



Successful Sustainable Renovation Business for Single-Family Houses - SuccessFamilies

The project is part of the Nordic Call on
Sustainable Renovation NICE project number 08191 SR

Deliverable 2.2

Possible market strategies for one stop shops of renovation of single family house

Revision : 3

Due date :

Actual submission date :

WP Leader: Segel AS



Deliverable Administration & Summary			
No & name	D 2.2. Marketing strategies		
Status	Final	Due	Date 15.3.2012
Author(s)	Synnøve Aabrekk, Segel; Henrik Tommerup, Svend Svendsen, DTU; Krushna Mahapatra. Leif Gustavsson, Mid Sweden University; Satu Paiho, Mia Ala-Juusela, VTT		
Editor	Trond Haavik, Segel AS		
Application			
Comments			

Acknowledgements

We acknowledge financial support from NICE (Norway), Tekes (Finland), EBST (Denmark), and CERBOF and the Jämtland County Administration in Sweden. The project partners VTT Technical Research Centre of Finland and several private companies, Technical University of Denmark (DTU), Segel AS (Norway) and Mid Sweden University also contributed to the funding.

TABLE OF CONTENTS

1	Executive summary	4
2	INTRODUCTION.....	5
2.1	Purpose	5
2.2	Methodology.....	6
2.2.1	Status	6
2.2.2	Business idea / Mission.....	7
2.2.3	Vision.....	7
2.2.4	Strategies.....	7
2.2.5	Development of strategies for the emerging one-stop-shop models in Nordic countries 9	
3	SUMMARY OF STATUS.....	10
3.1	Status based on D2.1 Report on stakeholder interests	10
3.2	SWOT	10
4	MISSIONS, VISIONS AND MARKET STRATEGIES	12
4.1	Potential actors involved in one-stop-shop models.....	12
4.2	Joint venture of industry, retailers and contractors.....	14
4.2.1	Bolig Enøk, Norway.....	14
4.3	Joint venture of construction/renovation and architect/engineering company	16
4.3.1	ENRA Concept, Finland.....	16
4.3.2	Projekt Lavenergi, Denmark.....	17
4.4	Complementary businesses expand their business into renovation.....	19
4.4.1	K-Rauta and Rautia hardware stores, Finland	19
4.4.2	Dong Energy Cleantech, Denmark	20
4.5	Joint venture of type house producer, bank and home owner association	21
4.6	Energy/building consultant, real estate agent and financing institutions, e.g. bank	21
4.6.1	Energy or building consultant centered service in Jämtland region.....	21
5	CONCLUSIONS.....	23
6	REFERENCES.....	26

1 EXECUTIVE SUMMARY

This document describes examples of missions, visions and strategies based on the potential piloting models defined in report 3.2. It is based on status of interest amongst the stakeholders, and the information, figures and challenges which were discussed in the report D 2.1 Stakeholder interests. The different service models will request different missions depending on the stakeholder in charge of the model. Also visions and strategies could be different depending on the composition of services (core business) offered within each pilot as well as the additional services offered by sub suppliers and the network connected to the pilot.

In the report D2.1 Stakeholders interests, the following 5 different piloting models are suggested, based on the discussions in the workshops and the summary of conclusions of status:

Type 1 Joint venture of industry, retailers and contractors

Type 2 Joint venture of construction/renovation, industry and architect/engineering companies

Type 3 Complementary businesses expand their business into renovation

Type 4 Joint venture of type house producer, bank and home owner association

Type 5 Energy/building consultant, real estate agent and financing institutions, e.g. bank

In this report we have described mission, vision and market strategies for 4 existing or proposed models; The Project Manager by Bolig Enøk, from Norway (type 1), ENRA concept (type 2) and K-Rauta & Rautia (type 3) from Finland, and ProjectLavenergi (type 2) from Denmark. Cleantech by Dong Energy (type 3) from Denmark is also addressed, but not described in detail. As there is no concrete examples representing two of the models from D2.1 (types 4 and 5), we have made a theoretical exercise in developing mission, vision and market strategies for type 5 model, while type 4 is not handled.

It may be concluded that there are commercial actors in different parts of the value chain which see an opportunity in developing different approaches of "one stop shops" for energy efficient holistic renovations. The concepts are still in a development phase and differ in respect to how they are organised (as supply side). We may say that the pilots in the different countries also find inspiration from each other through this research project. Due to the complexity of a holistic renovation project, it is a prerequisite with good partnerships even in the development phase. In all identified models there is however one main actor taking the lead and ownership to the business model.

Independent of the business model the responsible company needs to make some strategic choices. The starting point is the SWOT analysis (ch 2.2.) which sum up all major challenges for the respective business model. How the strategies should be developed is described in this report.

Although the main target group for this report is companies seeing an interest in developing business models for renovation, we found some important issues identified in the SWOT analysis which the authorities may influence:

- Lack of interest in the market → need of more public attention through holistic campaigns
- Fragmented solutions → stop subsidising single measures without a holistic plan on place
- Serious vs unserious companies → put on place certification systems to build credibility
- Cost focus leads to limited renovation → put on place subvention schemes for holistic retrofitting
 - This also includes tax deduction measures. Example: tax motivated saving accounts, from which money may only be used for energy efficiency measures
- Lack in competence within companies → support training and collaboration across companies

2 INTRODUCTION

2.1 Purpose

The purpose of this document is to set the missions for the different one-stop-shop pilots and to visualise possible visions and strategies needed to achieve our goal in setting up successful one-stop-shop pilot studios.

This work document is based on status of interest amongst the stakeholders, and the information, figures and challenges which was uploaded and discussed in the report D 2.1 Stakeholder interests.

The final strategies of each piloting model will be adjusted according to WP3 (D.3.2) Successful service models. The different service models will request different missions depending on the stakeholder in charge of the model. Also visions and strategies could be different depending on the composition of services (core business) offered within each pilot as well as the additional services offered by sub suppliers and the network connected to the pilot.

This document describes examples of missions, visions and strategies based on the potential piloting models defined in report 3.2.

Figure 1 below illustrates the interaction between the different deliverables.

