



Creating homes and neighbourhoods
that work well into the future
and don't cost the Earth

Market Transformation accelerating sustainable change

Presentation to Beacon Stakeholder Symposium

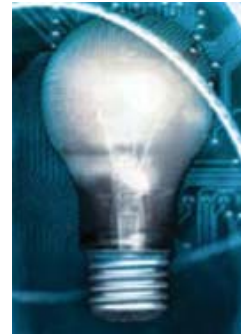
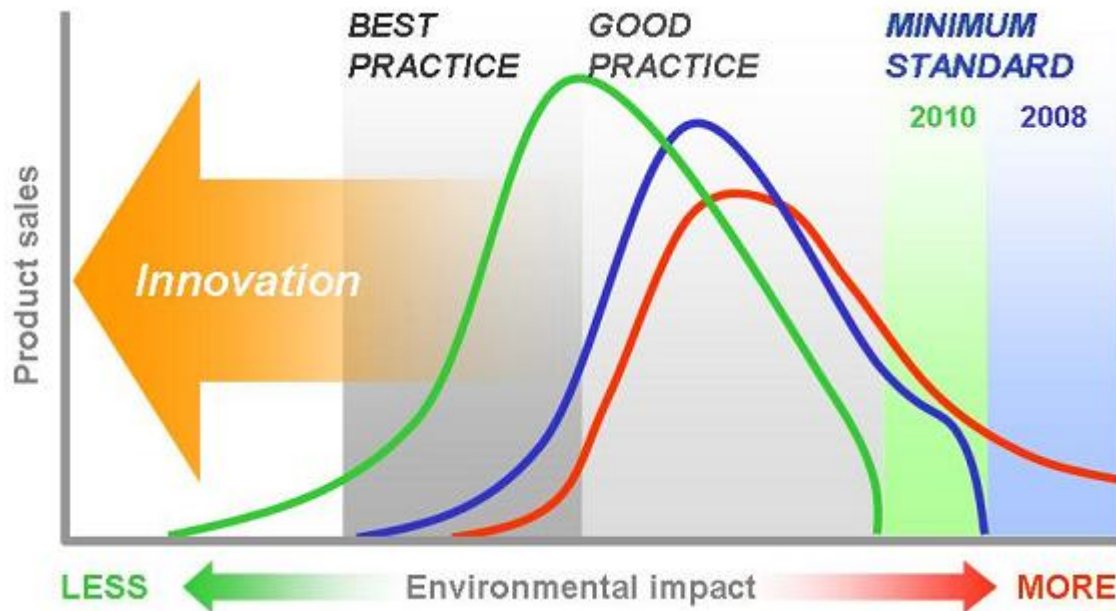
Verney Ryan

