are intimately linked in the best practice programs reviewed
- ✓ Long-term Relationship Building and Support seems the key to Best Practice program success (i.e., building builder loyalty and program bonding)
- ✓ Programs focused on upcoming code increases have been significantly effective in signing up and maintaining program participation

Sales decisions are based on emotion and then justified with logic

<p>Sales and Sales Training</p>	<ul style="list-style-type: none"> ✓ Conventional Sales Wisdom: Home purchase is typically done based on <i>emotion/satisfaction</i> and <i>then logic</i> is used to support the emotional purchase (i.e., the house is bought to fit into a family's needs for quality schooling, or neighborhood, etc., and then it's "Green Qualities" are an added plus) ✓ Most successful programs (i.e., based on # of program homes built) provide hand-holding building science training and <i>related marketing and sales support/training, with NEEA and the Nevada Builders Alliance having a long-term commitment to soften consumer markets with program marketing (push and pull go together)</i> ✓ Sales training includes role-playing and/or simple support for builder sales team to understand basic building science technical concepts in-case these are needed ✓ Sales training for best-in-class builders/programs focuses on <i>differentiating who the potential buyers are</i> (various typology schema) and what sales "levers" to use to help "make the deal" based on those distinctions ✓ Many builders sign up for programs based on incentives and <i>do not feel confident enough to integrate ee into the sales process</i>
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Program Managers Use the Fact of Code Pressures to Recruit More Builders

<p>Code Pressures and Program Foci</p>	<ul style="list-style-type: none"> ✓ Several Best Practice programs surveyed have shown significant INCREASES in program uptake (by % of market penetration) during the downturn <i>AND with code-increase pressures</i> ✓ One Best Practice utility program uses the fact that code homes DO NOT typically perform as the code suggests they should, and makes savings claims based on <i>the delta below code as compared to their home</i> ✓ Best Practice programs have employed significant “building science” training for PROGRAM builders to teach their staffs how to reach the stretch goals of the increasing code <i>as a means of building program loyalty with builders</i> (“during hard times and good times”) ✓ Best Practice programs support ZNE and Renewable issues, but don’t appear to have the same pressures as we do in California on these issues ✓ <i>Code increases seem to provide an impetus for builders not previously in programs to sign up to keep-up with their competition</i> ✓ ...But...sign-ups don’t necessarily result in SALES as these are nowhere tracked
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Give builders the tools to close the sale through program provided training

<p>Other</p>	<ul style="list-style-type: none"> ✓ Energy Star name recognition appears to have significant consumer credibility in Best Practice programs ✓ National sales training approaches and modules exist that may have high-level relevance to the Goal of the CAHP Enhanced Builders' Selling Project, but likely would require significant adjustments to meet CA IOU needs (EEBA, Energy Star) ✓ State-based sales training modules also exist that may have relevance in CA, but also would likely require significant adjustments (e.g., NEEA training, APS training, MaGrann in NJ, Ohio and Kentucky, ICF) ✓ <i>How the Sales Training program is Offered</i> seems to be a big plus for best practice programs (i.e., building science and sales training are <i>offered only to PROGRAM PARTICIPANTS as a program benefit</i>. In California "building science" and related "sales" training (rare) processes through the Energy Centers are focused on all builders and may not facilitate longer term program bonding and relationship building
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Train builders on who to talk to, how to talk to them and what to say

Preliminary Conclusions for CA Sales Training Module

- ✓ Focus on training sales staff on identifying customer differentiators (based on accepted market typologies) and related sales techniques
- ✓ Role Playing training and follow up training seem to provide long-term benefits for both building program loyalty and making the benefits of the sales training stick
- ✓ Link sales training to program logic models that incorporate comprehensive marketing and buildings science approaches to support builder participation and sales support
- ✓ Train on “ZNE Paradigm” shifting approaches/messages over the next 8 years that help builders meet increasing codes and sell their homes based on newly evolving “best practice” sales and marketing messaging for a ZNE focused market.* (*Many of these have been developed from NEEA original focus groups research and are currently used by Energy Star programs; DOE’s “Builders Challenge” program has built off of these as well, but new messages will need to be developed to address a ZNE world in the years ahead)