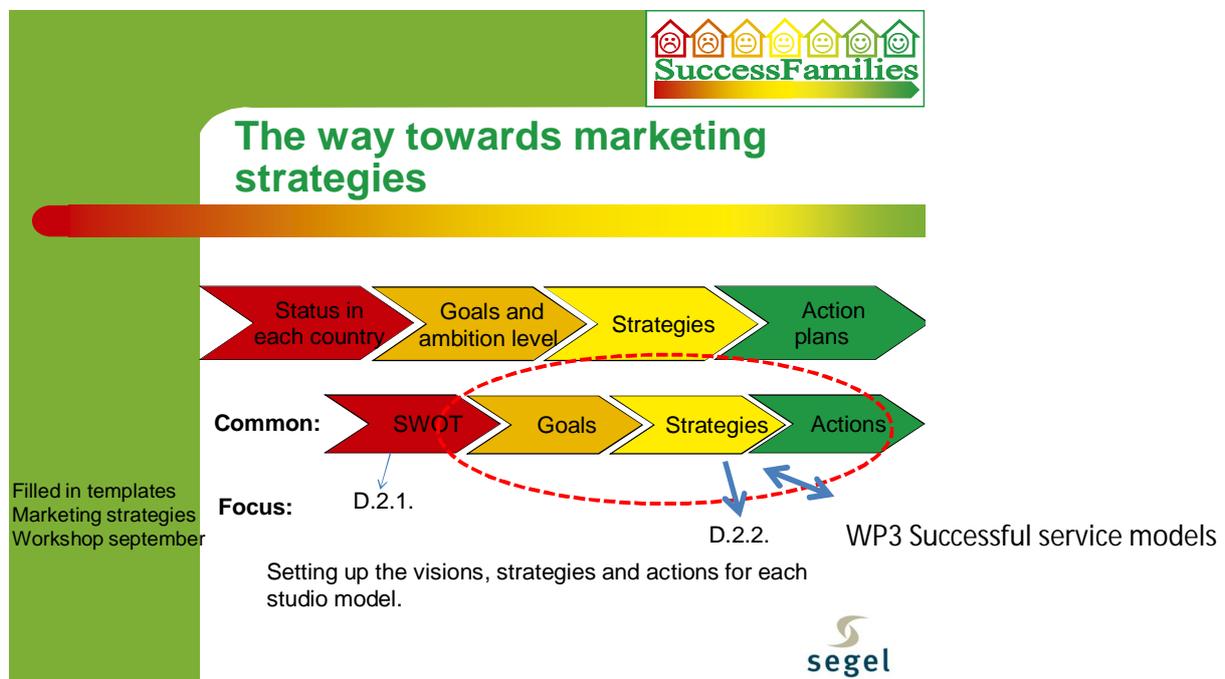


Figure 1. The way towards marketing strategies. Haavik, T. Segel AS

2.2 Methodology

The input to this document is report 2.1 (Haavik T. et al 2011) and report 3.2 (Mahapatra K. et al 2011) of SuccessFamilies project. It is therefore recommended that these reports are studied before reading this document. To get the full understanding of the discussion in this document we recommend to read the documents in this order:

1. D2.1 Report on stakeholder interests (status analysis)
2. D3.2 Report on business models
3. D2.2 Report on possible market strategies (this report)

This work document is based on the strategy process described below. That means that the future visions and strategies are based on the understanding of status in the market, described in report D2.1 and summarised in the SWOT analysis. In order to ease the reading the SWOT analysis is repeated in chapter 2 in this document.

Based on the situation in the market, each pilot studio will define a vision that visualises the wanted market situation in a 5 years perspective.

The strategies chosen describe how to achieve the goals. The strategy process is illustrated in the figure below:

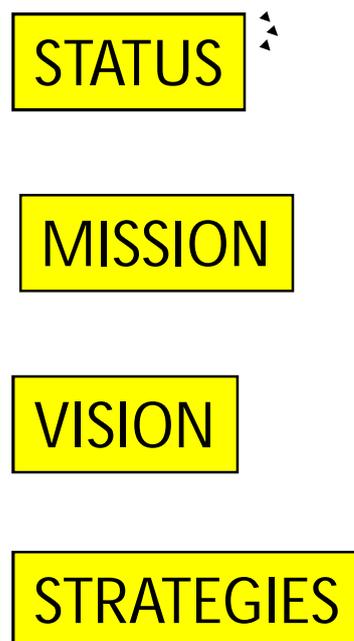


Figure 2 : Strategy process as it is executed by the consulting company Segel AS.

For the chosen strategies strategic goals and actions plans have to be defined and control and evaluation to be monitored continuously. This is beyond the scope of this report.

2.2.1 Status

The status is summarised in the SWOT-analysis developed in report 2.1 (Haavik et al 2011) and it can also be found in chapter 2.2 in this report.

2.2.2 Business idea / Mission

The business idea expresses the mission of the company (in our respect the one-stop-shop). The following questions should be taken into consideration when defining the mission:

- Which needs are to be fulfilled?
- What is to be offered to fulfil the needs?
- To whom the offer is directed?
- What qualifications does it offer?

In addition a good business idea should:

- Illustrate the direction of developing the business
- Promote flexibility
- Be motivating

2.2.3 Vision

A vision describes the desired situation a company is striving to reach:

- Expresses a desired situation into the future for 5-10 years (normally 5 years)
- Shows the ambition level which the organisation will strive to achieve
- Should be easy to communicate
- Compatibility between vision, strategies and strategic goals

2.2.4 Strategies

Well formulated strategies should:

- Show the direction on how to reach the vision
- Take into consideration the issues summarised in the SWOT analysis
- Answer the three basic strategic questions:
 - What is to be sold (what is the uniqueness with the product/service)
 - Target groups? (market oriented persons answer this first)
 - How should it be sold?

For defining marketing strategies the last question “how should it be sold” must be more precise. The British 4E model provides an overview of a mix of complimentary instruments that can change consumption behaviour: “Exemplify”, “Engage”, “Enable” and “Encourage”. (Mlecnik 2011)

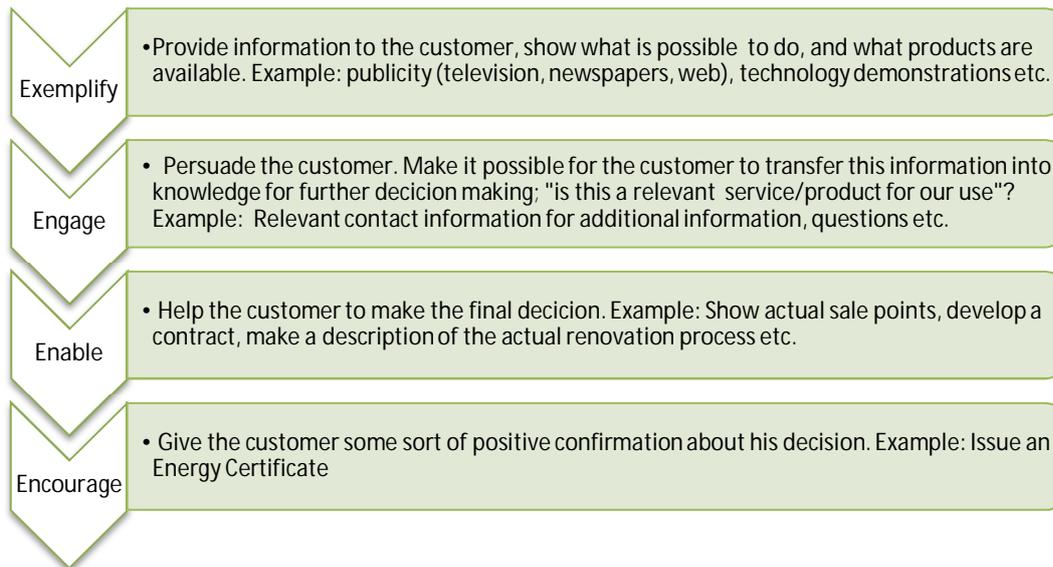


Figure 2. British 4E model.

The questions have to be answered by defining the marketing mix through the E.J. McCarthy's 4P's model presented in Figure 3.

