Brief Overview of HPC’s Market Innovation Forum

The Market Innovation Forum, held in San Francisco in early December, convened home performance experts to identify and discuss opportunities and obstacles that exist in the home performance market. The goal of the forum was to identify and develop realistic and achievable concepts and goals that would put the industry on a pathway toward achieving success through innovation of the home performance market.

Through a series of exercises in a plenary discussion, the attendees chose four key categories that would become the working groups for the forum. Each working group developed several ideas which they presented to the overall group during two additional plenary discussions. The working groups for the forum were developed in the following categories:

1. Partnerships
2. Contractor Business Development
3. Market Creation
4. Data

This document provides the following:

- A high-level summary of the ideas that emerged from the working groups;
- One overarching need that emerged from each of the groups;
- The underlying theme that we identified;
- Additional detail on two of the more complicated concepts.

Working Group Summaries

Partnerships Group

Obstacle 1:
Low industry engagement with complementary trade associations and manufacturers (HVAC, insulation, windows, etc.) during industry dialogues and gatherings.

Pathway 1:
Engage trade associations and manufacturers in HPC national home performance conference via participating in a partners/innovations track.

Recommendation 1:
HPC to lead track development with support from IBACOS (DOE’s Building American research partner) and working group volunteers.
Obstacle 2:
As an industry, we often encourage potential partners and contributors to attend our various dialogues/gatherings, but we need better follow-through in welcoming newcomers to the industry.

Pathway 2:
To show the value of becoming engaged with home performance, it is important that industry leaders invite partner prospects to these events and also spend time with the prospect at the event, serving as a “guide,” helping with introductions and connections.

Recommendation 2:
HPC to work with Partnerships working group and larger group volunteers to invite appropriate potential partners.

NOTE:
Each recommendation is designed to improve the industry’s “arrogance to relevance ratio” and redefine the industry players as good partners who listen and want to show prospective partners the “what’s in it for them” aspect of a relationship with the HP industry. This was the underlying theme of this group’s discussion.

Contractor Business Development Group

Obstacle 1:
Home performance contractors are lacking some of the key infrastructure that supports contractors in other, more established trades.

Pathway 1:
Support the development of contractor peer groups - noncompeting, geographically diverse groups of contractors who exchange the intimate details of their businesses for feedback and guidance from their peers.

Recommendation 1:
Efficiency First should lead the development of this concept in the HP space, with support coming from HPC in terms of promoting the concept and providing meeting space at conferences when possible. Home Energy Magazine will also promote this peer group activity through its various channels.

Obstacle 2:
Lack of contractors who are entering/staying in the home performance space.

Pathway 2:
Contractor recruitment suggested as critical work for EF, HPC, BPI, and HEM.

Recommendation 2:
HEM should develop a package of promotional infographics for partner use in promoting HP to existing contractors. HPC, BPI, and EF should work with HEM in the development and proliferation of these tools.
Market Creation Group

Obstacle 1:
Consumers have become accustomed to one-stop shopping for all of their needs, and this will soon include home improvement work. (Amazon is already engaged.)

Pathway 1:
Home Performance needs to be included in this new approach to selling home improvement work.

Recommendation 1:
A pilot program of a partnership model between Multiple Systems Operators (MSO), contractor providers, and data platforms should be developed by an industry organization.

NOTE:
Details on the partnership model concept below

Obstacle 2:
The home performance industry needs a stronger government relations presence at the state, federal, and PUC levels.

Pathway 2:
Creation of more policy positions within industry support organizations.

Recommendation 2:
HPC should add a position to focus on this work at the state and PUC level and multiply its role in Washington by recruiting someone with a track record of moving an industry forward.

NOTE:
HPC will be adding a state policy organizer associate to staff in the coming months.

Additional Topic:
Pay-for-performance was discussed by this group, which recommended pushing for pilot programs in NY and CA (PG&E is just beginning a pilot program in CA).

Data Group

Obstacle 1:
The lack of accessible data, as well as the lack of a central depository for all data that is accessible.

Pathway 1:
Taking all accessible data gathered by all of the players involved, from DOE to Zillow, and developing a comprehensive home performance database.
**Recommendation 1:**
HPC should create a best practices guide on data usage for utilities and programs, a key benefit of which could be the ability to identify those most likely to become customers, thereby helping to scale the industry.