30th May 2007

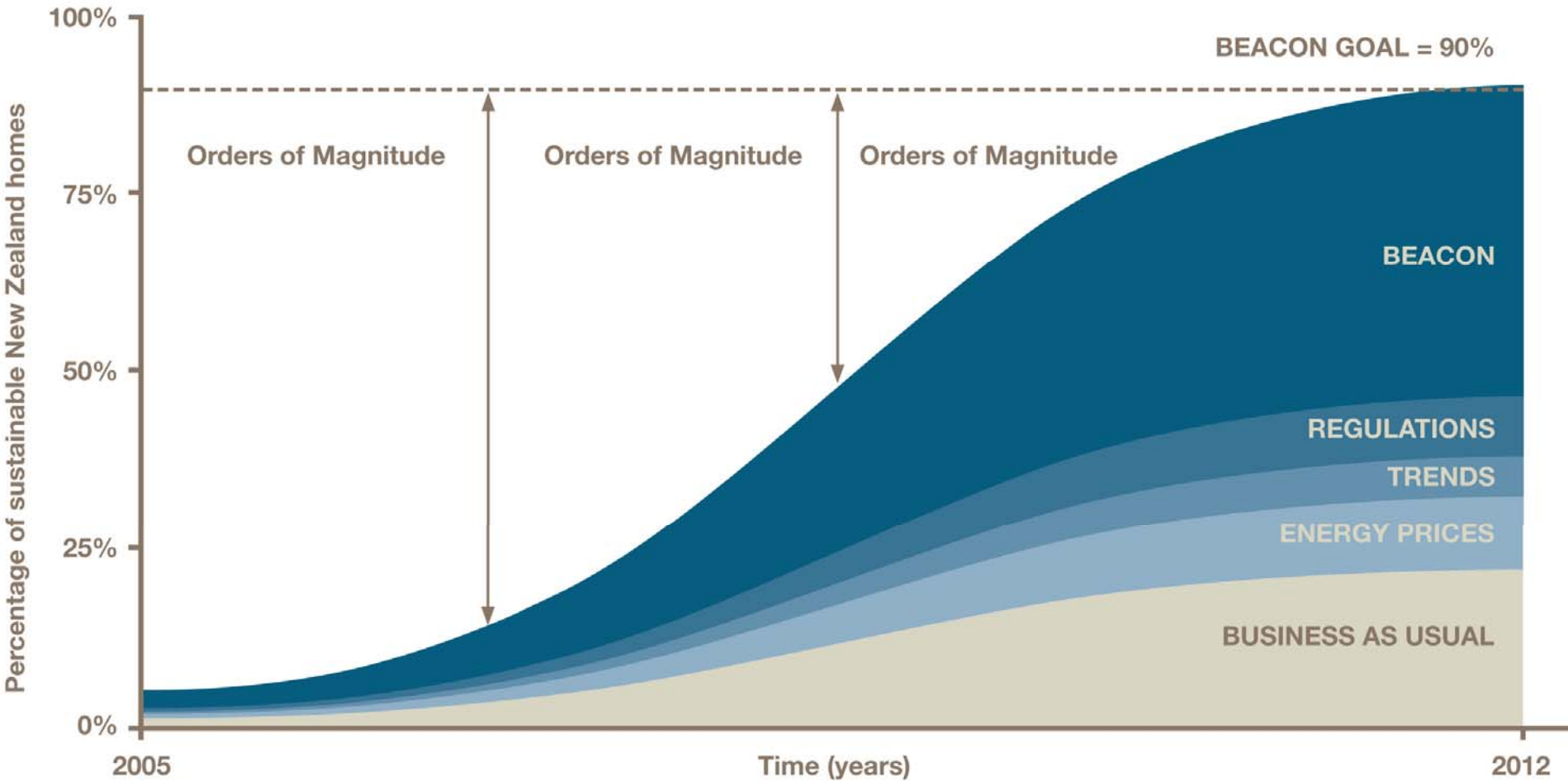
Beacon Pathway Limited

The big picture

- Market Transformation aims to achieve sustainable improvements in products, systems and services where these are critical to the delivery of commitments in areas including energy, climate change, water efficiency and waste reduction.

