



Department
of Energy &
Climate Change

Green Deal Incentives Research

Research with home buyers conducted by TNS
BMRB for DECC

May 2014

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Contents

Executive summary	4
Background and objectives	6
Background to the research.....	6
Aims of the research	6
Research design and approach	6
Key findings	10
Setting the context	10
Reactions to the overall proposition of an incentive to make energy saving improvements ..	11
Customers' attitudes to the options for the incentives scheme	12
Feedback on the proposed customer journey.....	13
Increasing the appeal of the offer and supporting customer decision-making	14
Annex	17
Detailed research objectives.....	17
Group discussion guide	19

Executive summary

Background, objectives and methodology

The Green Deal, with the Energy Company Obligation, is an ambitious and long-term initiative designed to upgrade the energy efficiency of Britain's homes.

In late 2013 the Government announced that £450m would be available for a new package of incentives to boost home energy efficiency, one element of which was expected to involve an incentive for recent home buyers installing certain energy saving measures. DECC commissioned TNS BMRB to undertake qualitative research to build the evidence base around recent home buyers and inform decisions around the design and presentation of the incentive scheme with three core options tested with customers:

- A flat pay-out for improving a property by 2 Energy Performance Certificate bands;
- A flat pay-out for installing 3 energy saving improvement measures;
- Cashback voucher and bonus for specific measures - an amount specific to each measure installed, with a bonus for installing more than one measure.

The key objectives were as follows:

- To understand the level of appeal associated with an incentive to make energy saving improvements, customer attitudes to the different options for the incentives scheme and for the proposed customer journey;
- To understand the optimal way to package and present the offer to increase appeal, and to identify the tools, information and support customers need in order to make a decision to take action.

The research consisted of eight qualitative group discussions with 46 recent home buyers across four locations (London, Manchester, Norwich and Bristol). A mix of respondents was recruited across age, gender, socio-economic grouping, and within groups there was roughly an equal spread across those who had purchased their home within the last six months and those who had done so within the last 6-24 months. All research was conducted in January 2014.

Key findings

Participants in the research said that energy efficiency was not explicitly factored into their purchasing decisions, although energy efficiency does become salient in first 18 months of residency for financial and experiential reasons. A minority of the research participants had installed energy saving measures since moving in to their properties. A number of participants wanted to live in the property through a winter before making any energy efficiency improvements. Where measures had been installed these were typically in response to cold weather and high heating bills, and informed by informal discussions with friends and family or individual research.

While participants were aware of Energy Performance Certificates (EPCs) they were not familiar with the content of EPCs and few had reviewed these in any detail prior to this research. On review they were seen to be useful guides to the range of energy efficiency measures that could be considered, and the associated cost savings that could be made. Newer EPCs (i.e. those from 2012 and 2013) were felt to be easier to understand than older EPCs due to the clarity of layout and plainer English.

Where energy efficiency measures had been installed these were typically small-scale and paid for through earnings or savings. Having recently taken on increased debt through new mortgages, homeowners were generally averse to financing energy efficiency measures through credit. However, a small number of participants did feel that including the cost of Green Deal measures in their existing mortgages would make the debt feel more manageable.

Participants were positive about the overall proposition of a financial incentive to make energy saving improvements to their home but expected that these incentives would cover the majority of the cost of the measures installed. Before receiving detail on the incentive options, there was a strong preference for receiving an incentive for doing something specific to their home (e.g. replacing a boiler) as compared to receiving a set amount of money in return for improving the energy efficiency of their home.

On receiving more detail of the incentive scheme options tested, participants expressed the greatest interest in the **cashback voucher and bonus** option. This option provided a set amount of cashback for particular measures, with a 20% bonus available if more than one measure was installed. This option was felt to be most realistic, enabling homeowners to make changes at their own pace and within their financial means. The **flat pay-out for installing 3 measures** option was felt to be a clear offer however 3 measures was considered prohibitive, especially where the second or third measures to be incorporated were expensive and demonstrated minimal return on investment. The **flat pay-out for moving 2 EPC bands** option was seen to be the most confusing and unattractive as it relied on people understanding their EPCs, and having the potential to move 2 bands. The cashback value tested as compared to the financial outlay required, and the low return on investment, was felt to detract from all three incentive options.

Participants identified notable barriers for homeowners wishing to engage in any incentive scheme, including the need to understand energy efficiency measures, the requirement to have a paid-for assessment and to obtain proof of eligibility (via an EPC or Green Deal Advice Report), the need to pay for measures up front, and the requirement for installation to be undertaken by a third party (including an accredited company/individual).

If the scheme were to roll-out, participants felt that it should be named in a way that fitted most obviously with the purpose of the scheme, i.e. a grant or rebate for home buyers to increase the energy efficiency of their home. For this reason, names tested that made a link to stamp duty were largely found to be confusing and misleading. 'Cashback' was felt to be a term which had associations with very different forms of service (e.g. supermarkets) and many people had negative experiences of cashback not being realised, as such the term was not felt to be suitable for use in a Government scheme. It is also important that the scheme is presented in a way which clearly communicates that no maximum income levels are used as criteria to determine eligibility.

The research suggests that in order to overcome the barriers and increase consideration of the scheme, it would be helpful to reduce the cognitive burden and reframe the offer. To reduce the cognitive burden, the customer journey could be simplified, for example:

- reducing the cognitive burden placed on homeowners by simplifying the customer journey, reducing some of the barriers identified (e.g. opening the scheme to less recent home owners; enabling individuals to pre-determine eligibility and assess cost savings of measures through the use of an online tool, or making assessment free; discounting measures); and
- reframing the energy efficiency message to promote engagement (e.g. using smaller, more commonplace measures as an initial hook on which to communicate the offer; offering increased levels of cashback, and cashback for materials as well as installation of measures).