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**Obstacle 2:**
The lack of a model that uses available data to function as a lead generation tool for contractors.

**Pathway 2:**
Use publicly available census data combined with utility data to identify customers who are more likely to purchase home performance work.

**Recommendation 2:**
Appropriate parties (utilities, implementers, industry support organizations) develop a pilot program.

**NOTE:**
More detailed information on this concept below.

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**Obstacle 3:**
Lack of data to show relevant parties the non-energy (comfort and health) benefits of home performance.

**Pathway 3:**
Work with potential partners to develop and/or disseminate comfort and health metrics.

**Recommendation 3:**
HPC should collaborate with some traditional and non-traditional partners to develop and disseminate such information.

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**Overarching Need: Industry Marketing & Communications Strategy**

**Obstacle:**
Lack of public awareness remains a critical shortcoming for the home performance industry.

**Pathway:**
Multiple pathways were explored:
- **Partnerships:** need a campaign to show who we are and how we can help - from manufacturers, to trade associations, to telecom.
- **Contractor recruitment:** to show existing trades why adopting HP will help them
- **Legislative efforts:** officials need to know about us from other channels
- **Real Estate and Home Energy Management Systems:** need to see the value of HP
- **The general public:** the people need to know they need this work (the game changer)
Recommendations:

- Campaign owner should be HPC.
- HPC should develop an RFP to see what the options are from boutique firms with an understanding of home performance, as well as larger firms who do not know us.
- Significant fundraising efforts will be needed to support this effort.

The Underlying Theme: Make it Easier!

- To partner with our industry
- To understand the players in our industry
- To understand the work being done by our industry
- To see the value the work performed by our provides

This isn’t rocket science, so let’s stop making it feel like it is.

Additional Details on Some of the Concepts Listed Above

Partnership Model Concept (Market Creation Group)

The partners:
1. MSO (multiple system operator), Comcast, Amazon- already have a place in the home and can do customer acquisition and M&V
2. Contractor provider to act as umbrella for service deployment, central repository, and provide QC. Provider could be established implementers (CLEAResult, ICF, etc.) or other emerging actors (Energy Hub, Pearl Certification, RMI, etc.).
3. Data platform (Nest, Ecobee, etc.)

Concept:
- Data goes from data platform provider to MSO to do M&V.
- This would then make contractors more operationally efficient by knowing what the key issues will be prior arriving at the house.
- Ties into other tools in the home (like Amazon echo, has voice activation)

Need:
- A pilot program to lure bigger players, prove results
- Leadership and commitment to the concept

Concern:
- Would reliance on technology and outside players marginalize contractors and risk quality of work?

Use publicly available census data combined with utility data to identify customers who are more likely to purchase home performance work. (Data Group)
Data Sources:
Public census data, utility data, retrofit data, other purchased data

Concept Owner:
Ideally, the data would roll into the central repository and would be housed where that data is housed. However, due to the fact that the data could potentially include PII (personal identifiable information), this would likely need to stay within the confines of the utilities.

Model for Use:
The database would have a front-end that allows contractors and program officials to segment the data based on numerous criteria. The database would identify customers who have a high likelihood to participate in the program, theoretically, based on the results of completed retrofits.

Contractors would select various demographics like income, home size, vintage of home, education levels, etc. and the database would provide a heat map to the contractor of where the highest concentration of the selected criteria exists.

The contractor or program would then be able to concentrate their marketing efforts in those areas. As more retrofits are completed, data would be added to the database regarding completed retrofits, which would further refine search results.

How the Model would be used:
- Contractor selects criteria based on their target market
- Marketing organization does the same on behalf of contractors (could be subscription based)
- Data is captured on the success of marketing plans that use the model to further refine the model (feedback loop)

Benefits:
- Customers are more quickly identified for participation – results in increased savings per customer
- Contractors have lower acquisition costs because they have a more refined area in which to market and that results in higher profit margin or lower job costs
- Industry mechanism for scale – more demand and targeted awareness. Can be used to target contractors to participate and those who are better at closing jobs

Open Items:
- Data would include PII – it wouldn’t provide specific customer names/addresses, it would provide concentrations of areas where customers are more likely to participate. Ideally, it would be housed in the central repository used to populate MLS data
- Feedback loop – there would need to be a way to feed data about completed jobs back into the database that will make the model “smarter” for future searches