



Energy  
Efficient  
Mortgages  
Initiative

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# New Green Mortgage Proposition – Appeal and Relevance across 8 European Markets

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**e.on**

## **Today's presentation will cover:**

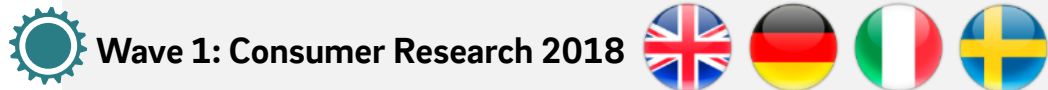
**1 Which green mortgage proposition did we test?**

**2 Consumer insights on:**

- Clarity, relevance and appeal of the proposition**
- Barriers to adoption**
- Features to further increase appeal**

## **2. Which green mortgage proposition did we test?**

# Countries in scope and research timeline



## About the research:

- All insights on upcoming pages are extracted from research conducted by **BASIS** - a research and insights consultancy - and mandated by **E.ON** and **UCI** (Spain and Portugal research are financed by UCI)

# The quant phase marks the second and final stage of the research

## Qualitative phase

2x 2-hour groups per market

**Less experienced homeowners**

FTB, in process of buying / have taken 1<sup>st</sup> mortgage

**More experienced homeowners**

Remo/Movers, in the process/ recently remortgaged/ moved

## Quantitative phase

Sample of n=500 respondents in 8 markets



To qualify, respondents need to have taken out a mortgage in last two years or considering doing so in the next two years

Sample mix of demographics and home ownership

20-minute online questionnaire

*NOTE: Those living in apartments/flats were not included in the survey*

Before asking respondents to evaluate the Green Mortgage proposition, we gave them a key overview of how it works:

The Green Mortgage is a new product that rewards customers whose homes are energy efficient. It provides a discounted mortgage rate (varies by market) vs. other available mortgages – meaning you pay less interest each month!

To qualify for the mortgage, your home needs an energy efficiency rating of **A+/A/B**. Should your energy efficiency rating be below that, you can make your home more energy efficient by:

- **Borrowing discounted funds to make your home more energy efficient:**
  - You can choose to pay the loan back over a time period that suits you
  - The interest rate for the additional borrowing is discounted at the same rate as the mortgage (**i.e. much lower than a consumer loan**)
- **Using your own funds to make your home more energy efficient:**
  - You can pay for any work required to make your home more energy efficient from savings or money you have available

Improvements which can boost your home's energy efficiency include insulation, heating systems, solar panels, solar hot water, smart heating thermostats, electric vehicle charging points etc.

**NB. Wording/positioning consistent in each market**

Before asking respondents to evaluate the Green Mortgage proposition, we gave them a key overview of how it works:

### The Green Mortgage will deliver the following benefits to customers:

- **Financial savings** – the Green Mortgage provides a discounted rate of **(varies by market)** vs. standard rate, saving you money each month on your mortgage payments. Any additional borrowing is also provided at the same discounted rate
- **Energy cost savings** – energy efficient homes can save you between 20-50% on your energy bills, saving you money!
- **Increased property value** – energy efficient homes typically generate a higher sale price in the market (potential increase of 3-10%)
- **Improved CO2 footprint** – homes with a higher energy efficiency rating produce less CO2 – typically around 1 tonne per year, the equivalent of an extra 100 trees!
- **A more comfortable home!**