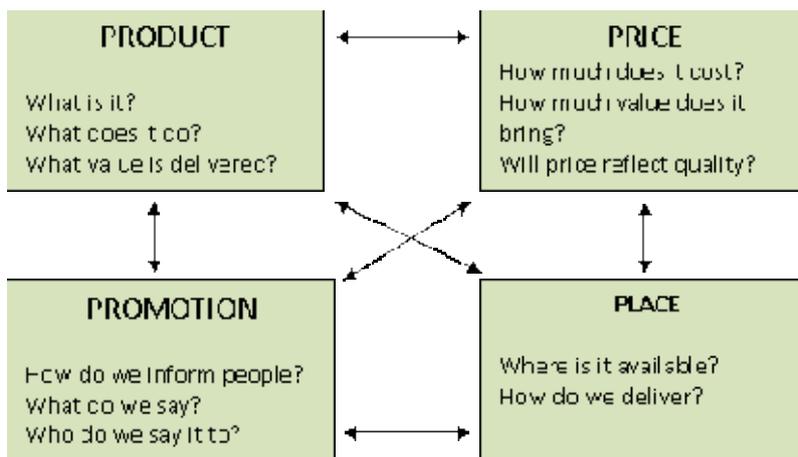


Figure 3. 4P's model. (Kotler 2003)

The first P; the Product is already included in the first strategic question what is to be solved. But this essential question is somewhat more sophisticated in the marketing context. The product/service is something that fulfills someone's needs. In other words this task is strongly interactive with the definition of target groups/markets to be served (to whom to sell to), their needs to be fulfilled and the "value propositions" to be offered to the potential customers. It is important to understand that the value propositions are more than the physical product or service (it could for instance also include minimising risk). This exercise was also done in the Six-Forces model in report 2.1 (Haavik et al, 2011) in order to identify opportunities.

The price, 2nd P, is the only element that generates income, all the others generate costs. Therefore the price policy have to take into consideration factors such as market size, markets knowledge about the product/service, value creation to the customer, quality assurance, branding, the companies cost structure and risk management.

3rd P; Place; “Where do our potential buyers look for our product?” or “Where can we meet our potential customers” are perhaps the most important questions to answer when deciding the “Place” Further access to the right distribution channels, decision about how to reach the customer, personal visits contra web and advertisement defines the place where our product/service is sold. A solid market segmentation can help answer some of the questions.

The 4th P; Promotion, actually describes our communication strategy. How do we interact with our customers, which media is the most suitable for us to reach our customers? We have to find the best way to communicate all the additional values given to the customers.

Summary of the strategy process

To summarise how to define the strategies effectively and make sure that they take into account all important issues, these steps should be followed:

1. Answer the three basic questions
 - a. Make a headline which illustrates the direction of each strategy in short.
 - b. Describe each strategy more precisely with precise and short sentences.
2. Check if all four E's (exemplify, engage, enable and encourage) have been covered based on the exercise described in step 1.
3. If not, check if the missing subject fits below one of the main strategy headlines. If yes, add sufficient descriptive text below that headline to answer the missing “E”. If the missing answer does not fit in under an already defined strategy headline, a new headline must be defined.
4. Check if the marketing mix already is covered through the steps above. If not, define the missing P's (product/service, price, place and promotion) by following the procedure described in step 3.
5. Go through the SWOT-analysis and check if all points have been taken into account in the already defined strategies. If not, the procedure described under step3 must be followed. This illustrates the reason for doing good analyses and summarising them into an overall SWOT-analysis; the identified strengths should be used to exploit opportunities and avoid threats, and weaknesses must be eliminated or reduced. How this should be done, is expressed through the defined strategies.

2.2.5 Development of strategies for the emerging one-stop-shop models in Nordic countries

The different steps described in the subchapters above were followed thoroughly to elaborate strategies for Bolig Enøk which is the first model described in chapter 3.2. The exercise was done in workshops together with the executive group from the company Bolig Enøk, Norway.

These strategies were then sent to the other participating countries as an example of how strategies can be developed and defined for the different models. As the business models (referred to in D3.2.) are quite similar in some of the building blocks, several of the strategies also look similar. In addition to the fact that the stakeholders' interests and the market are quite similar in the Nordic countries it makes sense that the strategies could be nearly the same for some of the models.

For some of the models one has not been able to develop the strategies together with the company, and in these cases the strategies are defined based on the knowledge of the company. As for the last model; 3.6 Energy/building consultant, real estate agent and financing institutions, e.g. bank, this is an imagined model and does not exist in Sweden at the time.

3 SUMMARY OF STATUS

3.1 Status based on D2.1 Report on stakeholder interests

The most important strength of a one-stop-shop pilot studio seems to be the fact that by establishing partnerships it can create synergies in the “production process” and make the way to energy efficient renovation smoother. This leads to the most important weakness; no actors alone possess an overall competence to supply a holistic solution. Trustworthiness of the actors and total package versus neutral counselling also represents a challenge. The overall threat is the fact that a simple cost focus leads to limited renovation and reduce interest in the market.

The most interesting market segments are the houses built in the 1960s and 70s as well as houses built before 1940 and the post-war period. These building types seem to have the biggest energy saving potential.

3.2 SWOT

The swot below summarizes all strengths, weaknesses, opportunities and threats that are common for all pilot models as well as the differences.

Strengths	Weakness
<p>General:</p> <ul style="list-style-type: none"> • If a partnerships is established it can create synergies in the “production” process – being smoother <p><u>Joint venture of industry, retailers and contractors</u></p> <ul style="list-style-type: none"> • Installation workers of windows specific business (S) • Specialist studios for windows and door suppliers, system suppliers (F) • Often the first contact of house-owners seeking answers to certain problems (i.e. good possibility to offer wider solutions) • If market oriented approach (need of customer) this could be used as a strength <p><u>Joint venture of construction and architect/engineering companies</u></p> <ul style="list-style-type: none"> • Strong competence within technical consulting firms • Installation workers of windows specific business (S) <p><u>Complementary businesses expand their business into renovation</u></p> <ul style="list-style-type: none"> • Utilities actively looking for new opportunities (DK, N) • Real estate agents see opportunities in rising estate values <p><u>Joint venture of type house producer, bank and home owner association</u></p> <ul style="list-style-type: none"> • Type house producers possess full knowledge about the different house types, constructions, technical solutions, drawings and construction year. • Home owner associations have a good feeling about the actual problems within the home owners. 	<p>General:</p> <ul style="list-style-type: none"> • No actors alone possess an overall competence to supply a holistic solution • Trustworthiness of actors which want to sell • Total package versus neutral counselling • The role of each actor is unclear <p><u>Joint venture of industry, retailers and contractors</u></p> <ul style="list-style-type: none"> • Lack of competence in energy analysis • Industry has focus on selling their own products • If they focus only on their own products, this might be a weakness – product focus instead of market focus <p><u>Joint venture of construction/renovation and architect/engineering companies</u></p> <p><u>Complementary businesses expand their business into renovation</u></p> <ul style="list-style-type: none"> • Utility companies not ready (Fin, S) • No or limited relevant skills • Core focus for utilities is to sell energy <p><u>Joint venture of type house producer, bank and home owner association</u></p> <ul style="list-style-type: none"> • Type house producers have competence only on new construction • Core business of banks is far from renovation • organisations mainly just for information sharing.

