



Deliverable D2.5 marketing the tailored demand drivers

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Summary

Renovation in the residential sector towards increased energy efficiency is seriously lagging behind the political targets for energy renovation. As more than sufficient technological solutions are available, focus must be on removing non-technological barriers and introducing effective drivers to bridge the gap between the demand and supply side for dwelling renovations to NZEB.

In the REFURB project a market segmentation of the demand side that is relevant for NZEB-renovation and demand aggregation schemes was developed (report D2.1). These customer segments are linked with drivers and barriers homeowners face when becoming aware and deciding on a renovation (report D2.2). These drivers and barriers are also shaped and supported by local conditions which need to be taken into account (report D2.4). Insights in successful demand aggregation schemes to organise the demand side in the REFURB regions is made through in-depth analysis of such schemes (report D2.3).

This report (D2.5) focusses on how to market the tailored demand side drivers. The report describes how the homeowners should be approached with the information they need to make them able to make a decision and to encourage them to invest in an NZEB-renovation. It takes into account that specific customer segments require specific communication both for content as for the vehicles used.

The **customer journey concept** appears to be a powerful tool to base a marketing strategy upon. A customer journey is the process that a homeowner who 'potentially wants' (this can be a latent desire) to have a NZEB-renovation goes through (the 'journey'). The customer journey is a model-based description of the reality. The customer journey model is highlighted, based on the insight from other deliverables of REFURB, because it is the homeowner that needs to be convinced of an NZEB-renovation. More homeowners need to go through this journey to create a bigger market for NZEB-renovations, thus to stimulate market demand for NZEB-renovations. Insight in this customer journey is important to constitute the compelling offer, in which also the demand side and governmental bodies tailor their offer to the needs of the homeowner.

Each homeowner who has applied energy saving has completed a customer journey. It is very likely that a homeowner whose needs are not met during the customer journey, is quitting prematurely. The **understanding of the drop-out moments and the reduction of the drop-out moments** is a key reason to apply the customer journey concept. The value of understanding this journey is that the information, often provided through marketing tools, will vary at every step or stage. Tailoring the right information through the right channel at the right moment to the stage at which a customer is, will help the customer continue to the next stage, and therefore closer to a purchase.

The customer journey-model of VNG, "*klantenreis energiebesparing woningeigenaren*", is considered to be a good basis to develop marketing strategies upon. This particular customer journey describes 11 stages homeowners go through in the purchase process of energy conservation. The 11 stages are linked with positive and negative experiences during the journey. The 11 stages are: (1) Awareness, (2) Getting interested, (3) Become active, (4) Consider the options, (5) Financing, (6) Selecting a service provider, (7) Installing and payment, (8) Experience, (9) Search for service, (10) Share experiences, (11) Want to have more.

It is clear that the customer journey has implications for a marketing strategy. The customer journey is not a marketing strategy as such, but rather a part of it. The journey concept adds an additional focus to

marketing based upon the stage in which a customer is. A marketing strategy needs a target group, a value proposition (products and services) and a way to deliver the value to the target group. An adapted marketing strategy should acknowledge that no one size fits all (segment distinction) and neither does it at any time (stage in the customer journey). Two dimensions have to be taken into account.

From the analysis of the demand aggregation schemes, a set of recommendations is drawn and a set of critical success and fail factors (report D2.3). Based on these, a set of lessons learned for marketing NZEB-renovation to homeowners is described, based on 6 essential questions in marketing:

- Who is the target group?
- Why do we communicate more?
- What do we communicate?
- How do we communicate? (means of communication)
- Who needs to give the message?
- When do we communicate?

Finally, some critical success and fail factors in applying the customer journey are given.

1 Introduction

Renovation in the residential sector towards increased energy efficiency is seriously lagging behind the political targets for energy renovation. As more than sufficient technological solutions are available, focus must be on removing non-technological barriers and introducing effective drivers. The main barriers relate to fragmentation of the renovation offer, resulting in inefficient or only partial solutions. One way to solve this is the use of a '1-stop-shop concept'. Many have been put in practice. Some were successful, others not. They might lack an understanding of the concerns and demands of homeowners.

The REFURB project focuses on the complex interplay of barriers through coordinated process organization, innovation and optimization. Work package 2 and work package 3 are dedicated to analyse demand and supply side drivers. This report is part of work package 2 ("demand side mapping") which focuses on the existing barriers and drivers of the demand side. The demand side of the REFURB project refers to private homeowners, which is a diverse group of decision makers in energy efficiency investments that is not well organised and has a limited capacity and ambition to inform themselves on technical details of energy efficiency solutions.

In Work Package 2 a segmentation of the demand side is being established (report D2.1), and insights are gained into the wishes, needs and motives of homeowners (not) to invest in energy efficiency measures (report D2.2). This improves the understanding of the possible ways to better organise the fragmented demand side (report D2.3), and define improved approaches to seduce homeowners to integrate NZEB-ambitions within their renovation, with energy saving translated into their 'language'. However, critical success factors to tackle barriers and activate drivers for housing renovation will differ in the regions participating in the REFURB project. Local conditions define these success factors. Report D2.4 gives an insight in these local differences, and tailors the demand side drivers of report D2.2 to the local conditions of the REFURB-regions.

This report (D2.5) focusses on how to market the tailored demand side drivers. The report describes how the homeowners should be approached with the information they need to make them able to make a decision and to encourage them to invest in NZEB-renovations. It is discussed whether this information should be made specific for the segments of homeowners (e.g. young families vs. empty nesters).

The report focusses on the **customer journey concept**. A customer journey is the process that a homeowner goes through (the 'journey') before purchasing. Dependent upon the kind of purchase this journey can be extended into a journey with multiple purchases. The customer journey is a model-based description of reality. The customer journey model was chosen, based on the insights developed during the project. More focus needs to be put on the homeowner. It is the homeowner that needs to be convinced of an NZEB-renovation. More homeowners need to go through this journey to create a bigger market for NZEB-renovations, thus to stimulate market demand for NZEB-renovations. Insight into this customer journey is important to constitute a compelling offer able to take the homeowner along up to the first purchase and beyond. A better insight will help supply side actors of all sorts to market the NZEB solution better.

This report is based on available research, which is limited, and combined with the knowledge and experiences of the partners, such as the IEE- project REQUEST and the Dutch programmes '*Slim Wonen in Leeuwarden*' and '*Buurkracht*' who apply this customer journey.