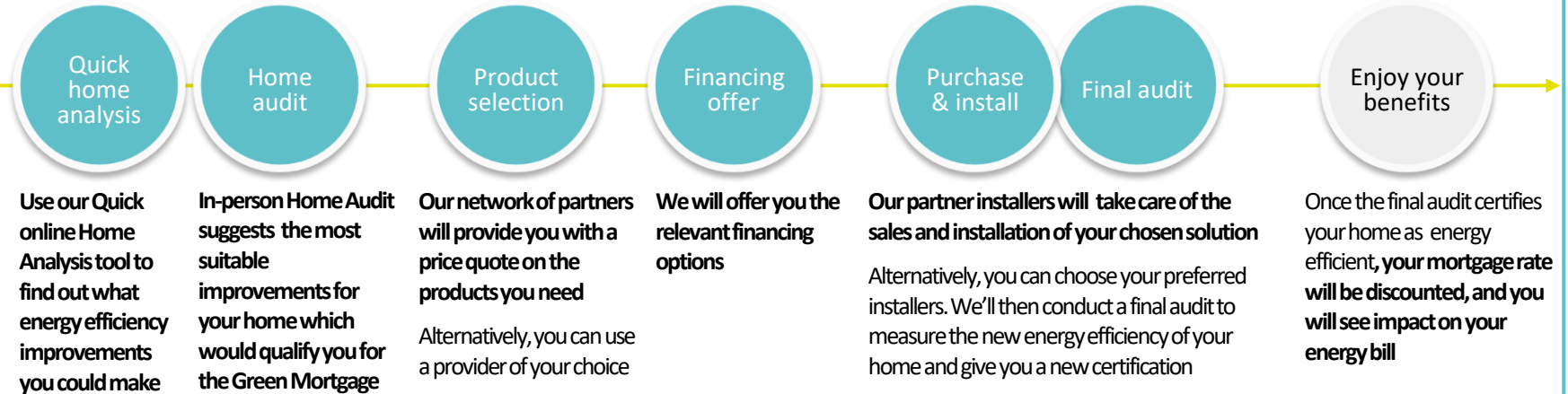
**NB. Wording/positioning consistent in each market**

Before asking respondents to evaluate the Green Mortgage proposition, we gave them a key overview of how it works:

## How the Green Mortgage works:

If you already have an energy efficient home with a rating of A+/A/B, you can simply apply for the Green Mortgage straight away.

If the energy efficiency of your home or the home you're looking to buy needs to be improved, you go through the following steps:



**NB. Wording/positioning consistent in each market**



## **2 Consumer insights on:**

- Clarity, relevance and appeal of the proposition**
- Barriers to adoption**
- Features to further increase appeal**

We asked respondents to evaluate the Green Mortgage proposition in the following ways:

**1**

**Clarity, relevance  
and appeal of the  
Green Mortgage**

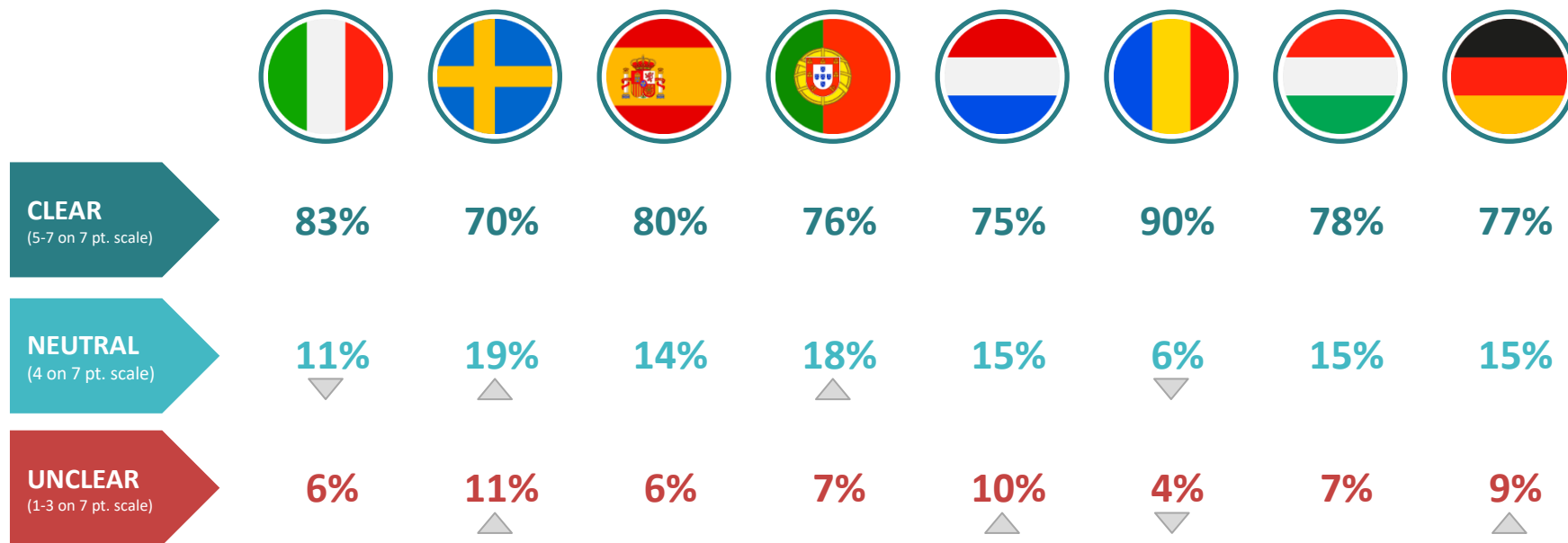
**2**

**Evaluation compared  
to current mortgage /  
considered mortgage**

# CLARITY: Consumers across markets are clear on how the Green Mortgage works

Clarity of green mortgage product – all respondents

▲▼ Over/under index (120/80) vs. all-market average



NB. Vast majority of those coding 'unclear' code a 3 on the scale (just below 'neutral')

NB. Little difference by demographics or home type

B3. How clear are you on how this new mortgage product works?

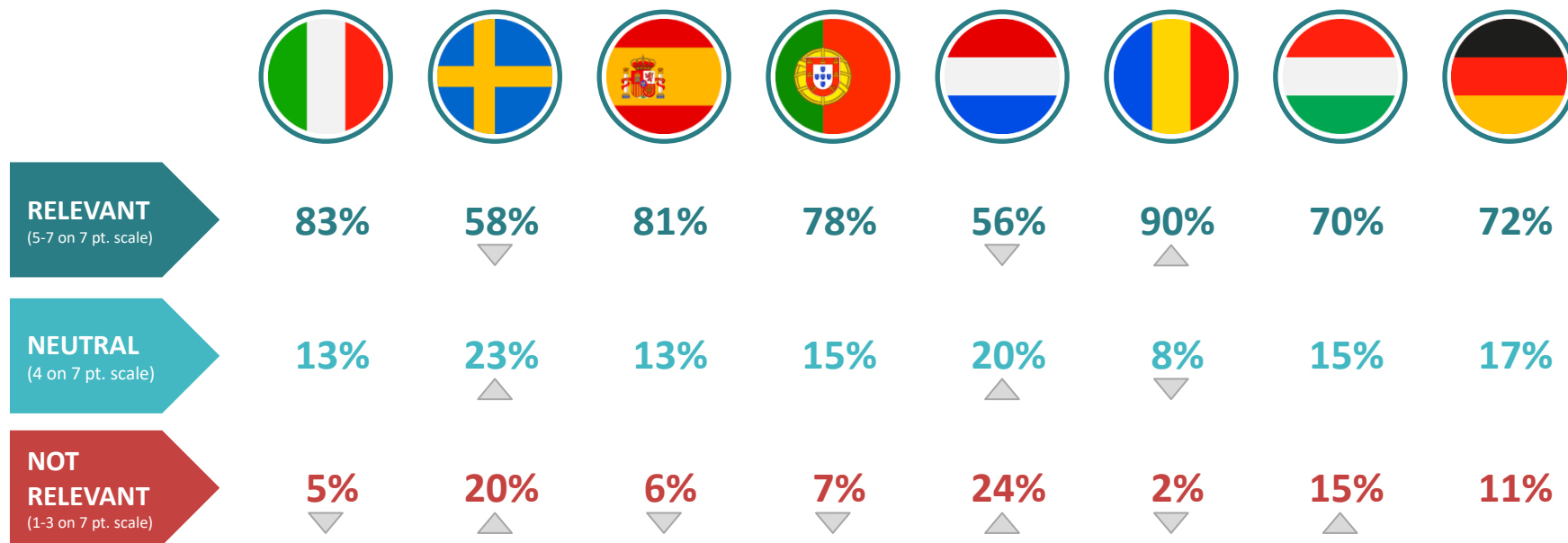
Base: All respondents Italy (n=503); Sweden (n=505); Spain (n=514); Portugal (n=504); Netherlands (n=507); Romania (n=508); Hungary (n=506); Germany (n=500)

Data: % selecting each answer

# RELEVANCE: The Green Mortgage is seen as a highly relevant product in most markets, with slightly more hesitation in Sweden and The Netherlands

Relevance of green mortgage product – all respondents

▲▼ Over/under index (120/80) vs. all-market average



NB. Little difference by demographics or home type

B2. How relevant is this new mortgage product to you?