<p><u>Energy/building consultant, real estate agent and financing institutions, e.g. bank</u></p> <ul style="list-style-type: none"> • Direct contact with homeowners when a house is sold; issue energy performance certificate • Possess knowledge about energy issues and building installations • Do not carry out the renovation work; flexible to work with multiple actors to offer the best service and price 	<p><u>Energy/building consultant, real estate agent and financing institutions, e.g. bank</u></p> <ul style="list-style-type: none"> • Limitations in getting loan from banks
<p>Opportunities</p>	<p>Threats</p>
<p>General: Segments with biggest potential :</p> <ul style="list-style-type: none"> • Houses built in the 1960 and 1970 • Houses built before 1940 pre-war (except Finland) • Houses in the post-war period (Finland) • Making stereotypes open for replicas • Different subsidies programs in all 4 countries • Customer needs to be filled: • Warm house in winter • Reduced energy costs • Reduced draft • Good indoor climate • Nicer indoor environment • Increased value of the house? • New alliances to create a complete renovation package • Smart use of governmental bodies to build credibility • Enova (N) offers free access to experts for training • Cooperation with suppliers • Energy labelling <p><u>Joint venture of industry, retailers and contractors</u></p> <ul style="list-style-type: none"> • Develop a market which is less volatile to economic cycles <p><u>Joint venture of renovation/construction and architect/engineering companies</u></p> <ul style="list-style-type: none"> • Possibilities for networked business based on existing networks from new construction <p><u>Complementary businesses expand their business into renovation</u></p> <ul style="list-style-type: none"> • Use existing market position to expand product range • The bank is neutral part in this type of business • Insurance company possess also technical inhouse competence (LEIF) on via networking <p><u>Joint venture of type house producer, bank and home owner association</u></p> <ul style="list-style-type: none"> • Offer renovation as an alternative to build a completely new house ? <p><u>Energy/building consultant, real estate agent and financing institutions, e.g. bank</u></p> <ul style="list-style-type: none"> • Use their existing network with other actors, e.g. real estate agents, to target houses sold in the market 	<p>General:</p> <ul style="list-style-type: none"> • Lack of interest in the market • Possible conflict of cooperation between private and public actors? • Fragmented solutions as competitors • Cowboys – unserious companies • Cost focus leads to limited renovation <p><u>Joint venture of industry, retailers and contractors</u></p> <ul style="list-style-type: none"> • Perceived as not trustworthy? <p><u>Joint venture of construction and architect/engineering companies</u></p> <ul style="list-style-type: none"> • Perceived as very expensive? <p><u>Complementary businesses expand their business into renovation</u></p> <ul style="list-style-type: none"> • Enter into wrong alliances as they are not qualified to assess technical skills of partners, resulting in bad examples. <p><u>Joint venture of type house producer, bank and home owner association</u></p> <ul style="list-style-type: none"> • Perceived that will only sell a new house • Small business compared to sell a new house <p><u>Energy/building consultant, real estate agent and financing institutions, e.g. bank</u></p> <ul style="list-style-type: none"> • Trustworthiness: Customers may consider that the recommended measures in the energy declaration are meant to suite business interest of the energy consultant

4 MISSIONS, VISIONS AND MARKET STRATEGIES

In report D2.1 Grove's 6-forces model¹ was used to identify the core business for a one-stop-shop in addition to defining the most likely type of customer, the customer needs and other actors influencing the development of such business.

Based on this model we defined an example of a possible mission for the one-stop-shop pilot studio:

“Offer tailor made services for sustainable renovation of your house”

In the different pilot models, we will have different type of industrial actors in charge of the pilot studio. If the one-stop-shop is a department or a spin-off of an existing company, the vision of the one-stop-shop should support the overall vision of the company; i.e. congruence with the mother company's vision.

When setting the vision, one might consider aspects such as market volume/market potential, attitude of governmental bodies (actively promoting sustainability), position amongst different type of chains, shops etc, position amongst carpenters and other industrial actors in the network, and extension of range of products and services.

Examples of possible missions, visions and strategies for one-stop-shop piloting studios exemplified in report 3.2 (Mahapatra et al., 2011) are defined in chapters 3.2. to 3.5.

4.1 Potential actors involved in one-stop-shop models

The renovation industry today is dominated by single operating actors, mainly carpenters who together with complementary actors (various crafts and building retailers) forms the traditional first line service towards the home owner (Haavik T. et al., 2011). The majority of these companies are small, many of them being one-man companies, without the economic strength nor proper competence to introduce a holistic renovation solution in the renovation market.

Behind these first line actors, we find the industrial actors; which supply materials, components and solutions to the traditional first line services. In addition other stakeholders such as energy producers, R & D actors, authorities on all level etc. influence this market in different aspects (Haavik T. et al, 2011).

Regarding potential one-stop-shop solutions, a consortium of both first line and second line actors are more likely to achieve a successful market penetration, as the most typical barriers are lack of complete concept and companies being mostly interested in own area of competency. (Haavik T. et al., 2011). Other important barrier is lack of economic resources to introduce a new business model and trustworthiness regarding the one-stop-shop model. Another challenge is the fact that the actors involved might not be acknowledged as neutral regarding the aspect of possible more-sale of products and services when marketing an extended renovation. Also risk management regarding total energy and component performance after renovation in combination with the accomplishment of the work seems to be challenges which these piloting models have to face.

¹ IEA Task 28/ECBCS Annex 38: Sustainable Solar Housing, page 35

In the report D2.1 Stakeholders interests, the following 5 different piloting models are suggested, based on the discussions in the workshops and the summary of conclusions of status:

Type 1 Joint venture of industry, retailers and contractors

Type 2 Joint venture of construction/renovation, industry and architect/engineering companies

Type 3 Complementary businesses expand their business into renovation

Type 4 Joint venture of type house producer, bank and home owner association

Type 5 Energy/building consultant, real estate agent and financing institutions, e.g. bank

In this report we have described mission, vision and market strategies for 4 existing or proposed models; The Project Manager by Bolig Enøk, from Norway (type 1), ENRA concept (type 2) and K-Rauta & Rautia (type 3) from Finland, and ProjectLavenergi (type 2) from Denmark. Cleantech by Dong Energy (type 3) from Denmark is also addressed, but not described in detail. As there is no concrete examples representing two of the models from D2.1 (types 4 and 5), we have made a theoretical exercise in developing mission, vision and market strategies for type 5 model, while type 4 is not handled.

Figure 4 below illustrates which actor has the leading role in each pilot. The numbers refer to the chapter where this piloting model is described, with the name of the actor in charge of the model. The yellow (inner) circle represents the core business of the one-stop-shop entrepreneur, while the white (outer) circle represents additional services which are supplied for by the joined partners. The figure is a combination of Figure 1, value chain (Haavik, T, Segel) on page 5 and the 6-forces model (D2.1. Haavik et al. 2011, page 24).