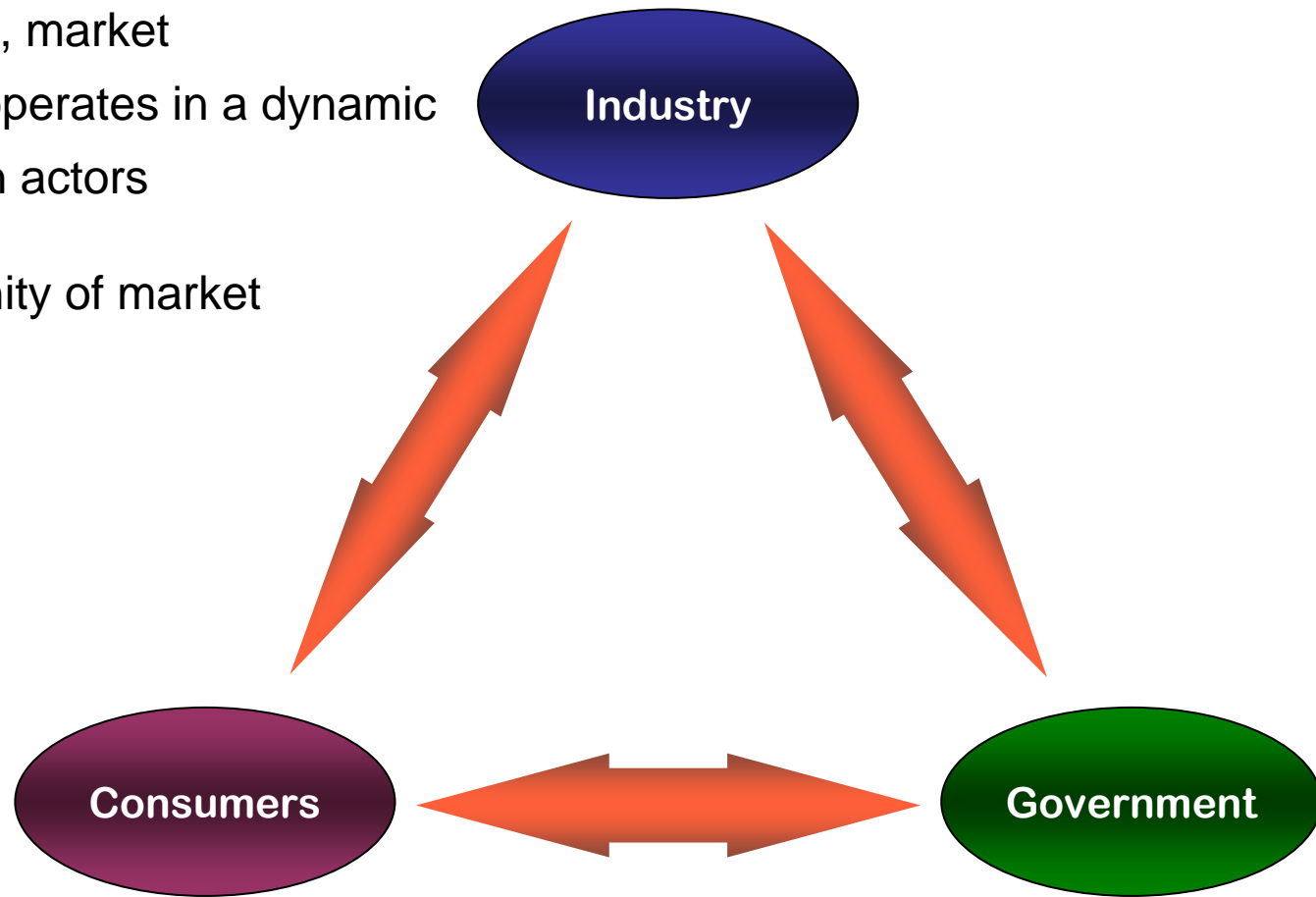


Filling the Gap



Market Transformation actors and tensions

- In terms of sustainable homes and neighbourhoods, market transformation operates in a dynamic driven by 3 main actors
- The (un)holy trinity of market transformation



Changes to production and consumption

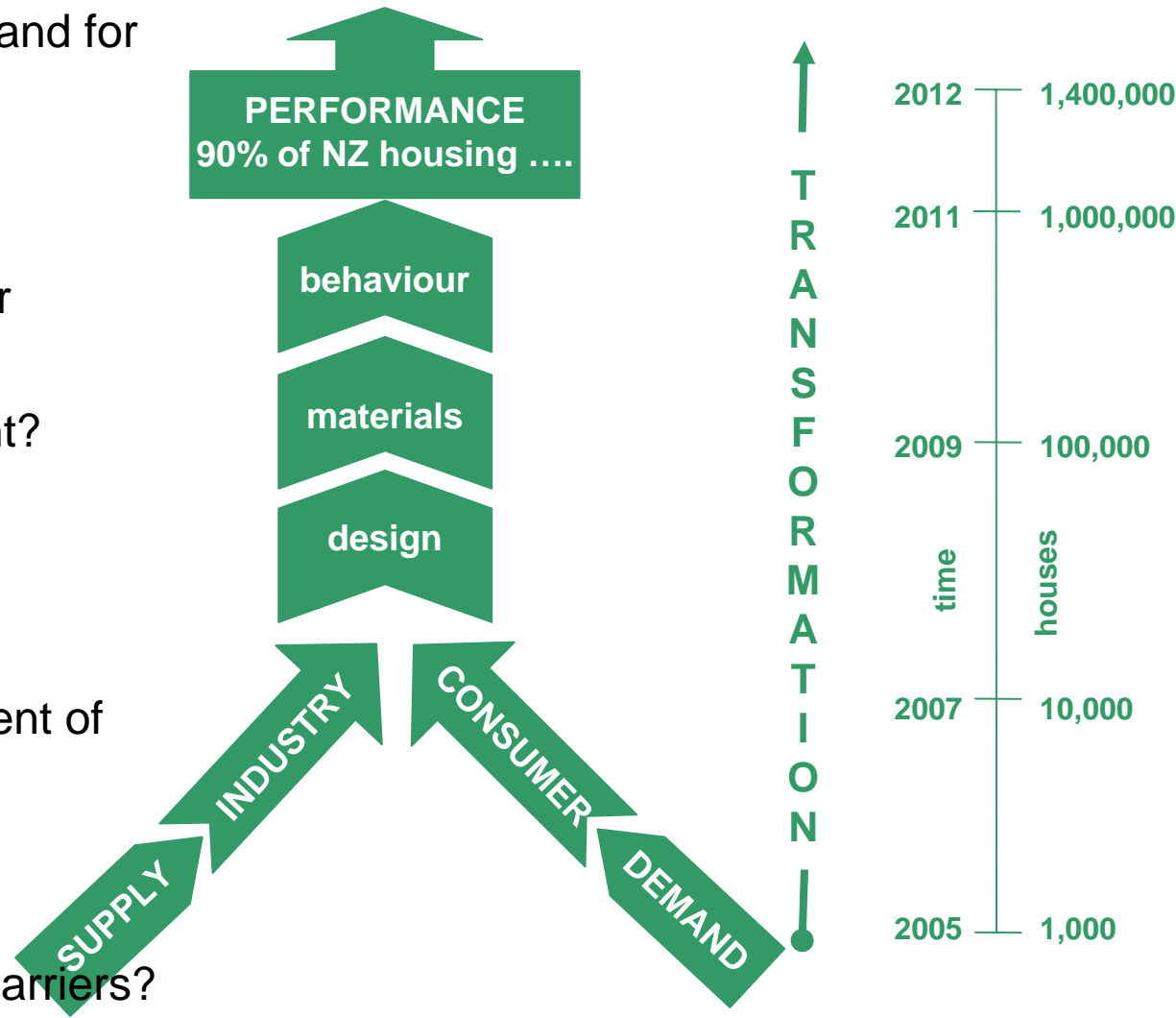
Understanding supply and demand for sustainable technologies and solutions