In chapter 2 the customer journey concept is defined and linked with marketing principles. Chapter 3 focusses on the linkage between the customer journey concept and the findings of other REFURB-reports on drivers & barriers and drop-out moments. Chapter 4 collects the insights on the customer journey, based on the detailed analysis of 12 demand aggregation schemes discussed in report D2.3. Chapter 5 concludes on the critical success and fail factors of using the customer journey for marketing purposes.

2 Marketing Strategies & the Customer Journey

2.1 MARKETING STRATEGIES

2.1.1 Marketing strategies

Marketing is composed of 'Market' and 'getting'. So is about 'getting the market'. In order to 'get the market' it is absolutely vital to understand the market and offer something the market needs, in a way that fits the market.

Marketing is about researching the needs of people, translating these needs in products and services (that deliver value to the customers) and developing an appropriate marketing strategy in order to further the sales of these products and services.

A marketing strategy describes the value that will be delivered to the customers in the form of products and services. It contains the chosen target **market/group, the value proposition** (products and services) for this target market/group **and the way this value is delivered**.

By doing this, the marketing strategy does justice to the fact that not all people are the same nor have the same needs. And that in order to have success, one needs to compose the right offer for the right group, offered in the right way.

2.1.2 Marketing strategies for REFURB – an example from The Netherlands: 'Buurkracht'

The REFURB project focuses on non-technological barriers which cause the private housing sector to lag behind the targets set for renovations. The main barriers relate to fragmentation of the renovation offers, resulting in inefficient or only partial solutions. In addition to financial restrictions and unclear benefits, homeowners do not have a structured way to obtain all the necessary information related to renovation measures. One of the ways to solve this is the use of a '1-stop shop concept.' Many initiatives have already been put into practice. Some of these projects were successful, but several were not. They often lack an understanding of the concerns and demands of the homeowners.

Marketing and a marketing strategy approach can help to solve the above mentioned issues. In fact, it can serve as a great way to integrate the work done in the other tasks of WP2 (analysis of the demand side) and in WP3 (analysis of the supply side). In task 2.1 target groups (segments) are described, in task 2.2 needs are described (drivers & barriers) and in task 2.3 demand aggregation schemes, as ways to deliver the products and services to the target groups. Products and services have been identified in WP3.

Combining the results of these tasks into marketing strategies with chosen segments, products and services based on barriers & drivers and with a way to deliver value to homeowners, can prove to be very valuable to REFURB.

For example *'Buurkracht'*¹ (a demand aggregation scheme of Fudura, a Dutch Distribution System Operator, cf. description in report D2.3) made use of marketing and marketing strategy in designing its proposition. *'Buurkracht'* started from the research findings indicating that 3,5 million households in the Netherlands are willing to save energy, but only a few do.

In-depth research into the barriers that caused this reluctance and into possible triggers to overcome them, led to a very carefully designed customer process (or customer journey) to mobilize homeowners and keep them moving towards investing in energy-saving measures.

The main barriers found are:

- taking energy saving measures is complex;
- suppliers are distrusted,
- high investment,
- no insight in benefits before investing, and
- no insight in benefits after realisation.

Main drivers are:

- insight in the effects gives 'grip',
- comparing with others gives meaning,
- energy saving has a domino effect (after taking one measure, the next will follow), and
- doing it together locally gives momentum and drive and adds to trust.

Key in *'Buurkracht'* is *that* it supports bottom-up initiative in neighbourhoods and villages mobilizing the neighbours to save energy. So, it is *their* initiative, *'Buurkracht'* plays a servant role in supporting them with all kinds of tools and a step-by-step plan designed to tackle all the barriers that prevent willing people from taking energy saving measures.

'Buurkracht' operates with a very carefully designed customer process/customer journey. The 5 main steps in this process are:

1. Initiators/local heroes find *'Buurkracht'* or *'Buurkracht'* finds them.
2. Draw up a plan together and survey the energy of the neighbourhood.
3. Mobilizing the neighbourhood: door-knocking, leaflets, posters, neighbourhood meeting, neighbourhood page on *'Buurkracht'* website, installation of smart energy meters.
4. Formation of working groups, selection of suppliers, offer to the neighbourhood.
5. Start saving and planning of new campaigns/events.

The *'Buurkracht'* neighbourhood facilitator/coach is at the heart of this process, supporting local heroes / initiators (or: 'the neighbourhood team') as much (or as little!) as they want. He provides them with plans, a neighbourhood webpage, tips and tricks, all kinds of communication tools, he organizes the installation of smart meters in every house (to be able to monitor individual energy consumption and compare it with others) and much more.

¹ <https://www.buurkracht.nl/>

2.2 THE CUSTOMER JOURNEY

2.2.1 What is a customer journey?

A customer journey can be defined as a process that a potential buyer of a product or service goes through (the 'journey') and which ideally ends, from the point of view of the seller, at the point at which the product or service is bought. The customer journey is a model-based description of the reality.

The journey consists of different stages or steps. Each step brings the customer closer to a purchase decision. The starting point of every journey is the point at which the customer is not aware of a purchase need. Following steps will make him more aware and more likely to reach purchase point.

Each homeowner who has applied energy saving has completed a customer journey. There is a fair chance that a homeowner whose needs are not met during the customer journey, is quitting prematurely. The understanding of the drop-out moments and the **reduction of the drop-out moments** is a key reason to apply the concept of customer journey.

The value of understanding this journey is that the information, often provided through marketing tools, will vary at every step or stage. **Tailoring the right information through the right channel at the right moment to the stage at which a customer is**, will help the customer continue to the next stage, and therefore closer to a purchase.

For all products and services, and this is especially relevant for NZEB products/services, many customers may not even have started the journey, and even if they have, may never reach the point of purchase.