Background and objectives

Background to the research

The Green Deal, with the Energy Company Obligation, is an ambitious and long-term initiative designed to upgrade the energy efficiency of Britain's homes.

In late 2013 the Government announced that £450m would be available for a new package of incentives to boost home energy efficiency, one element of which was expected to involve an incentive for recent home buyers installing certain energy saving measures. Recent home buyers may be more likely to consider making such improvements if, as anticipated, they were already engaging in other home improvements (renovation, redecoration etc.). The hypothesis is that a suitable incentive may encourage recent home buyers to expand the scope of their projects, considering the installation of energy-saving measures. DECC commissioned TNS BMRB to undertake qualitative research to build the evidence base around recent home buyers and inform decisions around the design and presentation of the incentive scheme.

Aims of the research

This research aimed to understand recent home owner views on:

- How motivating is the overall proposition of an incentive to make energy saving improvements and why?
- What are customers' attitudes to the various high level options for the incentives scheme?
- Which aspects of the proposed customer journey are most/least appealing and why?
- What is the optimal way to package and present the offer to make it most appealing to the target audience?
- What tools, information and support do customers need in order to make a decision to take action?

Detailed objectives for this research are outlined in the Annex.

Research design and approach

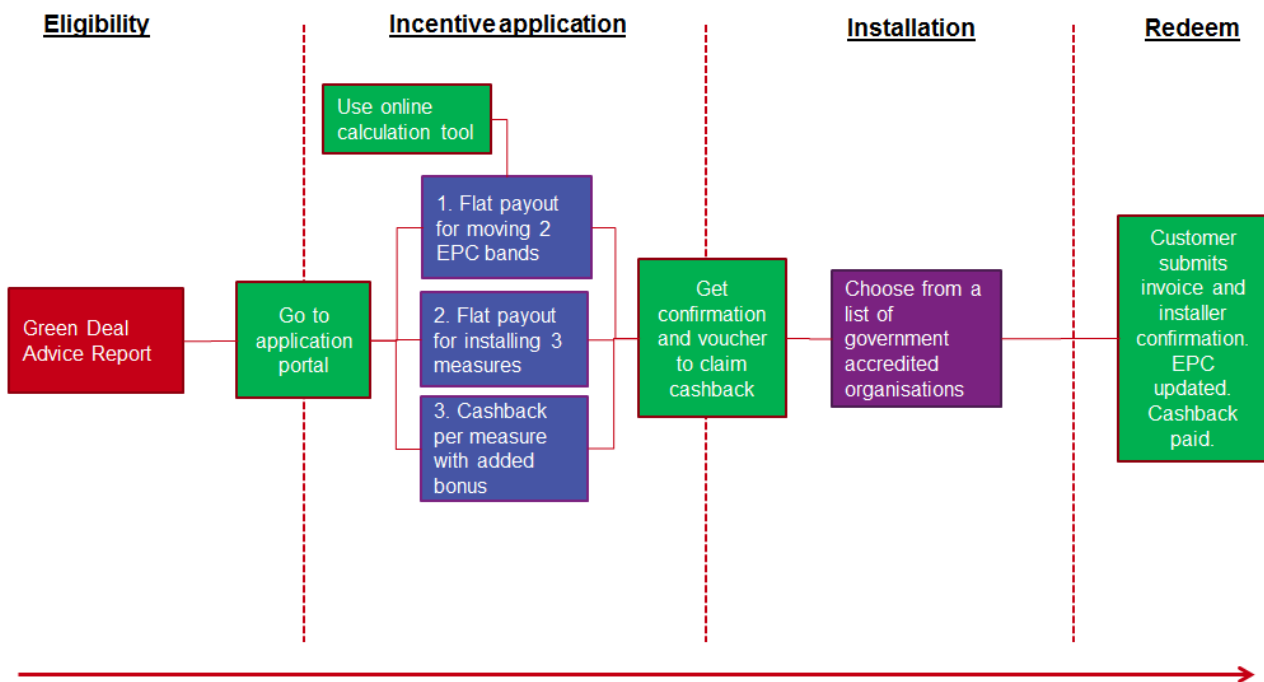
The research was conducted in January 2014 by TNS BMRB researchers and was wholly qualitative in nature, based on eight 2-hour group discussions with 46 owner occupiers who had bought homes within the last two years. A mix of respondents was recruited across age, gender, socio-economic group and four different locations (London, Manchester, Norwich and Bristol). Within groups there was roughly an equal spread across those who had purchased their home within the last six months and those who had done so within the last 6-24 months.

The groups were undertaken using semi-structured discussion guides (see Annex for discussion guide used in the groups) supported by a variety of stimulus to help participants to engage with the propositions being explored. All participants were pre-tasked to review their existing Energy Performance Certificates (EPCs) prior to attending the group discussions and to bring these along with them. The following approach was taken to meet the research objectives:

- initial discussion around energy efficiency and discussion of EPCs, using the EPCs for their own homes;

- discussion of options for an energy efficiency cashback scheme across the customer journey, with journey maps (see below for example used to illustrate the potential customer journey) used to contextualise the offer, including the presentation and testing of three proposed alternatives for incentivising people to make improvements, as well as information / exploration of the stages before and after the incentive application, i.e. eligibility, installation and redemption; and
- discussion of how the scheme would best be communicated and drivers to action.

Customer journey options



The three options tested for incentivising recent home buyers to make improvements were as follows:

Flat pay-out for moving 2 EPC bands

Customers are eligible to receive £1000 reward for improving property by 2 EPC bands, or £4000 if that includes installing solid wall insulation.