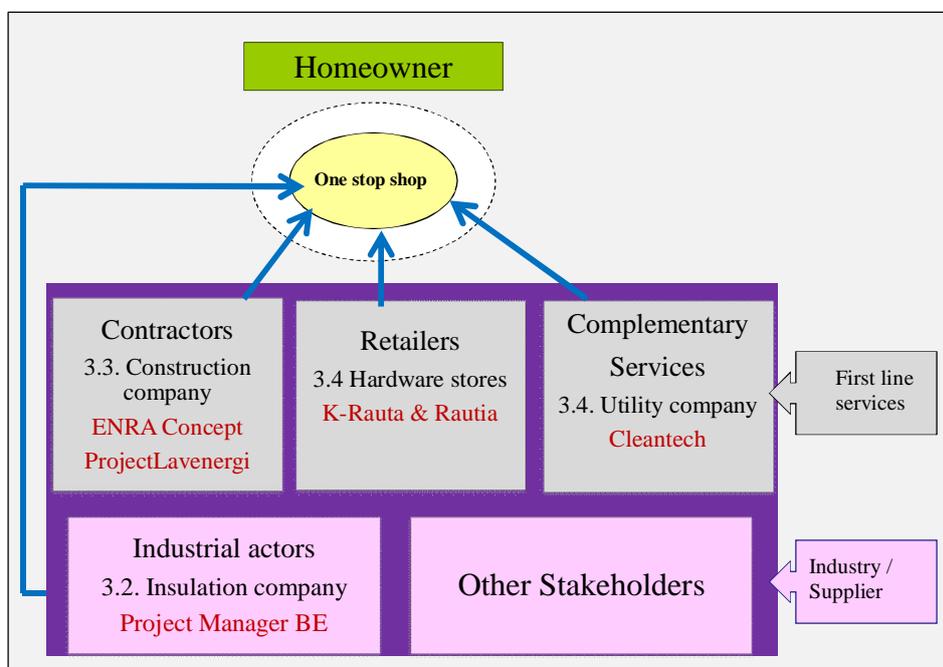


Figure 4. The placement of the handled models in the value chain.

4.2 Joint venture of industry, retailers and contractors

4.2.1 Bolig Enøk, Norway

Directly involved: Daughter company of a major insulation company

Other actors: Small and medium sized construction companies and outlets of hardware chains.

The Norwegian company Bolig Enøk is a newly established daughter company of one of the two major insulation actors in Norway; Glava AS. One of Bolig Enøk's business ideas is to offer a Project Manager to owners who have a need for renovation of their single family houses.

Due to the broad competence of the Project Manager, the homeowner gets technical analysis, recommendations and project management of the renovation process served by one person. The Project Manager takes care of contacts with all involved actors such as main contractor, subcontractors, authorities and financing institutions. The initial idea was that the homeowner should be invoiced for the complete project by Bolig Enøk, which thereby would take on the risk for the complete projects towards the customer. Due to differences of the warranty period in the Norwegian consumer law which is shorter than what is valid in business between companies. This would mean that Bolig Enøk would have to take on an extra risk for eventual defects detected after the guarantee period given by the supplier is expired. Due to this, the company changed their model so all invoices are addressed to the house owner but co Bolig Enøk, which controls it and forward it to the house owner for payment. Along with this invoice Bolig Enøk send an invoice for their work as project manger. The fee for project management is a fixed percentage of the investment cost, and is invoiced along with the invoices from the suppliers. The modified model has advantage that Bolig Enøk is now more a neutral actor and act on behalf of the house owner towards the professional suppliers.

It is important for Bolig Enøk, as a daughter company of Glava AS, not to provoke the mother company Glavas' two main distribution channels; Retail chains and carpenters. Each renovation project will therefore buy all products (including insulation) through local suppliers.

Regarding status we refer to the summarized SWOT analysis, with both general and specific factors for strengths and weaknesses, opportunities and threats of this type of pilot model. A full description of this model is made in D3.2. Report on business models for one-stop-shop service for sustainable renovation of single family house. The mission, vision and strategies presented below are obtained through discussions with the executive group from the company.

4.2.1.1 Mission

Simplify implementation of energy efficient renovation in single family houses.

4.2.1.2 Vision

Known as the leader in project management of holistic renovation of single family houses. By 2014 a national network is established.

4.2.1.3 Strategies

1. Target group
Owners of single family houses from 60- 80ies in selected areas in the region of Østfold, Akershus and Oslo.

Homeowners who have capacity to increase their mortgage loan.

2. Complete package through local sourcing
The house must be considered as a system. Our product range and knowhow offered must reflect this as well as our network and co-partners. All products and craft services are provided through local tendering. These suppliers will therefore see an interest in developing this as a new business opportunity. Unserious actors will be avoided.
3. Trustworthiness
All analysis, renovation recommendations, products, solutions and service providers will be evaluated during and after renovation. The best competence possible, courses and certification will be undertaken to build credibility. These actions should be addressed to all co-partners, local authorities and customers. This service including energy efficient renovation, including specific products should be recommended by Enova. (Ref. "Enova Anbefaler"). Through certification of the Project Managers and by tendering, the homeowner should be assured he/she gets a neutral counseling.
4. Tailor made solutions
Through on-site visits and analysis, the Project Managers will make the house owner aware of his/her opportunities to renovate the house into a good energy efficient standard, with a plan of action (what to do first), how to do it (offer certified carpenters) as well as a cost plan and subventions opportunities for the renovation process.
Based on the analysis, competitive offers for holistic renovation are offered to the house owner. Competent project management facilitates and reduces the risk of the renovation process. Through accumulated experience from the projects, stereotypes open for replicas will be made. The service includes updated information about all available subsidies to the project. These factors will increase the attractiveness of the service for the house owner compared with the option of doing it by himself.
5. Marketing mix
The Project Manager Service (Product) will be offered at competitive terms (Price) as Bolig Enøk achieves good rates through their tendering process, and thereby also secure profitable business. Bolig Enøk intends to apply for available subsidies and grants to enable the homeowner to sign for an advanced renovation. By distributing the idea of a holistic approach through different medias (Promotion), potential customers awake their interest to visit information evenings arranged by Bolig Enøk and there describe how the service solves the customer's needs. During such events and followed up by on site visits (Place) the personal contact and trust will be established.

Comments to the strategies:

The procedure described in 1.2.4 was followed in defining these strategies. To illustrate one of the check-points, the four "E's" are covered by these strategies:

- Exemplify strategy 5
- Engage strategy 3 and 4
- Enable strategy 3 and 5
- Encourage strategy 4

4.3 Joint venture of construction/renovation and architect/engineering company

4.3.1 ENRA Concept, Finland

Directly involved: Medium sized renovation company.

Other actors: Suppliers of key components/material and architect/engineering company if these capabilities do not exist in house.