2.2.2 Dutch example: 'customer journey for energy saving with homeowners'

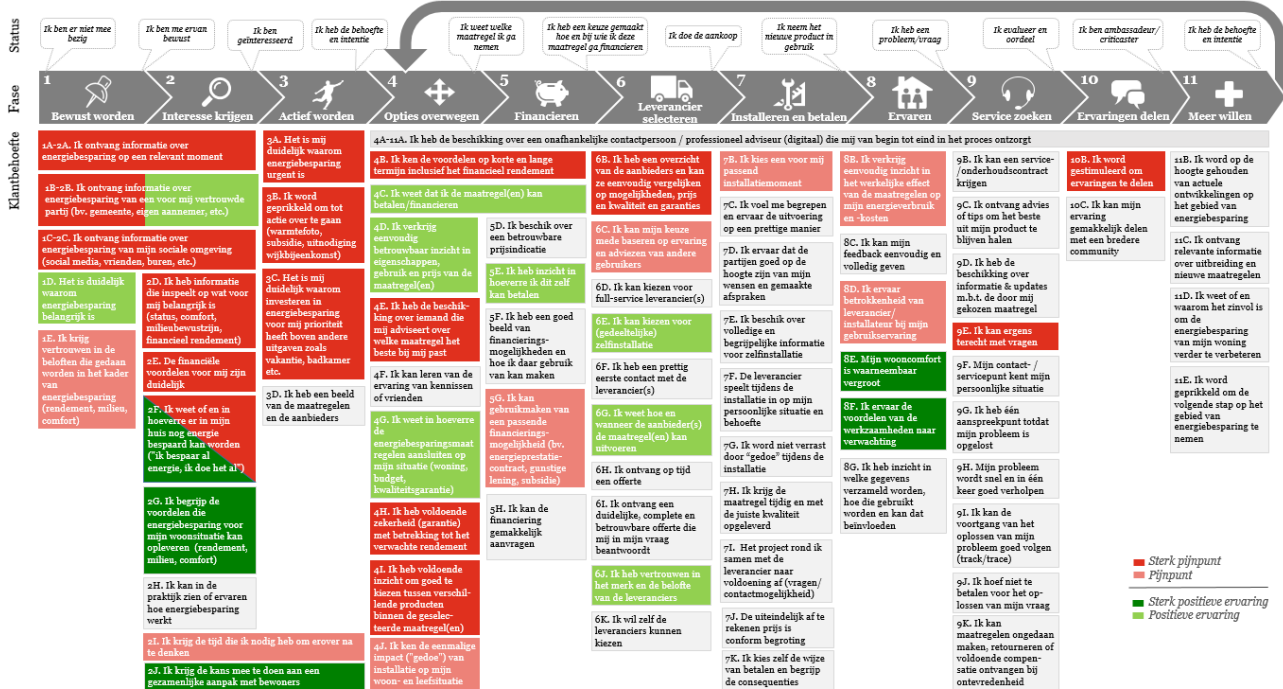
In the Netherlands there has been increasing interest in the concept of understanding and applying the principles of the customer journey to the purchase of energy saving measures in private housing. There are several examples of schemes put into practice, including in the Municipality of Leeuwarden ('*Slim Wonen in Leeuwarden*', cf. REFURB report D2.3). This scheme, together with four other schemes has been identified nationally as examples of good practice².

Two reports have described and evaluated these schemes. In broad terms the following lessons can be drawn from the studies:

- In the description of the customer journey in the report '*Klantreis energiebesparing*' an attempt is made to describe which stages in the customer journey are problematic. This generates a 'heat map' (Figure 1). The '**hot spots**' are areas where more attention is needed to help customers on their journey.
- Attention to designing and monitoring customer journeys gives valuable information for all parties involved in energy savings. In Leeuwarden the monitoring has enabled the **effectiveness of promotional activities** to be estimated. In an infographic (Figure 2) the number of customers in each stage of the journey is shown.

² ECN, 2015. Rapport 'Background study private home sector, National Energy Rapport 2015' <https://www.ecn.nl/publicaties/PdfFetch.aspx?nr=ECN-E--15-061>

- By actively 'following' customers a **tailored marketing plan** can be made. Knowing which customers are at which stage (because they have provided contact details) enables targeted marketing.
- More integration action is needed between partners. It is clear that generally no one actor is responsible for all stages in the journey. In general government bodies are more involved with general awareness-raising campaigns. Building and financial services are responsible for providing the end product. The challenge is to **increase cooperation between government and private bodies** to help improve the customer journey. Every actor has his role to play along the customer journey.
- Designing an **NZEB customer journey** would be a useful instrument to have. This would help to focus on the stages in the customer journey where special attention is needed and would help to drive an innovation agenda.
- Improving the customer journey is only one part of a solution. It is clear that energy saving is still a 'low interest product'. **External factors** such as energy costs are important in the decision-making process in the customer journey but they are not easily influenced by direct providers of services and products. For NZEB this is a significant point.
- A number of **adjustments in national policy** have been suggested in response to the analysis of the customer journey. These include more coordination of activities between partners, creating more feedback mechanisms in smart meters, more promotion of good providers, development of energy performance guarantees, innovation in the development of products, and stimulation of regional public/private cooperation.
- In practice, no single customer runs 'neatly' through all the stages and customer needs. Some people go from the stage "consciousness" almost at once to "pay", others just stay for years 'suspended' in a phase. Customer needs vary by individual. The **model** is therefore a simplification of the reality.



■ Sterk pijnpunt
■ Pijnpunt
■ Sterk positieve ervaring
■ Positieve ervaring

Figure 1: The customer journey-model of VNG, "klantenreis energiebesparing woningeigenaren". This particular customer journey describes 11 stages homeowners go through in the purchase process of energy conservation. The 11 stages (grey icons) are linked with positive and negative experiences during the journey (white, green and red boxes). The 11 stages are: (1) Awareness, (2) Getting interested, (3) Become active, (4) Consider the options, (5) Financing, (6) Selecting a service provider, (7) Installing and payment, (8) Experience, (9) Search for service, (10) Share experiences, (11) Want to have more.