Could involve:

- Loft top-up insulation, cavity wall insulation, new condensing boiler and heating controls – cost £5,000
- External solid wall insulation and fan-assisted storage heaters – cost £10,000
- Internal solid wall insulation, insulate hot water cylinder jacket, loft insulation and heating controls – cost £6,000

An online tool would help you work out what measures you need to install to improve the property by 2 EPC bands.

Flat pay-out for installing 3 measures

Customers are eligible to receive £1000 reward for installing any bundle of 3 measures recommended on the EPC, or £4000 if that includes installing solid wall insulation

Cashback voucher and bonus for specific measures

Voucher which gives customer a reward after installation of measures, with a different amount on offer for each measure. For example:

1. £300/boiler
2. £300 for cavity wall insulation
3. £150 for loft insulation
4. £4000 for solid wall insulation
5. £200 for under floor insulation
6. £100 for heating controls
7. £50 for draft proofing

Plus there is a 20% bonus if you install more than one measure

For each of these options the customer journey would be as follows:

- It would commence with home owners having using some form of energy efficiency assessment to determine eligibility. The primary route tested for this was the Green Deal Advice Report (GDAR) which would encompass a paid-for assessment by a qualified Green Deal Advisor which would take two hours to complete and would be used to identify the energy saving measures people would be eligible to receive the incentive for. Alternatives tested included the use of an existing or new EPC to assess eligibility, and for the GDAR to be a refundable assessment dependent on whether measures were installed.
- Home owners eligible for the incentive would apply via an online portal and receive a confirmation and voucher to claim money back (as per the options tested) following the installation of measures.
- The customer would then have responsibility for identifying and contracting an installer to install energy efficiency measures. The primary route tested for this was for this to be

restricted to an individual or organisation accredited to certain Government standards. Alternatives tested included any tradesman/installer but without any government guarantee of quality standards (e.g. a local tradesman who they might use for other works).

- Once measures are installed customers would provide an updated EPC, a copy of the invoice for measures installed, and an installer confirmation in order for their incentive to be processed.

Key findings

Setting the context

The salience of energy efficiency

Participants in the research said that energy efficiency was not explicitly factored into their purchasing decisions, although energy efficiency does become salient in first 18 months of residency for financial and experiential reasons.

The lack of initial consideration for energy efficiency was attributed to it being less visible or tangible compared to other factors, although there were some slight differences based on the age of the property: owners of older properties typically expected the need to invest to rectify issues associated with the age and condition of the property; however they had not assessed this in detail before buying.

A minority of participants had put in place energy efficiency measures after purchasing a property, typically in response to cold weather and high heating bills. These tended to be homeowners who had been in the property for over six months – enough time for them to have experienced cold weather and assessed expenditure on energy. Additionally, in Manchester specifically, homeowners had been encouraged by financial incentives such as free deals offered by energy companies. Where measures had been taken proactively (e.g. energy saving light bulbs, double glazing, loft insulation), friends, family and internet searches were cited as the primary sources of information.

Financing energy efficiency measures

Since moving in a small number of participants had installed some relatively cheap and more commonplace measures (e.g. loft insulation). These improvements were typically paid for through earnings or savings. Having recently taken on increased debt through new mortgages, homeowners were generally averse to accumulating more, and did not want to take out another finance plan to pay for expensive energy saving measures. Participants raised interest free credit as something that they would consider using if something (e.g. their boiler) were to break.

Familiarity and understanding of EPCs

Participants were pre-tasked to review EPCs for their properties prior to the discussion groups. In discussions it was apparent that although some were v familiar with them through selling or purchasing homes, very few people had actively looked at their EPCs prior to the group discussion. Overall, whilst they considered the information contained in their EPCs to be useful in making them more informed about their homes' energy efficiency, EPCs had had limited impact practically.

The aspects for which EPCs were considered useful were in providing a steer and summary of the options to improve the efficiency of their homes and also for gauging impact. However, they were perceived to be of most use for those who had the money to invest in these measures i.e. those who might do a large scale renovation. Furthermore, homeowners considered the cost savings resulting from the measures to be minimal and insufficient to generate interest, again only appealing to those who could afford them; the majority would only be motivated to invest if it became absolutely necessary, such as if their boiler broke.

In addition to the perceived minimal cost savings, the property banding in the EPCs did not encourage homeowners to take action in relation to energy efficiency measures. D or E bands were seen to be the average, and therefore not concerning (especially where the movement to higher bands was either not possible or came at the price of expensive measures with low associated cost savings). Those who had bought older houses fully expected their property to receive a low energy efficiency rating. In several groups participants were asked whether they would be concerned if their home received a comparable rating in relation to an assessment of the attractiveness of their house. In these groups participants reported that receiving a mid-low rating would be a cause for concern and would be more likely to prompt action than would a comparable energy efficiency score.

There was a relatively high level of trust of the performance ratings presented in EPCs, although they were not always fully understood: some older participants found EPCs difficult to engage with (in particular the technical terminology) and expected to defer to friends or partners while other - typically younger - groups found them relatively easy to understand. There were more concerns about the accuracy of the information, particularly when ratings were based on 'assumed' information, among those individuals who were able to engage with their EPCs.

The level of information in EPCs, and perceptions of its accessibility and utility also varied in accordance to the date of assessment. Those with older EPCs (2010 or older) found it harder to envisage what was worthwhile for their property and apply incentive options to their household. These respondents felt these older EPCs were less personalised, with more generic information and less detail, particularly in relation to recommended measures. There was also no signposting to Green Deal eligibility and vaguely worded information. In comparison, the current EPCs (2013) were considered more informative, with on-going references to Green Deal eligibility with clear use of colour coding and information about potential future savings raised interest. This version however also raised questions, for example there was some confusion with 'potential' banding and limitations around this, which necessitated further explanation (e.g. about structural implications). Furthermore, whilst star ratings were a familiar rating approach, questions were raised about the way they should interpret each star rating.