The ENRA concept was established by a group of companies offering different individual energy renovation services or solutions in a holistic package. The technical solutions offered were energy-efficient windows and doors, heat pumps, internal extra insulation or new insulation, and demand-based ventilation with a heat recovery. At the moment (May 2011), the concept is on break and is not offered by anyone since the core company Rustholli (a renovation service provider) went bankrupt at the end of 2010. The concept is now owned by a company called NordBuild. According to the representatives of the company, the reason for bankruptcy was not due to their launch of the one-stop-shop concept. The mission, vision and strategies presented below are obtained partly through discussions with the core group of companies involved, and partly through analysis of the information available during the operational phase of the concept. As they were not totally created in co-operation with the concept owner, there might be some aspects missing that were not visible to the researchers.

4.3.1.1 Mission

Ensure that the energy efficiency is taken into account in renovation of single-family houses.

4.3.1.2 Vision

Known as a reliable partner in renovation of single-family houses. The client thinks: "I have found a reliable partner who takes care of my house. I don't need to change/look anymore."

4.3.1.3 Strategies

1. Target group
Owners of single family houses from 1940-90's (mainly so called "Veteran houses").
2. Complete service through network of companies
The house must be considered as a system. Our product range and knowhow offered must reflect this as well as our network and co-partners. All products and craft services are provided through the network partners or other trusted suppliers. Unserious actors will be avoided. The service will be offered to the customers through ENRA experts, who are trained to see the best potentials for energy efficiency improvement in different houses.
3. Trustworthiness through certified and well-known partners
Working in a network of pre-selected partners that are well known and/or trusted in the market (Renovation company, Window and door manufacturer, Ventilation system manufacturer/supplier, Insulation manufacturer, Heat pump supplier, Energy certificate supplier). The use of certified energy certificate suppliers increases the trustworthiness of the service. Courses on the specific factors related to each component/system will be organized for the network partners to build credibility. A certification to the process will

be applied for. In the concept development, an independent known public actor (VTT) was consulted.

4. Tailor made solutions

Through on-site visits and analysis, the ENRA experts will make the house owner aware of his/her opportunities to renovate the house into a good energy efficient standard, with a plan of action (what to do first), how to do it (offer information on partner's solutions) as well as a cost plan and subventions opportunities for the renovation process. The customer is given advice on which actions the family can take themselves to reduce energy consumption of their house through energy efficient user behaviour.

Based on the analysis, offers for holistic renovation are given to the house owner. Competent project management facilitates and reduces the risk of the renovation process. Through accumulated experience from the projects, stereotypes open for replicas will be made. The service includes updated information about all available subsidies to the project. These factors will increase the attractiveness of the service for the house owner compared with the option of doing it by himself.

5. Marketing through a mix of channels

The Holistic Energy Renovation Service (Product) will be offered at competitive terms (Price) through an established network of partners. By distributing the idea of a holistic approach through different medias like neighborhood level papers, websites and telephone campaigns (Promotion), potential customers awake their interest to visit information evenings arranged by the service provider and there describe how the service solves the customer's needs. During such events and by on site visits by ENRA experts (Place) the personal contact and trust will be established.

4.3.2 Projekt Lavenergi, Denmark

Directly involved: medium sized contractor (Adbøll & Sønner A/S)

Other actors: network of 13 well-known partners on the market consisting of suppliers of key components/materials, energy advice department in local utility company (Trefor-Energi), craftsmen and bank and mortgage credit institution for financial advice.

ProjektLavenergi is established as a network/partnership between 14 well-known actors on the market in (Southern) Denmark to promote and stimulate energy efficient renovation. The aim is to reduce energy consumption in existing single-family houses from the late 1970's and 1980's to the level of new buildings today.

Through the partnership in the network, ProjektLavenergi is able to offer the homeowner an individual energy renovation adapted to the specific house, which gives the maximum benefits in energy savings and comfort, at competitive price. Furthermore, ProjektLavenergi is also based on the idea that each customer only needs one partner/contact to energy renovate all parts of his house. The homeowner will be invoiced on the complete renovation project by Adbøll, who takes care of contacts with all other involved actors in the network such as craftsman, energy advice and financing institutions.

4.3.2.1 Mission

To help homeowners to significantly reduce energy use through energy renovation of the building envelope (external air tightening and reduction of thermal bridges by insulation of facade and roof

and adding new windows) and heating system (and option on PV), based on the idea that each customer only needs one partner/contact to energy renovate all parts of his house.

4.3.2.2 Vision

Known as the local leader in project management of holistic renovation of single family houses.

4.3.2.3 Strategies

1. Target group

Mainly homeowners of single-family houses from the late 1970's and 1980's in the area of Kolding in the region of Southern Denmark/Jutland. These houses often already have a new bathroom or kitchen installed and some of them are renovated to some extent, but still have a large potential for energy renovation. Furthermore, homeowners of age of 50+ without kids that have been living in single-family houses for a while also form an interesting target group (if they are planning to stay in the house) as they normally have paid off much of their mortgage loan and therefore may use of their free loan capacity on their house on energy renovation.

2. Best solution through network of companies

Working together with partners enables ProjektLavenergi to offer their customers the best solution for holistic renovation, i.e. a better combination of measures and coordination of the work. All products and craft services for holistic renovation are provided through the network partners. Unserious actors will be avoided. The holistic energy efficient renovation service (Product) will also be offered at competitive terms (Price) as Adsbøll achieves good rates through the established network.

3. Trustworthiness through sustainable brand

Adsbøll is a well-known and trusted local contractor. Their activity in holistic energy renovation originates from being a partner of Green Business Growth, a private-public partnership for energy efficient buildings in the region of south Denmark with the aim of creating growth in Green Building and Renovation. Adsbøll works together with a network of pre-selected partners that are well known and/or trusted in the market. The craftsmen used can also be trained in relevant courses arranged by the mentioned partnership to become "energy-craftsmen" with special knowledge of energy efficient renovation. Furthermore the partnership ensures that ProjektLavenergi is promoted to other Green Business Growth partners as well as to end consumers in the region of Southern Denmark as best-practice case.

4. Individual solutions

Through on-site visits and analysis ('Energitjek'), Adsbøll will make the house owner aware of his/her opportunities to renovate the house into a good energy efficient standard. Based on the analysis performed by the energy advice department in Trefor (local energy utility company), competitive offers for holistic renovation are offered the house owner. The initial on-site visit and analysis ('Energitjek') is offered for free as long as CO₂ reduction can be documented and accounted for by Trefor after renovation of the house.

The offers for holistic renovation are based on solutions that give maximum benefits in energy savings and comfort and are adapted to the specific/individual house. Focus is only on implementation of most suitable energy renovation measures for building envelope and heating system (and option on PV), and not on bathroom and kitchen renovation or other non-energy related renovation measures.

Competent project management facilitates and reduces the risk of the renovation process.

5. PR

By distributing the idea of a holistic approach through different media (Promotion), potential customers awake their interest to come to “open house” events (in a low energy renovated house) arranged by Adsbøll. On these “open house” events, Adsbøll describes how the service solves the customer’s needs and homeowners in the low energy renovated house share their experience about the whole process. During such events and followed up by on-site visits (Place) the personal contact and trust will be established.

4.4 Complementary businesses expand their business into renovation

Key actor could be either: Real estate agency, insurance company, hardware store chain or utility. The key actor takes advantage of its existing market position, to sell a complete package which they compose by using subcontractors.