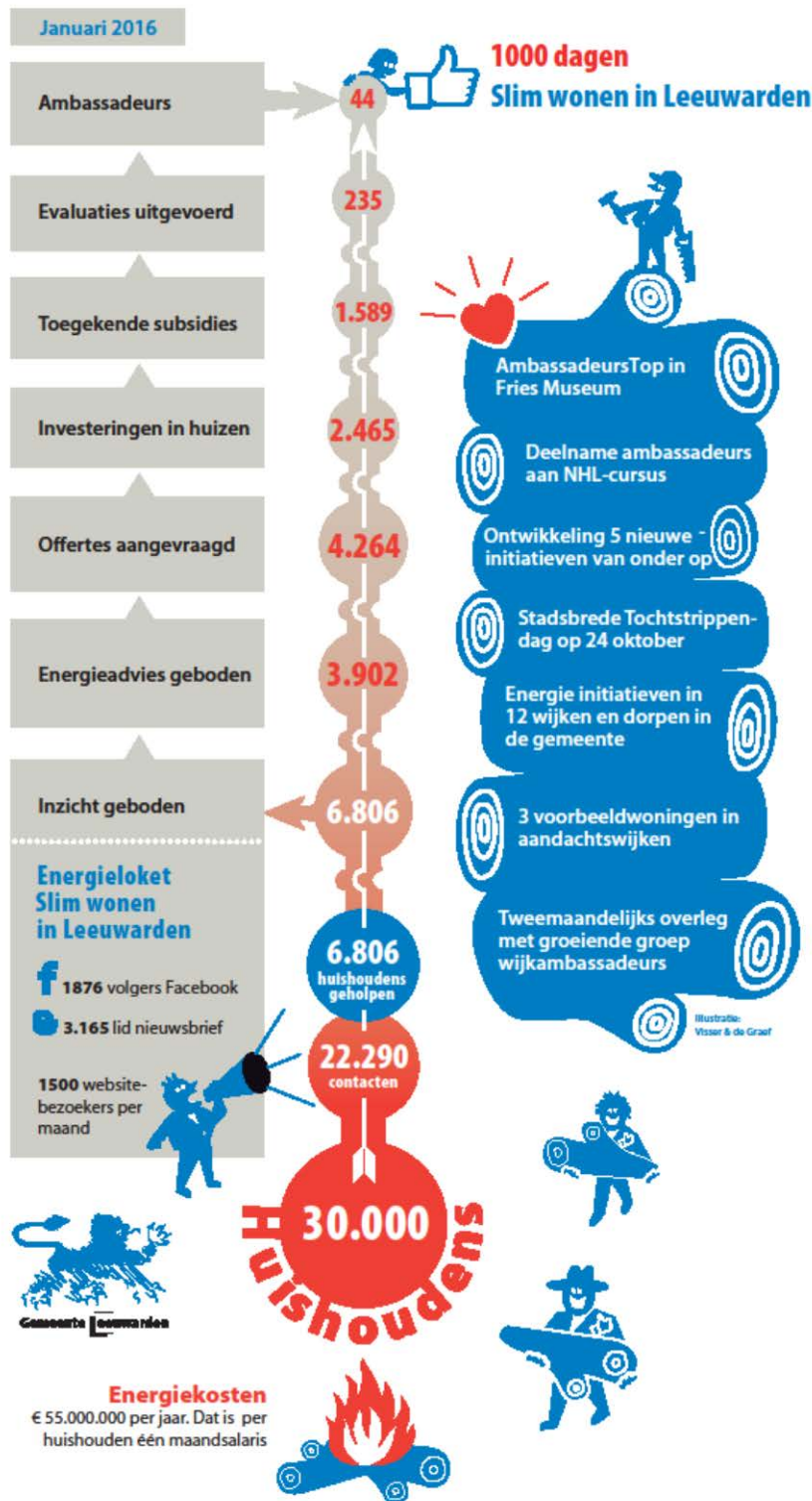


Figure 2: monitoring the effectiveness of promotional activities of the renovation program “Slim Wonen in Leeuwarden”. Measurement has been made of the number of customers in each stage of the customer journey. Leeuwarden Municipality, January 2016.

2.2.3 Conclusions from the studies and practical experience of customer journey schemes

The research, however little, on the results of these schemes, together with the studies mentioned above, has provided valuable information and provides guidelines to developing policy. Two main conclusions can be drawn (one following on from the other):

1. The 'hot spots' in the customer journey, i.e. the point at which most customers don't have or lose interest, are at the **beginning of the process**. This is the point at which customers are made aware of their (potential) needs, are becoming interested and active and consider the options. Because of the high potential for 'drop-out' at this stage, building firms and service providers are unwilling to invest too much time in persuading customers. Their return on investment is too low/negative.
2. the suggested solution to this is **more public private cooperation**. Three elements can be identified here:
 - a. More communication by government bodies. Because communication at the start of the customer journey doesn't give a high return on investment, it is suggested that more government support/initiative is needed at this stage. The 'National Energy Outlook 2015'³ in the Netherlands pointed out that only 10 – 40% of the target group had been reached and that only 4 – 12% will carry out measures. Effective communication is needed.
 - b. Product and service development (innovation/providing a better product). More communication is less effective if the products and services are not high quality. This is the responsibility of the market.
 - c. Cooperation between public and private bodies in coordinating this effort. If the communication is disconnected from the products, the customer will be more likely to 'break off their journey'. A 'joined up' customer journey has more chance of succeeding.

Interesting new dimension of the customer journey is the understanding that for the homeowner the NZEB-renovation is a long process over a long time. Different barriers are met during different phases of this process.

2.2.4 REQUEST-project: customer journey linked with EPC

The REQUEST project⁴ (from 2010 to 2012) was a collaboration between organisations in 11 Member States and its aim was to increase the uptake of low carbon renovation measures in residential properties, throughout Europe. Especially the role of the EPC (Energy Performance Certificate) was enlightened.

The REQUEST project proposes an optimum customer journey following the process outlined in Figure 3.

³ National Energy Outlook 2015 <https://www.ecn.nl/publications/PdfFetch.aspx?nr=ECN-O--15-040>

⁴ <http://building-request.eu/pages/request-outcome>

http://building-request.eu/sites/building-request.eu/files/REQUEST%20Project%20Summary%20Report_FINAL.pdf



Figure 3: REQUEST-project: Blueprint for a fully functioning energy saving renovation market, based on the Danish Project Zero in Sonderborg.

According to the REQUEST-project, each of the following key steps must be in place:

1. **List of recommended measures.** Currently some EPCs only give information on the existing energy performance of a home, making it difficult for the homeowner to know what they must do next. It is vital that these recommendations are communicated effectively and that they are accurate.
2. **Practical information.** Further information must be made available to the homeowner: typical costs and payback periods, information on what the installed measures look like, available grants and financial help, what quality controls exist...
3. **Craftsmen/expert visit.** Ideally the next step is a visit from an independent expert to the homeowner to carry out a more detailed assessment of the potential for installing recommended measures and to give tailored advice on the most suitable measures face to face.
4. **Measures decided.** A decision on the measures to be installed is reached. This still does not guarantee that the homeowner will go through with the renovation as final costs and suppliers are yet to be decided.
5. **Builders' price/quotation.** Obtaining a quote and deciding on a builder that is trusted and knowledgeable can be difficult for a homeowner.