Reactions to the overall proposition of an incentive to make energy saving improvements

When told about the general proposition for incentivising recent home owners to take up energy efficiency measures, there was positive initial interest in the broad proposition - cashback provided to recent homeowners if they installed certain energy saving improvements - but also a degree of scepticism towards it.

The proposition of an incentive scheme was attractive and intriguing to homeowners, but they also had high expectations regarding how it would be financed; most expected that it would be heavily subsidised. A number of respondents (especially in Manchester) were cynical, with the view that 'you don't get something for nothing' and some also assumed that eligibility might be restricted to those on benefits.

When asked to consider whether they would prefer to receive a set amount of money in return for improving the energy efficiency of their home or receiving money to do something specific to their home e.g. install a new boiler, there was a universal preference for the latter, as they felt it was clear and easy to understand. Most reacted positively to the timing, i.e. the incentive being available shortly after purchasing; however 'recent' was felt to include people purchasing in the past 1-2 years at minimum. One group reacted negatively to the term 'recent' as negative as they felt that there needed to be time to experience how the weather dealt with their home and also because they had less money on hand immediately after buying their property. This group

felt that homeowners should be eligible up to 3 or 5 years after purchasing their property, or it should be open to everyone.

Customers' attitudes to the options for the incentives scheme

Flat pay-out for moving 2 EPC bands

On the whole, this incentive option was unattractive to homeowners, and was the most confusing of the three propositions, especially to those without a clear understanding of their EPCs. Specifically, many were unclear from their EPCs how they could advance two bands, and there was limited perceived value in the EPC banding in the first place. There was also concern expressed that installing recommended measures may not actually lead to a movement of two bands should energy efficiency be subsequently measured, and that if this were to be the case, whether they would still be eligible for the incentive. This option was also felt to be discouraging for particular groups, e.g. those with an A/B rating, those who had already completed significant measures and those in properties where moving up two bands was not feasible. In turn, it was only appealing for the niche market that needed to complete significant work who would be rewarded if they were going to do it anyway, while it penalised and discouraged small improvements. Furthermore, homeowners expected this proposition to come at a huge cost and the return would not be significant enough to motivate interest.

Participants in the research were generally not particularly concerned about the transparency in how the cashback amounts were generated. This tended to be either (i) because the amount of cashback being discussed was relatively small in comparison to the potential outlay and therefore participants were less interested in the cashback detail, or (ii) because they didn't want to be overwhelmed by more detail than was absolutely necessary. However, there were positive views towards the online calculation tool that people could use to work out which measures would move them two EPC bands, although this varied by different groups: female participants (particularly among the older groups) tended to feel more intimidated whereas male participants found it more intriguing and were interested in finding out more. Also there were some concerns among those in lower social groups and older respondents with low confidence in their technological capabilities; this group expected that they would need someone else to do it for them.

Flat pay-out for installing 3 measures

This option was perceived overall to be a clear offer and the most straightforward and easy to understand of the three options. However 3 measures was considered prohibitive, especially where the second or third measures to be incorporated were expensive and demonstrated minimal return on investment. It appealed to homeowners who thought they could benefit through installing cheaper measures (as it would be a reward for those doing it anyway). However, on reflection many felt it only had appeal to those who needed to do major works and whilst the £1000 was attractive initially, the cashback was less appealing when they calculated the potential outlay for the extensive work. Some older respondents felt that this would appeal to younger homebuyers, who would potentially be more in need of the £1000 cashback.

Cashback voucher and bonus

The cashback and bonus incentive option gives customers a reward for installing measures, with a different amount on offer for each measure. In addition there was a 20% bonus available if they installed more than one measure.

This option was relatively appealing to homeowners. Participants felt positive towards this option enabling homeowners to make changes at their own pace, which made it both attractive and realistic. In terms of doing something to support the environment, participants felt that 'every little bit helps' with this option. While the 20% bonus and cashback was attractive initially, it was less appealing on calculation because of the small sums involved. Nevertheless some participants did feel that a bonus scheme might prompt consideration of other measures where they were already making improvements that were deemed necessary. A percentage was felt to be more intuitive than flat rates, and fairer, as costs for measures were felt to vary between installers and because participants believed that costs may be inflated to compensate for the cashback received. As such a percentage off the cost of installation was felt to be a fairer option. They also suggested ways of making it more attractive by presenting the measures in bundles i.e. those that required smaller outlay. For example this could involve bundling measures such as draft proofing, heating controls and loft insulation to show cashback and bonus rewards for measures which are more financially accessible and commonplace.

In the context of assessing the relative appeal of the options (and therefore the need to make some form of calculation to assess financial reward), some respondents found this option harder to understand than the flat pay-out for installing three measures option at first. There was some confusion about whether one would receive cash upfront or if they would receive a voucher after installation and what the voucher would be used for. There was also some distrust of the prices included and a view by some that they would rather install some of these measures themselves without being tied to an accredited installer, but anticipated that this would likely prevent them receiving the discount.

On reflection of all three options, respondents felt that variations to the offer could increase their attractiveness; among the suggestions were an overall preference for:

- discount upfront instead of cashback (as the stumbling block was not wanting or having the money to pay upfront), although they acknowledged that discounts could lead to more bureaucracy and delay, which could be important if they needed to fix something that had broken;
- the Government to pay suppliers upfront (among younger respondents who may not have the money immediately, although they noted this could be open to abuse);
- cashback /discounts to apply to the total cost of installation; and
- avoiding the need to take out a finance plan (accumulating a further distinct debt) by making it easier for individuals to incorporate additional debt into existing mortgage.

