



Building America Case Study

Accelerating the Delivery of Home-Performance Upgrades Using a Synergistic Business Model

Minneapolis, Minnesota

HOMEOWNERS INVEST VERY LITTLE IN ENERGY UPGRADES

A 2009 Energy Information Administration report showed the following upgrade statistics:

Upgrade Type	Number of Homes
Added insulation	25.5 million
Added weather stripping	40.8 million
Replaced all windows	16.8 million
Use energy-efficient bulbs	68.1 million
Have had an energy audit	4.6 million

According to a Regulatory Assistance Project study, less than 2% of homes have completed whole-house energy upgrades.

Reasons homeowners don't invest in energy upgrades include the following:

- Consumer inertia due to lack of time, hassle, and general difficulty accessing information
- Limited access to financial resources needed for improvements
- Lack of awareness
- Unavailability of home-performance services in many locations.

The U.S. Department of Energy Building America Program has been using research-backed performance measures to address the problem of how to enter the home-improvement supply chain.

The typical pathway for delivering home-performance upgrades to existing homes—training and assisting contractors and developing efficient products and methods—has not resulted in a significant reduction in energy use in existing homes. Homeowners seeking home improvements are generally unfamiliar with industry best practices, advanced technologies, and home-performance professionals. They commonly upgrade their homes incrementally—usually when they have no other choice or are in “pain”—rather than all at once.

To meet the Building America goal of large-scale, durable, and safe energy reduction, an approach is needed for existing homes that uses a trusted source to deliver upgrades guided by building science. The more than \$400 billion home service industry—lawn care, pest control, home security, and others—has successfully engaged customers in trusting, long-term relationships for decades. Some leading pest control and lawn care companies have expanded on that trust to integrate energy upgrades such as insulation and air sealing into their portfolios.

The Building America team NorthernSTAR investigated opportunities to use the massive customer networks of the home service industry as a means to connect homeowners to home-performance solutions. Home service companies could provide a pathway to advance building-science-guided upgrades by being in close proximity to homeowners when a decision-making moment is at hand. Established trust provides an opportunity for the company to deliver sound information and influence during a remodeling decision.

Home service companies could play a significant role in advancing home performance in the home-improvement supply chain. These companies often see themselves and are seen by their customers as professionals who solve problems and build relationships.

Home Service Providers Cultivate Homeowner Relationships Over Time

PEST CONTROL INDUSTRY HIGHLIGHTS

- \$11 billion annual revenue
- 22,000 licensed operators
- 150,000 employees
- Secondary services commonly offered include: insulation, crawl-space encapsulation, basement solutions, radiant barriers, gutter management, integrated pest management.

LAWN CARE INDUSTRY HIGHLIGHTS

- \$73 billion annual revenue
- 971,000 employees
- Secondary service: insulation.

HUB ENERGY GROUP HIGHLIGHTS

- Established 13 local referral partnerships with outreach to 60,000 potential homeowners in less than one year in Cincinnati, Ohio.
- Developed an agreement with a local pest control company with 8,000 customers. Will roll out customer-awareness campaign in summer of 2015.
- Aligned with a 140-store building-products retailer to create referral networks and lead-generation opportunities for trade contractors in most of the cold-climate-zone states; this also helps to establish HUB branches around the country.

For more information see the Building America report *Accelerating Delivery of Home Performance Upgrades Through a Synergistic Business Model* at buildingamerica.gov.

Image credit: All images were created by the NorthernSTAR team.

Lessons Learned

- Engaging home service providers can occur through the national pest control and lawn care companies that already offer insulation and energy-related upgrades, but have yet to incorporate building-science best practices. Some pest control companies already offer insulation, air sealing, moisture management, and specialty contracting services such as heating, ventilating, and air conditioning as well as remodeling.
- Although some home service providers could acquire expertise to provide upgrades internally, most would likely prefer to approach a contractor as a partner or only provide leads to them.
- A barrier to this approach is that it requires a third party to manage or sell the idea to home service providers and drive building-science performance best practices with companies willing to provide energy upgrades.
- A solution is to ask home-performance professionals to partner with home service companies or to develop a third-party business to manage leads, business models, and a building-science approach.

“I view OSI lawn and tree care services as a marketing company that provides services for ‘pain’ management.”

– Dale Preszler, Owner, Outdoor Services Inc. (OSI), Bismarck, ND

Solutions

- The HUB Energy Group (HUB) was established in 2014 to connect homeowners to customized home-performance solutions and quality contractors through an extensive referral partner/trade contractor network. HUB has developed a national, multilevel business to introduce, manage, and promote relational and business activity across small and large organizations to capitalize on already-established homeowner networks.
- HUB uses an advanced data-organizing software program for customer development and management of the home asset. The HUB recruits homeowner members by offering incentives, paying for leads, and offering an online home awareness “score” and information about contractors and remodeling.
- USAirSeal, developed and owned by the HUB group, trains professionals to deliver free home checkups, paid audits based on Building Performance Institute Gold standards, and air-sealing and insulation measures grounded in a building-science approach.

Looking Ahead

Further research is needed into the success of home service companies as home-performance partners. One way to achieve this is by further assessing the HUB as a pathway. Pursuing engagement opportunities and industry synergies will help to achieve Building America’s 2030 goals.