• DEMAND

- What is the level of consumer uptake?
- What consumers do and want?
- What are the levers, issues, barriers?

SUPPLY

- What is the level of engagement of industry?
- What is the industry level of knowledge and practice?
- What are the levers, issues, barriers?



Market Transformation research undertaken

Market Transformation so far:

Focused on 3 main groups

- industry associations
- housing industry
- consumers and householders



And completed the following tasks:

- reviewed overseas work
- surveyed 50 industry associations
- surveyed 85 companies
- surveyed 13,000 consumers
- identified potential interventions



Market Transformation research – what we have found

- **Industry now:**
 - few engaged
 - knowledge and practice (skills) limited
 - no reporting and accountability
 - no real recognition and incentives for leaders
- **Consumers now:**
 - confused, fickle, selfish
 - unlikely to change quickly enough
 - no real requirements or incentives
 - But... they are concerned and unempowered
 - 70-80% consumers concerned
 - 40-50% would take action if they knew what to do



Market Transformation

the consumer and household research



- Why consumers and households?
 - The mighty consumer
 - The big challenge – consumer demand
 - not most difficult, but is most powerful
 - 43% of industry respondents cited customer demand as the key factor that would make industry adopt more sustainable practices (Beacon Research MT 101)
 - “create the demand... we’ll give you the supply.”



Consumer and household research

Barriers to market transformation



- ‘Sustainability’ poorly understood - consumers unaware of it in relation to housing
- ‘Sustainability’ holds minimal emotional and practical appeal for consumers
- ‘Sustainability’ connected to **physical** and **technical** aspects of housing - not well connected with **emotive** aspects people value in homes or life in the home.
- The link between sustainability and **comfort** is not readily understood – nor how it relates to aspirations for ‘**quality** of home’ or ‘quality of life’
- ‘Sustainability’ perceived as the domain of ‘greenies’, the young, or those living in rural areas



Consumer and household research

...more barriers to market transformation



- ‘Sustainability’ is understood to be **expensive**, a prerogative of the wealthy.
- **Returns on investment** from sustainable features in the home are not understood, or are perceived as limited.
- People fear spending **money** on sustainability upgrades that cannot be recovered on **resale**, especially when the benefits to them, as home occupiers, are unclear.
- People understand sustainable housing as “lack[ing] character, warmth, or soul ... and so fail[ing] to appeal to mainstream people.”



Consumer and household research

What do consumers want?



- For sustainability to be ‘easy and cheap’!
- Reliable and knowledgeable trades people (and have them available at suitable times).
- ‘Affordable sustainability’ crucial – must compete with business as usual
- Information - simple and straightforward ‘whole life’ or life cycle costs analysis.
- Return on investment – from both retrofit and new build.
- On-sellable benefits when they sell their home
- People want a home that makes them...
 - ✓ ‘feel at ease’, ‘comfortable & relaxed’, ‘healthy’ and ‘able to enjoy themselves’
 - ✓ want to experience their home as warm, well-designed, low maintenance and dry.