Feedback on the proposed customer journey

Determining eligibility for the scheme

Overall, homeowners felt that tailored assessments were preferable to determine eligibility for the proposed scheme, as they provide more accurate information on which to base decisions and increase the relevancy of options, but there was a strong desire for them to be free of charge. Any costs, as well as inconvenience (as they would need to be present during the assessment) could otherwise pose a significant barrier at this initial stage of the customer journey. Some had suspicions both about the proposed refund, with concerns that it might only apply if you proceeded and took up certain measures. A minority were also suspicious about the independence of the assessment; they feared that if conducted by providers that it might then result in expensive (and unnecessary) recommendations or alternatively few options for improvement, in both cases money would be wasted on the fee.

Key findings

When comparing GDARs and EPCs as a means of determining eligibility, virtually all respondents felt that GDARs would be more tailored, reliable and accurate and would provide a more accurate idea of the likely amount of cashback they could be eligible for. They would prefer to carry out a virtual GDAR online (with some older respondents potentially needing assistance to use it) rather than using an existing EPC. However, homeowners would be likely to invest the effort only if it appeared worthwhile in the first place, and with time pressures respondents were generally reticent about investing much time in this, even though it was seen as a useful and informative process to go through. There were more negative reactions among respondents from Manchester, who felt that the online tool devalued the EPC and questioned needing to expend more effort on something that promised negligible reward.

The alternative of using EPCs elicited mixed responses: using an existing EPC was seen as the easiest and preferential option, if the alternative was a paid-for GDAR. It was especially preferential for those who would only apply for specific measures that met immediate needs (e.g. boiler replacement). However there was also recognition of the limitations attached to using EPCs, for example EPCs only related to the building itself rather than energy usage, some of the EPC assessments being assumed and therefore potentially inaccurate, and they felt that a higher risk was incurred by using one. Investing in a new EPC would only be relevant if the existing one was old and work was likely to have been conducted which had not been included; otherwise homeowners saw this as unnecessary and would not be willing to pay for it.

Installation of the energy efficiency measures

There were mixed opinions among homeowners in response to the proposition of using a Government accredited individual/organisation to install these measures. Respondents recognised why the Government would require this, and acknowledged that with accreditation would come a degree of quality assurance, including a higher level and safer service which could potentially be at risk if using non-accredited individuals/organisations. It would also reduce homeowners' concern and effort in decision making and they perceived it would provide a stronger guarantee of cashback. On the other hand, they assumed this would be more expensive, which could potentially negate the value of cashback, and prevent people from using trusted local suppliers which would be allowed if it were open to non-accredited individuals/organisations. These might therefore pose a further obstacle at this stage of the customer journey and reduce appeal for homeowners in engaging with these measures.

There was a preference among participants for a discount upfront as compared to cashback (as the stumbling block was not wanting or having the money to pay upfront), although people acknowledged that discounts could lead to more bureaucracy and delay, which could be problematic if they needed to fix something that had broken. Another suggestion mentioned by a number of younger participants was for the Government to pay suppliers upfront, although they noted this could be open to abuse.

Increasing the appeal of the offer and supporting customer decision-making

Scheme naming

The following names were suggested to home owners to present the scheme:

- Stamp Duty Rebate
- Stamp Duty Energy Efficiency Rebate
- Home Buyers Cashback
- Home Buyers Energy Efficiency Grant

'Home Buyers Energy Efficiency Grant' was the most preferred name, as respondents felt that it fit best with the description of the scheme and was the most honest and relevant of the options. However questions were raised as to whether it would be means tested and there was some confusion with the word 'grant' as they were unsure if it was a loan or a bursary. There were suggestions that 'fund' 'rebate' or 'refund' could be used as an alternative.

The other descriptions elicited more mixed views, but were generally less appealing.

'Stamp Duty Rebate' did not appeal to most on the basis that it did not make sense, seemed unrelated to energy efficiency and was not relevant as not everyone paid stamp duty; the longer titled *'Stamp Duty Energy Efficiency Rebate'* also raised similar questions. There was a preference for 'discount' rather than rebate; A number of respondents, particularly those from lower socio-economic groups, assumed that eligibility for a rebate could be determined by income and that they would encounter difficulties due to not being unemployed or on benefits. Furthermore, *'Stamp Duty Energy Efficiency Rebate'* was seen to be longwinded and not very 'catchy'.

There were mixed reactions to *'Home Buyers Cashback'*, mostly around the word cashback which for some was attractive but for others raised suspicions and negative connotations (for example, that it felt like a supermarket deal or online sites that did not fulfil their promises). As with the previous descriptions, respondents felt that *'Home Buyers Cashback'* did not relate clearly enough to energy efficiency (in the way that the preferred *'Home Buyers Energy Efficiency Grant'* did.)

Communicating the scheme

There was an expectation that the Government would be the primary source of communications around any incentive scheme, and that they would use a range of platforms to communicate the scheme to the public including traditional above the line forms of promotion. Local authorities and energy companies were also mentioned by a small number of participants who had previous experience of hearing of energy efficiency grants or offers through these sources.

Participants were asked directly whether and how estate agents may be involved in promoting the scheme. People could see the rationale for involving estate agents as they would be able to raise awareness of the scheme among the core audience for this incentive and it was through estate agents that individuals were most familiar with EPCs. However, on consideration, participants were sceptical that estate agents would be willing to communicate the incentive as this would involve highlighting poor energy efficiency to prospective buyers. Participants were also not keen that estate agents might have to highlight poor energy efficiency in their own homes should they choose to sell in future.

Surveyors were mentioned by participants as an additional source of information that may have a role to play in promoting the scheme.

Barriers to uptake

On the whole, the incentive scheme options tested lacked broad appeal for participants in this research due to the combination of their perceived complexity and the need for input at various stages (reviewing EPCs, completing an assessment, making applications, organising for installation, and requesting a refund) for relatively small savings.