6. **Financing solutions.** Ensuring easy access to low cost finance can help to remove one of the last hurdles preventing a positive decision to act. Grants can offer an incentive to decision makers.
7. **Acceptance/decision making** finally, the homeowner feels confident enough to decide to install energy efficiency measures in their home.
8. **Carrying out measures.** Ensuring a high quality final product / service is delivered can be a difficult task.
9. **Monitoring.** Monitoring of schemes and EPCs should be necessary to evaluate their effectiveness.

2.2.5 The customer journey for REFURB

The experiences of customer journey schemes for standard renovations in the Netherlands have been touched upon in paragraph 2.2.2. For REFURB –the constitution of a compelling offer to convince the homeowner for an NZEB-renovation- there are important lessons to draw. A number of points can be made:

1. The customer journey concept is applicable to NZEB renovations. It is clear, as with any product, that the concept can be applied to NZEB renovations.
2. Attention to the first stages in the journey is as important, if not more, for NZEB renovations. While many potential customers are reached in the first stages in standard renovations, it is highly likely that many of these customers aren't aware of NZEB concepts, or have only a vague idea about the concept and possibilities.
3. Innovation and development of clear products and services is needed to persuade the customers. This is a challenge for the building sector, especially in a highly specialized market with few customers, and in a conservative industry generally not focussed on high-quality customer service.
4. Implementing or improving public/private cooperation is essential. The combination of the need for extra communication at the start of the journey, and innovation in product development by the market, means even more attention to a combined public/private effort in this area.
5. The customer journey for a 'standard customer' will need even more attention than for a 'launch(ing) customer'. It is clear that the homeowners now carrying out NZEB renovations are (very) early adaptors. Their own enthusiasm has carried them through the first steps in the customer journey. To reach and persuade the customers who aren't aware or far less interested in NZEB renovations, even more attention will be needed for the above points. REFURB will identify high potential segments to target in the roll-out of NZEB renovations. This last point would suggest that different 'heat maps' are needed for different target groups within each segment, based, for example, on whether they are early adaptors or not.

The process as visualised in the Dutch example can be seen as a "real" customer journey when compared to the process presented by REQUEST, in the sense that it addresses the experiences of the customer and as a result corresponds more with a demand-side perspective. Aspects such as awareness raising, sharing experiences and engagement are considered. Furthermore, the journey of REQUEST covers only a part of the Dutch customer journey, by only covering steps 4 to 8 of it.

The REQUEST process, on the other hand, resembles more the viewpoint of the supply-side, as it emphasises measures, involvement of craftsman, (energy) performance.

To conclude, it seems more appropriate to see the REQUEST scheme as a model for the one-stop-shop approach (i.e. the renovation package) that can be embedded in a customer journey, for instance one similar to the Dutch customer journey.

2.3 THE POTENTIAL OF MARKETING STRATEGIES BASED ON THE CUSTOMER JOURNEY-CONCEPT

It is clear that the customer journey has implications for a marketing strategy. The customer journey is not a marketing strategy as such, but rather a part of it. The journey concept adds an additional focus to marketing based upon the stage in which a customer is. A marketing strategy needs a target group, a value proposition (products and services) and a way to deliver the value to the target group. A customer journey approach is an excellent way to deliver the value to the target group. A marketing strategy needs to be designed. This can be based on the classical “4 p’s” of elements of a marketing strategy: price, product, promotion and place. Every stage of the journey will require a different emphasis on each of these elements.

An example of the marketing approach is the ‘*Slim Wonen in Leeuwarden*’ scheme in Leeuwarden in the Netherlands. This involves providing information to customers based on the ‘information need stage’ they are in. Customers are asked four questions depending on their interest levels:

1. Am I using too much energy?
2. How can I save energy?
3. Who can help me save energy?
4. How can I pay for it?

They can either go through all four of them or skip some depending upon the stage of awareness they are in. Generally customers who have no idea about how much energy they use (question 1) are not thinking about who can help them save energy (question 3). After choosing one of the questions, customers are guided further along the customer journey. Without going into too much detail at this stage in this report, it would be fair to say that tailored marketing strategies are not only important, but essential for promoting and selling (NZEB) renovation.

In the REFURB-report D3.3 and D3.4, from a supply side perspective the customer journey is discussed. Questions dealt with are: which change of behaviour and organisation of the supply side should be realised in order for the supply side to be able to seduce the demand side to renovation to NZEB? How should a change of behaviour be realised on the supply side to make them convince homeowners to renovate to NZEB? What ‘key points’ should the supply side keep in mind when developing renovation packages to convince the homeowner to renovation to NZEB? How should the supply side be organised in good renovation packages? What are success and fail factors of organising the supply side in existing one-stop-shop-solutions?

For the supply side it is important to know when the customer is ready to make a decision and how to provide information or services along the customer journey at the right moment. Therefore, it is relevant

for the supply side to **map the activities of the different supply actors involved in the decision-making process** to be able to tap into the right moment with as much background information on the status of the customer as possible. Examples of supply actors involved in the decision-making process are typically architects, installers and dealers. But also other channels such as commercials, general media, information by authorities, “google” and friends of the customer influence the decision-making process.

To conclude, the customer journey concept acknowledges that the homeowner goes through a whole process instead of taking a one moment decision. It is a journey, in which he needs to be convinced of the benefits of NZEB, and will meet a lot of barriers on his path in different stages of his renovation process. A better understanding of this process is very relevant for developing an **adapted marketing strategy**. The basics of marketing (tell what? Tell who? Who tells it?...) needs to be tailored to the dimension “Tell when?”. The customer journey offers a standardized staging approach that allows to be linked with the marketing of NZEB for homeowners.

Therefore, the communication strategies should be tailored for different market segments, making use of the customer journey. Every segment faces some singularities, such as specific drivers and barriers for young families, homeowners living in post-war suburbs with detached houses, empty nesters, homeowners of terraced houses with a high energy bill, convinced energy savers, and homeowners in apartment buildings.

An adapted marketing strategy should acknowledge that no one size fits all (segment distinction) and neither does it at any time (stage in the customer journey). Two dimensions have to be taken into account.

3 The customer journey to market NZEB in housing market segments

Considering the conclusion that it is very relevant to make use of the customer journey concept to market NZEB in the different housing market segment, this chapter focusses on the critical success and fail factors for marketing (NZEB)-demand aggregation schemes. This is based on insights of the partners on existing demand aggregation schemes (report D2.3), as well on the drivers and barriers for NZEB-renovation for the different housing market segments (report D.4).

To be able to identify the critical success and fail factors, local conditions, and the link with drivers and barriers, we chose to make use of the customer journey model with the 11 stages from the VNG-document (NL). This model is tailored for NZEB renovation, and might be adapted to apply in the REFURB-project when the renovation packages will be offered.