People do not currently associate these desired home features and lifestyle experiences with ‘sustainable homes’.

Consumer and household research

What do (13,000) consumers want?

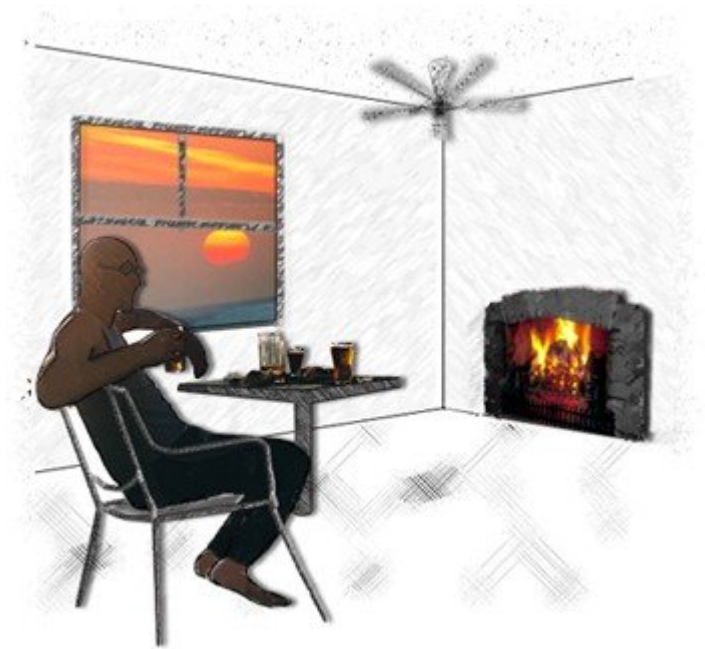


Most important features - **house**:

1. winter warmth
2. well built
3. low maintenance

Most important features - **living in home**:

1. comfort
2. privacy
3. security



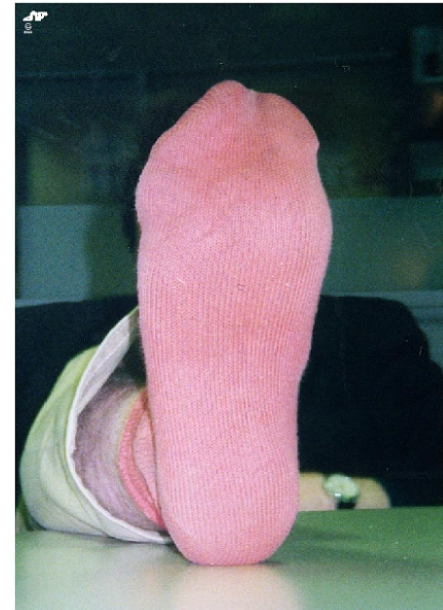
Consumer and household research

How can Beacon help?



Work with stakeholders to reinvent sustainability

- align sustainability with quality, comfort, warmth...
'snuggleability' – anything with emotive and sensory appeal
- focus less on technological features and problem solving – more on **emotional** and **social** benefits
- **comfort** rated highest - sustainability improvements should walk hand in hand with this and almost certainly will not be successful if they **detract** from it.
- ally sustainability to **serial renovation** behaviour
- better understand how sustainability performance features can be related to issues of **affordability** and the quality of home-life experiences
- focus on benefits, not problems - positive not negative



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Running a half-empty machine destroys the planet

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Consumer and household research

How can Beacon help?



- International examples of successful market transformation strategies suggests
 - provide consumers with **reliable information** with which they can make **educated purchasing** decisions, and which will allow high-quality products to compete fairly
 - **strengthen** manufacturing, service, distribution, retail capacity of **local market**
 - support commercial **financial mechanisms** that allow more consumers to purchase sustainable products
- **Beacon Goal** ... to bring the vast majority (90%+) of New Zealand homes to a high standard of sustainability by 2012
 - Need consumer demand...
 - Need products, solutions, systems, services to be available ...
 - Need industry with capability and capacity ...

Market Transformation

where to now for Beacon



- There is no silver bullet... but a range of FSC certified wooden stakes!
- Market transformation is the outcome of the application of knowledge
 - **Who** do we target to inspire change?
 - **What** technologies achieve change?
 - **Where** in the value chain can we effect change?
 - **How** do we motivate change?
- Market transformation is embedded within all of Beacon's research projects
- Market transformation is framing Beacon's pathway for change