Homeowners face potential barriers at different stages of the customer journey:

- the need (and time) to be able to **understand energy efficiency measures** and to be able to **identify cost effective/neutral measures** and those that they are eligible for;

Key findings

- requirement to have a chargeable **assessment up front** and to obtain proof of eligibility (via EPC or GDAR);
- **paying for measures up front** and perceived **low value of the cashback** amounts tested as compared to the estimated costs incurred (particularly for flat pay-out options which might require three or more measures to be installed in order to qualify); and
- the requirement for **installation** to be done using a third party and the **restriction to accredited companies/individuals**.

A further significant barrier is the mentality of '*if it ain't broke don't fix it*'. Participants in this research did not see the relevance of energy efficiency measures; recent home buyers are financially stretched and therefore reluctant to spend money on measures which are not seen as immediately necessary, especially those incurring potentially large costs and a relatively small incentive and return for it. Cost savings indicated on EPCs, when weighed up against likely outlay, do not make financial sense unless people look long term.

Conclusions - overcoming barriers

The research suggests that in order to overcome the barriers and increase consideration of the scheme, it would be helpful to reduce the cognitive burden and reframe the offer. To reduce the cognitive burden, the customer journey could be simplified, for example:

- open the scheme to **less recent home movers**, where personal debt is more normalised;
- an **online calculator** (using EPC) or some form of initial customer led online occupancy assessment which could help promote interest and determine eligibility;
- some felt there was more scope for incorporating Green Deal measures into their **existing mortgage** which would make it simpler to manage;
- provide **free GDARs**, determined by entering information from the EPC or customer led online occupancy assessment;
- installers taking more responsibility for determining eligibility and **discounting measures/installation** rather than cashback.

Furthermore, the energy efficiency message could be reframed to prompt engagement, through demonstrating the relevance of energy efficiency to homeowners' own situations and understanding how they would be immediately financially advantaged by it, without incurring further debt. This could, for example, be done through:

- focusing on **smaller, more commonplace measures** (e.g. boilers or loft insulation) as the initial hook to engage people in considering an incentive offer which covers additional measures;
- **cashback** (or subsidies) **applied to materials used to improve energy efficiency**, not just installation of measures; or
- **increased levels of cashback** in the form of a percentage of the total cost of installation under the cashback voucher and bonus option. There was an expectation among people that the levels of cashback should be higher; in a minority of groups some participants indicated cashback in the region of 30-40% of the total cost for the measures installed would increase the appeal of the scheme. Note that there was not a direct question on levels of incentive in this research and as such this figure does not represent the views of everyone in the research.

Annex A

Detailed research objectives

Theme	Research Question
Motivations around home buying and energy efficiency	To what extent is the purchase of a property a motivator to improve the home's energy efficiency?
	How engaged are people with the EPCs of the property they have bought? – to what extent have they looked at/understand/trust it?
	Do consumers understand what it would mean to improve the EPC banding of their property?
	How motivating it is for consumers to improve the EPC banding of their property?
Scheme options/rules	What are customers' attitudes towards the overarching proposition i.e. money to improve the energy efficiency of your home shortly after purchasing?
	To what extent would they be likely to consider such an incentives scheme and why? What aspects of the proposition do they value the most?
	Does the time bound nature of the scheme make it more or less appealing?
	Which cash back design (based on the options presented above) is easier for consumers to understand and why?
	Which of the options is more appealing to consumers and under what circumstances?
	What amounts of cash back are motivating to consumers and why?
	How important is the element of transparency in how the cash back amounts have been calculated?
	Is the bundling of a certain number of measures (e.g. 3 versus 2) a barrier to potential uptake?
	How do consumers feel about the money in the form of an upfront discount versus cash back at the end of the process? Under what circumstances does their opinion differ?
Presentation/ packaging of the offer	What appeals to consumers about the different options for presenting the scheme e.g. stamp duty rebate scheme, home buyers energy efficiency grant and why?
	What are customers' expectations around a scheme under the different names?

Key findings

	Is the proposed lack of connection to the stamp duty mechanism a barrier?
	Are there alternative ways of presenting the scheme that would make it more appealing?
Customer journey	To what extent and why would the requirement to pay for an assessment be a barrier to taking up this offer?
	How attractive is the proposition of a free assessment as part of this offer?
	To what extent is the requirement to have a GD Advice report a barrier to respondents? (particularly given they are may have recently had an EPC)
	What is customers' response to the quality mark and the requirements for accredited installers and accredited works?
	What do customers understand by a Green Deal certified installer?
	Do customers feel the process outlined is sufficiently simple, if not how would they recommend making it simpler/easier to understand?
Tools/drivers for action	What information do consumers need in order to make a decision to take action? i.e. take up the incentive package to get energy efficiency measures installed?
	What specifically could tip consumers from interested to taking action?
	Are there any tools that would help them decide to take action? At what point would information that be needed?
	How do customers feel about having a cash back calculation on the EPC?
	What are customers' reactions to specific online tool propositions e.g. cash back calculator
	What information would consumers want or expect from an online tool? Do they want to be able to carry out their own assessment, do they want just to know what might be available or somewhere in between?
Intermediaries	From whom would consumers expect to receive the cash back?
	What is consumers' response to estate agents being involved in the process?
	What role do consumers think Government should have in promoting/providing this scheme?
Finance	If customers were considering getting work done is finance a barrier?
	Would customers consider borrowing for energy efficiency measures? Why?
	What types of finance would customers consider and why? (and for which measures)

Annex B

Group discussion guide

Introductions (5-10 minutes)

- In pairs, participants to discuss what were the key considerations when buying their home. What things did they specifically look for, or take into account when making their decisions?
- As a group explore whether the energy efficiency of the property was something they thought about. If not, why not?
- What about now that people have purchased their property? Explore whether energy efficiency is something that has subsequently been explored, how (i.e. through what means is energy efficiency assessed) and whether this has resulted in any measures being put in place.