Directly involved: Installer or utility to change heating system, carpenter to install windows, construction company to improve insulation and/or install windows, and energy auditor to energy efficiency potential.

Other actors: window/door supplier, insulation supplier, painters, heating system suppliers Dong Energy from Denmark and K-Rauta and Rautia are good examples here.

4.4.1 K-Rauta and Rautia hardware stores, Finland

Directly involved: Two hardware store chains from the same central group Kesko (Kesko is the leading provider of trading sector services. It operates in the food, home and speciality goods, building and home improvement, and car and machinery trades. Kesko has about 2,000 stores engaged in chain operations in Finland, Sweden, Norway, Estonia, Latvia, Lithuania, Russia, and Belarus. <http://www.kesko.fi/en/Company/Kesko-in-brief/>)

Other actors: the established network of suppliers, trusted installers and contractors, an energy certificate provider

This concept deals with the services offered by the two hardware store chains K-Rauta and Rautia. K-rauta is an international specialty store for builders, renovators and interior decorators. Its operating area includes Finland, Sweden, Estonia, Latvia and Russia. Rautia is the nationwide hardware and builders' supplies store chain, which serves builders and renovators at over 100 locations throughout Finland. Both chains belong to the Kesko group (www.kesko.fi). The energy renovation service concepts in both chains are basically the same. The mission, vision and strategies presented below are obtained partly through analysis of the information in a presentation of the concept in a SuccessFamilies seminar (Aalto 2010) and partly through discussions with some individuals in core positions in development of the concept. As they were not totally created in co-operation with the concept owner, there might be some aspects missing that were not visible to the researchers. Also, some aspects may have changed during the further development of the concept.

4.4.1.1 Mission

Easy access energy saving renovation services under one roof and getting all from one trusted vendor, nationwide. (Aalto 2010.)

4.4.1.2 Vision

Our target is to be (one of) the leading providers of energy saving renovation services and solutions in Finland in the future. (Aalto 2010.)

4.4.1.3 Strategies

1. Target group
People renovating their houses (in Finland), mainly single-family houses built before 1990.
2. Easy and understandable packages/modules
Solutions are sold in easy and understandable packages/modules. Different packages are offered: all installed, partly installed, just products. Flexible project schedules, etc. Energy surveys identify renovation needs and compare different possibilities.
3. Well-known brands as product assurance
Two well-known brands, wide distribution network nationwide. Education of sales persons. Improving network of co-operation partners (installations, energy surveys, planning, new products). In the winter 2012, the both stores launched their energy renovation services with big advertisements in the nation's biggest morning paper Helsingin Sanomat.
4. Holistic renovation under one roof to a fixed price
Energy saving renovation services and solutions (Product) will include all needed components, e.g. planning, energy renovation products, installations, energy audits, financing services. To make the service more easily understandable, one price is given before buying with minimum surprises of extra costs. Flexible funding and frequent customer benefits will be offered to make the service and solutions more attractive to the customers. (Price)

Easy access energy saving renovation services under one roof and getting all from one trusted vendor, nationwide. Marketing through their website, in customer magazine of the Kesko group and other media. The both websites include information on energy renovations in general, the energy renovation services provided by K-Rauta and Rautia, and a simple-to-use tool for testing the energy efficiency of a home (<http://www.k-rauta.fi/energiatehokkuus/energiatesti/pages/energiatesti.aspx>). Also active sales out from the stores. (Promotion) The consortium is building up energy saving renovation service centers inside K-rauta, smaller sales concept in Rautia. They are also building up marketing looks and promises, store views. (Place)

4.4.2 Dong Energy Cleantech, Denmark

CleanTech concept developed by Dong Energy offered heat pump solutions, insulation, windows, solar heating and building thermography. The package offered included full service in cooperation with partners. Dong Energy themselves took care of advice, sale and coordination, e.g. handled the necessary paperwork and possible application for a national renovation subsidy and offered also financing solutions.

The concept is no longer offered by the company. After inquiry to Dong Energy by Svend Svendsen at DTU the reason why Cleantech was closed down was that Dong Energy has decided to focus on the core business of the company as oil and gas producer and accordingly stopped the activity of actively stimulating energy savings in buildings in Cleantech. The operation of Cleantech was too expensive with respect to the outcome. Subsidy to some specific energy saving activities carried out by house owners are still possible if they apply for it.

4.5 Joint venture of type house producer, bank and home owner association

Directly involved: Type house producer for complete package for renovation of existing houses including in-house or external consulting engineers and architects with the necessary qualifications related to existing building

Other actors: Bank and mortgage credit institute, Home owners association – impartial consultants to make plans for renovation and quality control – renovate or new house.

We do not have concrete examples for this model, so it is not analysed here.

4.6 Energy/building consultant, real estate agent and financing institutions, e.g. bank

4.6.1 Energy or building consultant centered service in Jämtland region

Based on the work in the research project SuccessFamilies, we also see a potential business model where an energy/building consultant plays the key role. The example below, which is still not implemented, is based on knowledge about the market and actors in the region Jämtland in Sweden.

Directly involved: Energy/building consultant and real estate agents

Other actors: Renovation companies and bank.

4.6.1.1 Mission

To promote energy efficient renovation of single-family houses through partnership with local renovation companies

4.6.1.2 Vision

To be known as a leading actor in energy efficient renovation of single-family houses in Jämtland county.

4.6.1.3 Strategies

1. Target group
Mainly owners of single family houses from 1960-80s that have electric heating system and that are on sale. However, all houses in the need of renovation are of interest.
2. Complete package through network of companies
When a house in Sweden is sold energy audit is mandatory and building inspection is common. The energy auditors/building consultant will prepare a list of renovation companies who offer all types of renovation (several such companies exist in Sweden).

These renovation companies will be responsible for the renovation process and will invoice the customer.

3. Trustworthiness

Energy auditors/building consultants are responsible to inspect the condition of the building, conduct energy analysis, and suggest packages of energy efficiency measures. By law they are mandated to be independent of marketing building products and services. Hence, these companies cannot offer renovation products or services, but they can suggest the customers the names of several renovation companies who can offer tailor-made renovation services. By this, customers will not feel that the auditors/building consultant is promoting a specific company.

4. Tailor made solutions

The energy audit report and building inspection report at the time of a house sale forms the basis for suggested measures to renovate a house. The energy auditor/building consultant or the real estate agent can suggest the seller/buyer of the house names of several renovation companies who can contact the customer to know about renovation requirements. The house owner decides which renovations to implement and receives biddings from different renovation companies. One of the selected companies is then responsible for the complete renovation process. The real estate agent will use the renovation plan to estimate the post-renovation value of the house. Such an estimated valuation of a house (usually house valuation in Sweden is free-of-cost) may form the basis for increased mortgage financing for the renovation work.

5. Marketing mix

The renovation service (Product) will be offered at competitive terms (Price) through a bidding process from a list of selected renovation companies. Customer interest in energy efficient renovation will be created through direct interaction with the customer at the time of house sale/purchase (Promotion). The renovation companies also visit the house (Place) to interact with the homeowner and create interest (promotion) in holistic renovation of the house.