Putting the drivers and barriers against the background of the customer journey will help to identify hot spots, specific moments of additional attention for specific drivers and barriers when marketing.

3.1 DRIVERS AND BARRIERS LINKED WITH THE STAGES OF THE CUSTOMER JOURNEY

The 11 stages of the VNG-model are used as a structure, and the different drivers and barriers as identified in report D.2.4 (drivers & barriers) are linked to those stages. The method to link barriers with the 11 stages of the customer journey has been done in the VNG-report for the Dutch context (cf. Figure 1), and is here done for the identified drivers & barriers of the REFURB-project.

The linkage of both brings an extra dimension: it shows from a homeowner perspective (demand side perspective) which drivers and barriers are met when in the renovation process (his customer journey).

The table below (Table 1) crosses the drivers & barriers (rows) with the 11 stages of the customer journey (columns). The most important stage in the customer journey where the driver or barrier is met this is marked with an 'x'. The most dominant combinations in a common or generic customer situation are indicated. This does not exclude possibilities that drivers and barriers are met in other stages to a minor extent or in particular cases, e.g. for different target groups this will differ.

Knowing these important moments will enable, for example, a much more tailored approach instead of overwhelming a potential customer with a load of information of which the major part is not relevant for the customer at that moment.

Table 1: drivers & barriers linked with the 11 steps of the customer journey of VNG. The most important stage in the customer journey where the driver or barrier is met is marked with an 'x'.

Step	1. Awareness	2. Getting interested	3. Become active	4. Consider the options	5. Financing	6. Selecting a service provider	7. Installing and payment	8. Experience	9. Search for service	10. Share experiences	11. want to have more
Technical drivers & barriers											
Urgency for renovation	X	X									
Tailor-made approach for NZEB				X							
Inconveniences and defects	X	X									
Inconvenience linked to the renovation			X	X							
Technical possibilities				X		X					
Financial drivers & barriers											
financial possibilities to invest				X	X						
Feel secure about investment				X	X						
Willingness to invest / competing products					X	X					
Subsidies, financial incentives, etc.		X			X						
Energy bill	X	X									
Cost for NZEB-renovation				X							
Return on investment					X						
Social & behavioural drivers & barriers											
Renovation needs & intentions	X	X	X								X
Decision making				X		X					
Unburdening			X	X	X	X	X				
Awareness of energy saving potential	X	X	X								
information	X	X	X	X	X						
Momentums		X	X								
General knowledge level			X	X		X		X			
Group action			X							X	
Availability of time									X		
Values & attitudes	X										X
Context drivers & barriers											
Split incentive barrier					X						
Legislation & policy				X				X	X		



Step	1. Awareness	2. Getting interested	3. Become active	4. Consider the options	5. Financing	6. Selecting a service provider	7. Installing and payment	8. Experience	9. Search for service	10. Share experiences	11. want to have more
Multi-stakeholder issues										X	
Building sector readiness				X		X					

3.2 DROP-OUT MOMENTS LINKED WITH THE CUSTOMER JOURNEY

From the best practices of demand aggregation schemes, a number of important drop-out moments were identified (report D2.3). The customer journey, from considering energy renovation to action, is long and therefore vulnerable to many drop-out moments. Drop-out moments relate to the moments homeowners decide not to continue their journey. It is normal that the scheme starts with a large target group (a certain housing market segment), the communication reaches a certain share, and that the number of households decreases with every step in the process (e.g. homeowners provided with information, homeowners who carry out an energy audit, homeowners who use renovation guidance, homeowners who decide to invest and so on). This is also called a **'funnel'**, a series of events a homeowner goes through before investing in an NZEB renovation. There are some 'moments of truth' where homeowners decide to continue the journey or not. Some drop out, others continue and the funnel becomes narrower and narrower.

The customer journey offers a framework to link these drop-out moments with the different stages of a decision-making and renovation process the homeowner goes through. In Table 2, drop-out moments as defined in report D2.3 are linked to the customer journey. The table shows in which stages of the customer journey the specific drop-out moment is most likely to occur. For example, the moment a homeowner faces unexpected financial expenses can have the highest impact in stage 3 to stage 6. It will impede a homeowner to become active, to consider different options, to secure the financing and to select a service provider. But once the installation is already happening (stage 7), an unexpected financial expense will probably not impact the rest of the customer journey although it is very unpleasant for the homeowner.

'Buurkracht' for example has a carefully designed process, aimed at preventing people from dropping out. If a participant does not take energy saving measures, this has mainly to do with the right timing. People are aware of their consumption, are aware of options to do something about it, but it is just not the right moment for them. For example due to sudden unemployment. Or the children are still small and take up all the time and energy in the household. So they have run through step 1 and 2 of the customer journey, but do not want to become active (step 3). During the journey, homeowners gain more insights in technical possibilities (step 4 of the customer journey) and can realize it is not the right time for the initially planned renovation. E.g. the roof needs new tiles which has to be done before installing solar panels etc.

Again, knowing which kind of drop-out moment is most likely to happen at what stage of the customer journey is an asset to any marketing strategy as it allows for anticipation and well-crafted solutions to prevent them. Some typical drop-out moments require constant attention, others require particular attention at certain stages.

Table 2: drop-out moments linked with the customer journey. It is marked in which stages of the customer journey it is most likely a drop-out moment will have a high impact

Drop-out moments	Step	1. Awareness	2. Getting interested	3. Become active	4. Consider the options	5. Financing	6. Selecting a service provider	7. Installing and payment	8. Experience	9. Search for service	10. Share experiences	11. want to have more
The moment the homeowner realizes it is not the right moment for a renovation				X	X	X						
The moment the homeowner faces unexpected financial expenses				X	X	X	X					
The moment the size of the investment becomes clear					X	X	X					
The moment it proves to be impossible to finance the renovation						X	X					
The moment the homeowner is confronted with the building sector							X					
The moment the trust in the scheme has decreased too much	X	X	X	X	X	X	X					
The moment a decision needs to be taken with co-homeowners			X	X	X	X	X					

4 Lessons learned from demand aggregation schemes

The term “*demand aggregation scheme*” is not widespread in the field of energy renovation of homes. A demand aggregation scheme refers to the ways the demand side can be organized. In the RUFURB-project, a “demand aggregation scheme” is defined as “*a method for cooperation of homeowners, or national / regional / local program to organize the demand side so the group of homeowners is assisted in their housing renovation process to overcome barriers, and to improve the position of the demand side, e.g. towards the supply side. Demand aggregation schemes target more renovations, and/or improve the renovation e.g. in terms of energy efficiency.*” In the REFURB D2.3-report, a set of demand aggregation schemes was analysed.