EPCs (15 minutes)

- Explain that everyone has brought with them an EPC certificate for the home which they have recently purchased. As a pre-task they were asked to review the EPC for their home and note what it told them about the measures they could put in place to achieve cost efficiency savings.
- Provide definition of an EPC: An energy performance certificate tells you how energy efficient the property is using bands where A is the most energy efficient and G is the least energy efficient. The bands are shown as coloured arrows and the EPC clearly shows which band the property sits in. The coloured arrows look a bit like the signs you sometimes see on the front of electrical appliances like fridges and washing machines. As a group explore:
 - Familiarity with EPCs – prior to this discussion did people understand what they were and how they were intended to be used? If high level of reported understanding then explore why this is the case.
 - How old are people's existing EPCs?
 - How were EPCs used in assessing home prior to and following purchase? Did they read the recommendations made? What information did they actually pay attention to? How did this influence decisions made or planned actions? Were they interested in the recommendations?
 - To what extent do people feel that the information contained is easily understood? Explore which bits of information are understood and which not.
 - To what extent do people feel that the information contained is useful?
 - Do people trust the current and potential efficiency performance ratings and associated cost savings?
 - Ask people to identify what band their property currently falls in and explore if this is something which concerns them at all (i.e. is there any negative perception about being in band E over a B for example)
 - Ask them to look again at the recommendations and assess what they think of them, are they interested in them?

- Briefly explore:
 - To what extent is finding the money to make the recommended energy saving home improvements an issue for people?
 - What are the ways which people would consider financing energy efficiency measures? (e.g. using savings vs considering a finance package)
 - Would people consider borrowing for energy efficiency measures? Why?

Testing the primary propositions (45 minutes)

- Explain that we will be looking at some options being considered for incentivising recent home owners to take up energy efficiency measures. These measures will be discussed in more detail shortly but beforehand we are interested in people's interest and expectations around this scheme.
- Explore initial interest in a scheme whereby they can receive money in return for improving the energy efficiency of their home shortly after purchasing
 - What is more attractive to people - the idea of receiving a set amount of money in return for improving the energy efficiency of their home or receiving money to do something specific to their home e.g. install a new boiler
- Test following names for presenting scheme (rotated between groups) to explore expectations of scheme. I.e. How might it be delivered? When would you have to apply (and is this a barrier)? How might benefits be realised?
 - Stamp duty rebate
 - Home buyers energy efficiency grant
 - Home buyers cashback

Explain that we will explore people's views on three ways in which this incentive could be positioned in order to increase people's interest in improving the energy efficiency of their home. The intention is to drive people to take action so ask to consider in this light – which would prompt their interest. In addition to these incentive options it is also worth highlighting that this is essentially an investment as measures will also lead to energy bill savings.

- We now want you to look at some proposed offers for incentivising recent home owners to take up energy efficiency measures. These are still being developed – we want to understand what you think of them to help us to develop one that is most attractive to people. Researcher to rotate offers across groups. Before discussion of each offer respondents to record individual thoughts. Circulate copies of the measure stimulus and draw specific attention to the solid wall insulation, explaining what this is.
- Show Option One (EPC banding)
 - Explain that these are only examples. The savings and measures required to move 2 EPC bands will vary from house to house and depend on the unique characteristics of each individual property. Any costs or savings could be higher or lower. Home owners will need to look at their individual EPC to see which eligible measures are suitable for their home and will move them 2 EPC bands.
 - What do they understand about this offer (probe on understanding of principle of receiving cash back to move up 2 EPC bands - ask to review EPCs and look at what would be needed to move their property 2 bands in order for people to understand that could involve substantial improvements being necessary)
 - Aspects which are confusing

- What do people think about the amounts on offer? Are these reasonable/attractive? Would they motivate interest?
 - To help people to determine the options for improving your homes energy efficiency and how much you could be entitled to there could be an online calculator tool to work out which measures would move you two EPC bands.
 - How important is it to understand how this tool makes the calculations and determines whether you are eligible? Do people have any concerns around calculation (e.g. in relation to accuracy etc)
 - Explore whether the use of a tool such as this would be a barrier – for who?
 - Perceived benefits and drawbacks of offer
 - How they would redraft the offer if asked to explain it to a friend
 - How they would redraft the offer if asked to sell it to the public
- Show Option Two (bundling measures)
 - What do they understand about this offer
 - Aspects which are confusing
 - (If not covered already in Option One) What do people think about the amounts on offer? Are these reasonable/attractive? Would they motivate interest?
 - Perceived benefits and drawbacks of offer. Probe whether bundling a barrier and how increasing number of measures would increase barriers.
 - How they would redraft the offer if asked to explain it to a friend
 - How they would redraft the offer if asked to sell it to the public
- Show Option Three (cashback and bonus)
 - What do they understand about this offer
 - Aspects which are confusing
 - What do people think about the amounts on offer? Are these reasonable/attractive? Would they motivate interest?
 - Perceived benefits and drawbacks of offer
 - What amounts of cash back are most motivating to customers? Which measures stand out as most attractive?
 - Is a flat rate bonus (eg £200 if you do 2 measures, £300 if you do 3 etc) more or less appealing than a % reward? (eg 20% of cashback if you do 2 measures, 30% for 3 etc)
 - Does the bonus have an impact on the likelihood of installing more than one measure?
 - How they would redraft the offer if asked to explain it to a friend
 - How they would redraft the offer if asked to sell it to the public
- Compare and contrast propositions to identify a hierarchy of preference
 - Which offer (as presented in their current form) is easiest to understand? Why?
 - Which is most appealing? Which would prompt you to take action and investigate it further? Under what circumstances?
 - If not covered above, is the more simple cash back from certain measures option more appealing because it provides more certainty to people? Or do the larger sums of money with the EPC banding offer drive peoples interest even though they have less certainty about what measures they need to do until they start investigating?
 - Are there any variations to the offers that would make them more appealing?
 - How would people feel about the money in the form of an upfront discount rather than as cash back at the end of the process? Does it make any difference? Why? Under what circumstances?