5 CONCLUSIONS

So far in this research project it may be concluded that there are commercial actors in different parts of the value chain which see an opportunity in developing different approaches of “one stop shops” for energy efficient holistic renovations. The concepts are still in a development phase and differ in respect to how they are organised (as supply side). We may say that the pilots in the different countries also find inspiration from each other through this research project. Due to the complexity of a holistic renovation project, it is a prerequisite with good partnerships even in the development phase. In all identified models there is however one main actor taking the lead and ownership to the business model.

Independent of the business model the responsible company needs to make some strategic choices. The starting point is the SWOT analysis (ch 2.2.) which sum up all major challenges for the respective business model. How the strategies should be developed is described in chapter 1.2.4.

Although the main target group for this report is companies seeing an interest in developing business models for renovation, we would like to highlight some important issues identified in the SWOT analysis which the authorities may influence:

- Lack of interest in the market → need of more public attention through holistic campaigns
- Fragmented solutions → stop subsidising single measures without a holistic plan in place
- Serious vs unserious companies → put in place certification systems to build credibility
- Cost focus leads to limited renovation → put in place subvention schemes for holistic retrofitting
 - This also includes tax deduction measures. Example: tax motivated saving accounts, from which money may only be used for energy efficiency measures
- Lack in competence within companies → support training and collaboration across companies

In the section below we have listed the main strategic issues which each company may give different answers to. Each company has also to take into respect the current regime of regulations and incitements. This will therefore differ from country to country.

1. Definition of target group

As we still are in the very early market phase, it will be innovative and open minded persons who are most likely to go for a holistic renovation project. As it is an expensive investment, the potential buyers have to have capacity to increase their mortgage loan within what may be secured by the value of the house. Depending of the operational radius of the company the geographical location of the potential customers must be defined. Another relevant criteria is how long the potential customer has owned the house. If it is newly bought, many consider upgrading of the new investment.

2. Definition of the service and differentiation factors

The core business of the one-stop-shop should be defined. If it is an existing company which wants to expand their business and offer a one-stop-shop for a holistic renovation with high ambitions on energy savings, this will be incorporated into a wider menu of services of that company. The next step of developing this strategy is to identify and highlight the factors the company can use for differentiating from (competing – which hardly exists) or substituting services in the market. Such factors must build on the strengths of the company or strengths

achieved through alliances with other actors.

We are convinced that independent of the business model chosen, it is a necessity for securing a holistic renovation that the first step of the service is to make an analysis of the house and present a plan with recommended measures to convert the house into a sustainable and modern dwelling. The plan is the basis for discussion with the house owner what should be done and in which order it should be implemented adjusted to the owners budget.

3. Build credibility

The service is new and may be perceived as risky by house owners. It is therefore crucial that the one-stop-shop is credible. To buy a complete package including control and certifying from the same company need a high degree of trust. Few companies have such a strong reputation/brand that a house owner would not ask for an independent control. One way of building trust is through cooperation with well reputed research organisations or public bodies.

The credibility has to be maintained through quality assurance to secure satisfied customers. The leading partner in the one-stop-shop is responsible for the quality of the service. Therefore quality assurance regarding all participating companies is essential. Extra training as well as one-stop-shop “school programs” should be launched as part of the different business models.

4. Partnerships

The company which is responsible for the service has to consider which parts of the service may be delivered by in-house resources of the company and which must be covered by other actors. Some of this may be supplied through ordinary sub-contracting, while other may be considered too critical so a stronger partnership agreement may be needed. Key elements to be judged in this respect are own capabilities and capacity, need of control and risk management.

5. Communication strategy

There are four main elements which should be addressed to motivate the customer for the idea of high ambition energy renovation:

- Exemplify; demonstrate to the customer what this is about.
- Engage; let the house owner be engaged with his own ideas and wishes.
- Enable; show how he can do this within his budget. Inform about available public incentives.
- Encourage; Give the customer some sort of positive confirmation about his decision. For example work with public actors which promote energy efficient renovations. In this way the customer can see that it is not question of only the one-stop-shop company which wants to sell something.

For any type of one-stop-shop business for high ambition renovation, it is important also to use “non energy benefit” arguments in addition to the energy benefits for promoting the service. The pitfalls of selling only on payback time argument should be avoided. The best would be to find what is important for the homeowner and avoid he/she regretting in future of not doing holistic renovation. The one-stop-shop's core mission is to make sure that the measures taken are the best in a holistic and long run perspective.

Many of the one-stop-shop pilot models assists their customers in applying for subsidies regarding different product elements needed in the renovation process. Knowing this might undermine the holistic approach, the one-stop-shop pilot models has to underline in their communication to the homeowners the need of looking at the renovation process as a range of

needed actions put in a system.

6. Marketing mix

As a final check if you have considered most important strategic issues, the four “P’s” in the marketing mix must be discussed:

- Product - what is to be sold?; should already be covered in point 2
- Place - where is the service sold (where is the trade counter)?; this should be defined already in the description of the business model.
- Promotion – how is the service promoted?; this should be covered above in point 5.
- Price – what is the pricing model for the service?; parts of this question is covered in the business model description, but it must also be decided the principles for calculating the price. How should the mark-up be for each of the elements of the service? Relevant policy could be to subsidise the initial analysis of the house.

Even most of the points above have been discussed in previous parts, the interaction between the four elements must be discussed and maybe adjusted to achieve the optimal mix.

6 REFERENCES

Aalto, Sami. 2010. Energy Saving Renovation Services of K-rauta & Rautia. Presentation in SuccessFamilies Seminar 'Nordic experiences on renovation service for single-family houses' in Espoo 21st September 2010.

Grove, A.S. "Only the paranoid survive: How to exploit the Crisis Points That Challenge Every Company and Career", Doubleday, New York, 1996.

Haavik T., Aabrekk, S., Tommerup, H., Svendsen, S., Mahapatra, K., Gustavsson, L., Paiho, S., and Ala-Juusela, M., 2011. Report on stakeholders interests, Deliverable D2.1, Successful Sustainable Renovation Business for Single-Family Houses – SuccessFamilies.

Haavik, T., Aabrekk, S.E, Prendergast, E. 2006. *A marketing guide based on Experiences from 10 countries*. Based on work in the course of IEA SHC Task 28/ECBCS Annex 38: Sustainable Housing.

Kotler P., Marketing Management, 11th ed, 2003, Prentice Hall

Mahapatra, K., Gustavsson, L., Haavik, T., Aabrekk, S., Svendsen, S., Tommerup, H., Ala-Juusela, M. and Paiho, S., 2011. Report on business models for one-stop-shop service for sustainable renovation of single family house. Deliverable D3.2 of the project Successful Sustainable Renovation Business for Single-Family-Houses – SuccessFamilies.

McCarthy, E. J., Basic Marketing. A Managerial Approach. 1960

Mlecnik, E. 2011. Passive house networks: a social innovation targeting innovation in SME's in the construction sector. In H Wamelink, R Geraedst & L Volker (Eds.), Management and innovation for a sustainable built environment - MISBE 2011 conference proceedings. Amsterdam: CIB, ENHR, AESP