These demand aggregation schemes test and apply successful techniques and solutions to enable homeowners to go through the customer journey, even if the customer journey concept is not explicitly used as a framework. The implemented demand aggregation schemes offer an insight in what does work and what does not work.

Here, an overview is given of the critical success factors and fail factors in the different stages of the customer journey.

4.1 THE STAGES OF THE CUSTOMER JOURNEY THE DEMAND AGGREGATION SCHEMES FOCUS ON

The solutions of the demand aggregation schemes are related to the barriers that are tackled and the drivers that are enabled to convince homeowners for renovation (report D2.3). The table below (Table 3) indicates which stages of the customer journey the 12 analysed demand aggregation schemes focus on.

For example, the scheme “*Pluimstraat Kortrijk*” focusses very much on the unburdening of homeowners during the renovation process. It is a neighbourhood scheme, engaging homeowners for renovation (stage 2: getting them interested; and stage 3: become active). The renovation coach discusses with the homeowner the different options for renovation (stage 4: consider the options). If the renovation plan is defined, the scheme provides extensive subsidies: the ‘now or never’ subsidy, to convince homeowners to decide to execute the plan and secure the financing (stage 5: financing). The renovation coach finally also helps to ask offers from contractors, helps to select the best offer, and keeps an eye on the installation and payment on request by the homeowner (stage 6: select service provider; and stage 7: installing and payment).

Table 3 shows that every demand aggregation scheme has its own focus. And it is clear that the whole set of demand aggregation schemes provides solutions to help homeowners in every step of the customer journey. An extensive description of the 12 demand aggregation schemes can be found in REFURB report D2.3 (+annex).

Table 3: overview of the stages of the customer journey the demand aggregation schemes focus on. Stages marked with X are targeted, stages marked with XX are highly targeted.

Demand aggregation schemes	Step	1. Awareness	2. Getting interested	3. Become active	4. Consider the options	5. Financing	6. Selecting a service provider	7. Installing and payment	8. Experience	9. Search for service	10. Share experiences	11. want to have more
Better housing (DK)			X		X	X	X				X	
“Buurkracht” (NL)		XX	XX	XX	XX	X	X		X		X	X
Green Business Growth (DK)			XX	X	X	X					X	
Slim wonen in Leeuwarden (NL)		X	XX	X	XX	X	XX	X	X	XX	X	X
Stroomversnelling Koop (NL) ⁵		X	X				X				X	
Tartu apartment schemes (EE)				X	XX	XX						
Evening school for homeowners (DK)		X	X	X	XX							
The ZEROhome program (DK)			X	XX		X						
Pluimstraat Kortrijk (BE)			X	XX	XX	XX	XX	XX				
Dampoort Gent (BE)			X	XX	XX	XX	XX	XX				
COA Freiburg (DE)				XX	XX	X	X			X		X
Ecofund (SL)				X	XX	XX						

⁵ The table is filled in based upon the experience of the customer at a local level. In general this national program has received less/little attention at a local level.

4.2 DO'S AND DON'TS ON MARKETING NZEB-RENOVATION TO HOMEOWNERS

From the analysis of the demand aggregation schemes, a set of recommendations was drawn and a set of critical success and fail factors (report D2.3). Based on the latter, a set of lessons learned for marketing NZEB-renovation to homeowners is described below, based on 6 essential questions in marketing:

- Who is the target group?
- Why do we communicate more?
- What do we communicate?
- How do we communicate? (means of communication)
- Who needs to give the message?
- When do we communicate?

4.2.1 Who is the target group?

The best way is to market towards several target groups in the housing market while having enough consideration for the specifics of these target groups. In the REFURB-project, a set of high potential segments is defined: **young families, homeowners of post-war suburbs with detached houses, empty nesters, homeowners of terraced houses with a high energy bill, convinced energy savers**. In report D2.1, a method is provided to segment the demand side.

E.g. in '*Stroomversnelling Koop*' (NL), the strategy is to reach the innovators and early adopters first. The next phase of the programme could show these examples (storytelling, pilots) and focus on upscaling to other segments: first 10, then 100, then 1.000, then 10.000 and so on.

But although specific segments of homeowners are targeted, still a lot of heterogeneity was detected in several schemes. Every dwelling is different, every homeowner is different. E.g. with a neighbourhood approach, still a lot of differences in housing quality and preferred solutions are detected. To build a successful marketing strategy, it is important to select a target group that provides **enough market potential**.

4.2.2 Why do we communicate more?

More communication is needed to **convince homeowners** of (NZEB)-renovation and that they will be helped through the renovation process by the renovation programme.

Homeowners can take decisions in a very different way, can have different knowledge levels, can have different interests, and have different reasons for saving energy. Reasons for energy renovation can be saving money, saving the environment and making the home a more comfortable place to live. It is important to **cater for all these needs** in all communications in order to get as many people as possible in the energy saving processes.

4.2.3 What do we communicate?

In order to get as many people as possible in the process, it is important to **offer a mix of reasons for renovating**, but also a **mix in types of energy saving measures and solutions** (technical, organizational, financial). Not solely large investment options like insulation have to be offered, but also small investment options and measures to change energy consumption behaviour. This way the threshold is lower for people to join and 'grow' throughout the process.

The renovation programme can rely on a set of solutions like a toolbox to overcome as much as possible technical, financial and other barriers. The renovation marketing strategy is flexible to tune the approach to different homeowners. To focus on a well-defined segment helps to narrow the set of solutions that need to be in the toolbox. E.g. when focusing on low-income homeowners, an adequate financial solution should be in the toolbox.

4.2.4 Means of communication

Gaining confidence is a key element in the success of a demand aggregation scheme. A **personal approach** is a key success factor, for example from a renovation guide who is able to 'speak the homeowners' language'. There should be a very **low threshold to contact** this person (e.g. door knocking, an office around the corner). The personality of this renovation guide will also play a role in establishing confidence (e.g. social skills, experience with renovation). Different partners (public/private) can have different communication roles. This will be a key in the roll-out strategy.

The Better Houses initiative (DK) was supported by a national communication campaign in the heating season on national television, as well as local media, press releases, newsletter, social media, nudging in different ways, recommendations from neighbours, friends and family.