- Using either Option One or Option Two as an example (choose whichever is most popular), explain that there are two different ways this option could be implemented and either way you would be guaranteed to receive a minimum amount of money depending on the measures implemented. The first way would involve using your EPC to identify recommended measures (i.e. measures recommended based on your building's existing energy efficiency), and receiving cashback for having measures installed (either bundle or to move bands). The second way would involve getting a more detailed understanding of your households energy use which would lead to a more tailored set of recommendations and could increase the amount of cashback you were eligible for. This would involve some further investigation work on your part to identify what money you would be eligible for e.g. use of an online tool. It might also mean some households get more than others but you would not get less than the £1000/4000.
 - What are the perceived pro's and con's of each way?
 - Would the need to put in more effort to identify whether you would qualify for the incentives, and the amount you would get, make any difference to your level of interest? [Note to researcher – the key thing here is to identify how much extra effort people are willing to put it]

The customer journey (35-40 minutes)

- Explain the potential customer journey (using a journey map) to contextualise the offer: This would be a scheme that can help you make energy-saving improvements to your home (for example insulation, heating, draught-proofing, double glazing). You would first determine your eligibility for the incentive scheme. You would then make an application for the incentive. This incentive could be offered in different ways, as already discussed. You would then get the works done before receiving your cashback.
- Using the customer journey map, begin from the start and discuss relevant points as follows: eligibility; application; installation.
- You may be required to carry out a Green Deal Advice Report in order to be eligible for the scheme. This would also be used to identify the energy saving measures you would be eligible to receive the incentive for. This Assessment would be undertaken by a qualified Green Deal Advisor. Note for researcher: it takes less than an hour to do an EPC and around 2 hours to do a GDAR
 - Would the requirement to pay for a Green Deal Advice Report be a barrier to taking up this offer? Why? To what extent?
 - How much would you be willing to pay? How would you feel about a fee of £100-150 for an Assessment in the context of the offers presented previously?
 - How attractive is the proposition of a refund of the fee as part of this offer? Would the requirement to have a Green Deal Advice Report be a barrier in this instance?
- Alternative options for determining eligibility for the scheme could involve using an existing EPC (which could be up to 6 years old) or having a new and up to date EPC done and using that.
 - What are people's initial reactions to the appeal of these as alternatives?
 - Would the requirement to pay for a new EPC be a barrier to taking up this offer? Why? To what extent? How much would you be willing to pay? How would you feel about a fee of £60 for a new EPC in the context of the offers presented previously?
 - Do you think there is any added value of having a Green Deal Advice Report over a new EPC, and how these contrast to the use of an existing EPC

- Which option, if implemented, would best support their interest in considering making energy efficiency improvements? Why?
- Explain that it is at this stage (post assessment) where the different offers presented previously come into play. Options 1-3 would see you receiving a voucher to claim your cashback post-assessment and post-installation (i.e. people would have to pay out money for the cost of installing the measures and would then get their cash back afterwards). The measures themselves would need to be installed by an individual or organisation accredited to certain Government standards.
 - What are the benefits and drawbacks of using an accredited individual/organisation?
 - What do you understand by 'accredited'? What sort of credentials/qualifications would you expect them to have?
 - What influence would this have on their consideration of carrying out energy efficiency improvements? Why?
- Alternatively you could have the option of choosing any tradesman/installer but without any government guarantee of quality standards e.g. a local tradesman who they might use for other works
 - What are people's initial reactions to the appeal of these as alternatives?
 - To what extent is the requirement to have an accredited installer a barrier to people? (i.e. is it a barrier if your local tradesman could not be used)
- Which option, if implemented, would best support their take up of energy efficiency improvements? Why?
- Using an annotated version of the journey map, with preferred options highlighted. Explore whether understanding the process in any more detail has any influence on their preferred offer or the presentation (naming) of the offer. Probe on:
 - Whether customers feel the process outlined is sufficiently simple, if not how would they recommend making it simpler/easier to understand?
 - If named 'Stamp duty rebate', thoughts on the framing of the scheme given the lack of tangible connection to the stamp duty mechanism – would this affect interest or uptake? How would naming the scheme this make people feel given what they know about the scheme?
 - Are there alternative ways of presenting the scheme that would make it more appealing?
 - Are there alternative names that would be appropriate?
- Time permitting:
 - From whom would you expect to hear about this offer?
 - What role do people think Government should have in promoting/providing this scheme?
 - Before purchasing a home what role could others have in promoting this scheme (e.g. estate agents)?

Driving action (10 minutes)

- Researcher to account for views already discussed (play back to group) and probe on ways on which these can be addressed. Use following prompts as relevant.
 - What information do people need in order to make a decision to investigate energy efficiency measures further and at what points in the journey?
 - Is there anything else that the Government could do to encourage households to install energy efficiency measures other than provide a cash back incentive?

Annex B

- Based on what you now understand about this scheme and the options that exist for implementing this, if you were in charge of positioning this to other new home owners how would you do this?
 - What would it be called?
 - How would they describe it to others? What would it involve? Who provides it? Who is it aimed at?
 - What are the benefits? Which aspects would drive interest and uptake? How would you frame these?
- From what you have heard today, what specifically (if anything) would likely tip you from simply being interested to actually taking action?
- How could barriers to action be overcome?

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