In Dampoort Gent (BE), the communication is very low-profile and 'close to the people'. Not through websites, web platforms etc., but with a central point of contact, the renovation guide.

In '*Buurkracht*' (NL), communication was done through door-knocking by a neighbourhood team, posters, news items in local newspapers/magazines, letters to invite them to join the platform after the installation of a smart energy meter.

The Tartu Apartment Schemes (ES) was marketed through the homeowners associations.

4.2.5 Who needs to give the message?

It is necessary to offer a **range of knowledge**. This knowledge is not only about technical issues, but also on legal issues (is it allowed?), financial issues (which subsidies are available?), organizational issues (how to apply for subsidies?), social issues (can you help me to solve a related problem?)

It is not evident to find a renovation coach that has all this expertise, a team might be an option, e.g. with an architect or technical expert, a social assistant and other(s).

Knowledge must be **reliable**. When making an important decision on investment for renovation, homeowners will ask for second opinions. Too much conflicting advice will reduce the confidence. High-quality advice demands high-quality advisors, e.g. building sector experts, financial experts.

The information must be **independent**, for example through the involvement of the (local) public sector, and not (only) supply-side driven.

Creating some kind of '**communities**' with other participants, e.g. in the same neighbourhood, can be very successful to communicate. Homeowners tend to be more convinced by 'peers' who are going through a similar renovation process. It is important for a homeowner who is taking a big decision to know he is not isolated, he's not on his own and others are going through the same journey with its moments of doubt and feelings of insecurity.

E.g. in Dampoort Gent (BE), some collective initiatives were set up: group purchasing, meetings with participants etc. Homeowners can learn to know each other and rely on peers for double-checking, helping hands etc.

In '*Buurkracht*' (NL), a neighbourhood scheme, the communication is based on 'The '*Buurkracht*' way of working'. The initiator –mostly a citizen- is the heart of everything. He gets support in all his actions. '*Buurkracht*' is the friendly, helpful neighbour. The neighbour who is accommodating, open and approachable. Local campaigns are light-hearted and communicate a new, collective and fun experience. The challenge is finding each other – 'acquiring' new neighbourhoods and making plans together. Learning and sharing is an essential component: evaluating together and going 'on the road' with the initiators (to inspire others to also start a '*Buurkracht*' neighbourhood).

4.2.6 When do we communicate?

Saving energy is a process, with many potential drop-out moments. It is certainly not a one-off activity. It takes homeowners time to gather knowledge and insights in order to get into the action mode and consider their options. Considering Table 2, which indicates the stages in the customer journey in which homeowners are most likely to drop-out, it is clear that **stages 3 to 6 are the most important to focus on: (3) become active, (4) consider the options, (5) financing and (6) selecting a service provider.**

A good communication is adapted to the complexity of the situation. E.g. in the COA Freiburg (DE), drop-outs were avoided by constantly communicating with the investors/owners (consultation hour) and through the transparent information policy of the administration.

4.3 SEGMENT-SPECIFIC SOLUTIONS

In REFURB's Work Package 4, individual segment-specific customer journeys will be looked at, as the segments are very different in their needs. The approaches to segment-specific customer journeys are part of the 'renovation package' offered to homeowners. Specific interventions or communication channels are possible for specific segments. An example is the segment of young families. They are very busy with children and their career. Therefore they are hard to reach through, for example, door-knocking ("*sorry, can't come to the door, I'm putting the children to bed*") or a neighbourhood meeting ("*can't get a babysitter*"). A great way to reach them is through their children: children as change agents. So by offering school programs about saving energy and also including assignments for at home, children will include and influence their parents.

4.4 REGIONAL TAILORING

In addition to the segment-specific customer journeys, country-specific modifications of the customer journeys are made, e.g. as the built environment is different, or as some drivers and barriers are country-specific (cr. REFURB report D2.4 on local tailoring of the demand side drivers) and in some countries or regions specific building blocks of renovation packages can be relied upon in the customer journey where in other countries or regions these are not available. This is very much the case in the financing stage of the customer journey when the issue of individual payment capacity pops up. Financial support and innovative financing mechanisms are very much nationally, regionally or locally organised. Also for other issues throughout the customer journey the regional context very much determines the kind of cooperation among stakeholders in the supply chain/customer journey (as an extension or add-on to the traditional supply chain) that need to be established.

5 Conclusions: critical success and fail factors

To conclude, some critical success and fail factors of making use of the customer journey are summed-up.

Critical success factors:

- Understanding that the journey is a process and not a one-off action.
- Understanding that the decision-making process involves non-rational decisions. So it is necessary to speak to the individual drivers of the segment at hand at the right time in order to be successful. Adapt the value proposition to the target group.
- Gaining and maintaining trust is key.
- Cooperation between many organisations - governmental and non-governmental- in order to reach the homeowner and reassure them on their customer journey. When such cooperation is established take into account the strengths and weaknesses of each of those organisations and deploy them according to the latter. Bear in mind the perception of the homeowners about either of these actors when deploying them along the journey.
- Use of the monitoring of the journey to continuously adjust the marketing strategy and product development and to follow homeowners through the process in order to be able to intervene when they become 'stuck'. Understanding where the customer is on the customer journey is very important as it will determine your communication and the support to be given.
- The beginning of the journey is the hardest and contains the most drop-out hotspots. Concentrate efforts to engage homeowners in the first steps of the journey but make sure to not lose them after the very first step of awareness raising. A high energy bill, for example, can raise homeowners' awareness to save heat energy and to reduce energy costs but immediately afterwards appealing solutions need to be offered.

Critical fail factor:

- The journey is only a description of a process. The real key is using it to drive new products/services and better marketing. It is a tool which improves understanding of the demand side of the dwelling renovation market.
- Some homeowners do not have enough time to collect information and they find the overall planning too difficult. Sometimes, there is a lack of technical expertise as well. The homeowners can be afraid of overburdening themselves with planning and implementation. A fail factor can be both a lack of information as an information overload. Failing to adapt the information to the right stage in which that information is needed leads to desperation.
- Information and knowledge on subject might differ very much from homeowner to homeowner. So it is important to share experiences with other homeowners.
- All of the above are equally valid for simple shallow renovations. If the solution offered is not a single-step deep or NZEB renovation but one or several stages of a staged renovation the ultimate goal is easily lost out of sight. If an overview of steps of how to reach an NZEB is missing in all steps of the scheme, from communication to implementation it might result into lock-ins.

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