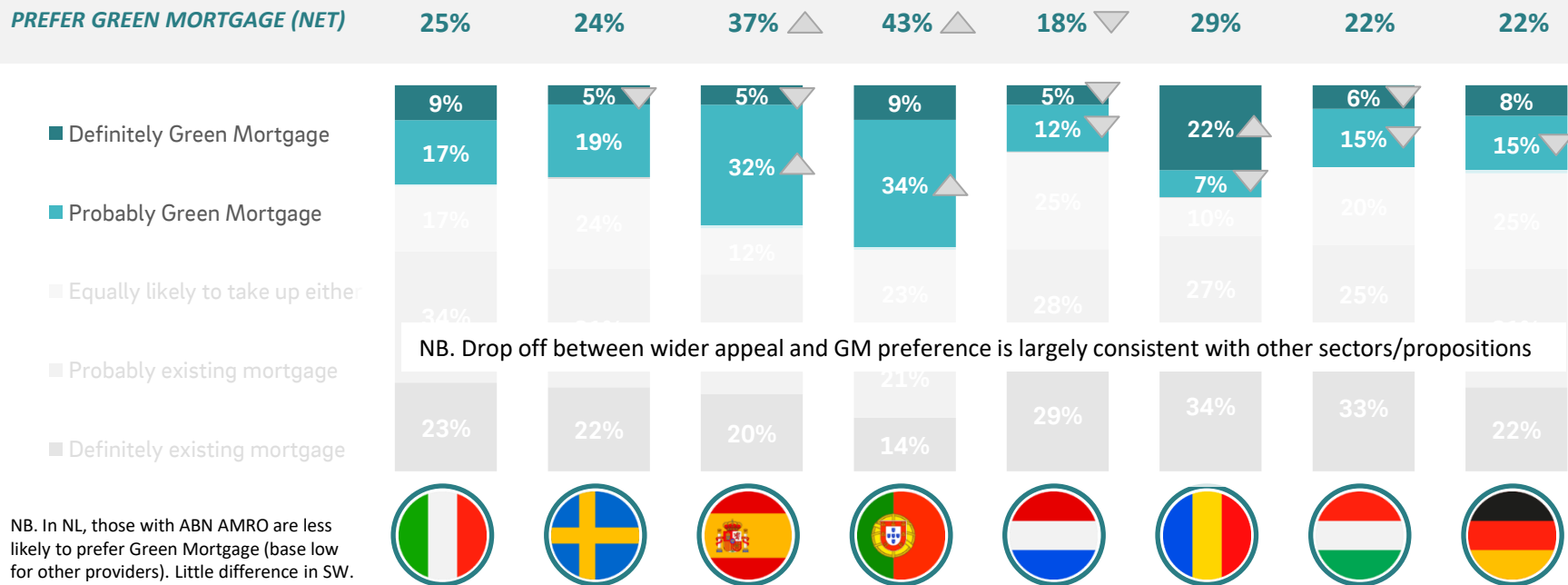
Base: All respondents Italy (n=503); Sweden (n=505); Spain (n=514); Portugal (n=504); Netherlands (n=507); Romania (n=508); Hungary (n=506); Germany (n=500)

Data: % selecting each answer

# APPEAL: There is strong opportunity for Green Mortgages across markets, especially in Spain and Portugal

Appeal of Green Mortgage vs. current mortgage – all respondents

▲▼ Over/under index (120/80) vs. all-market average



NB. In NL, those with ABN AMRO are less likely to prefer Green Mortgage (base low for other providers). Little difference in SW.



# A mix of financial and environmental drivers are spontaneously mentioned by consumers

Reasons for being likely to take out the Green Mortgage – all respondents likely to take out



**“For future consumption savings and greening in general”**

(Male, 44)



**“It seems to be beneficial in the long run both for me and the environment”**

(Male, 69)



**“It would ultimately help me save money and do something good for the environment”**

(Female, 35)



**“The cost of maintaining the home would be significantly reduced, it would pay for itself soon”**

(Female, 43)



**“It would lower the cost of my bills and contribute to the protection of our planet”**

(Male, 36)



**“To improve the ecological footprint and take advantage of incentives”**

(Female, 30)

# PRICING: Current discount rates feel appropriate – while further discounts would aid take-up, reducing the discount would have an impact on acquisition

Impact of discount levels on appeal (T2B) – all respondents

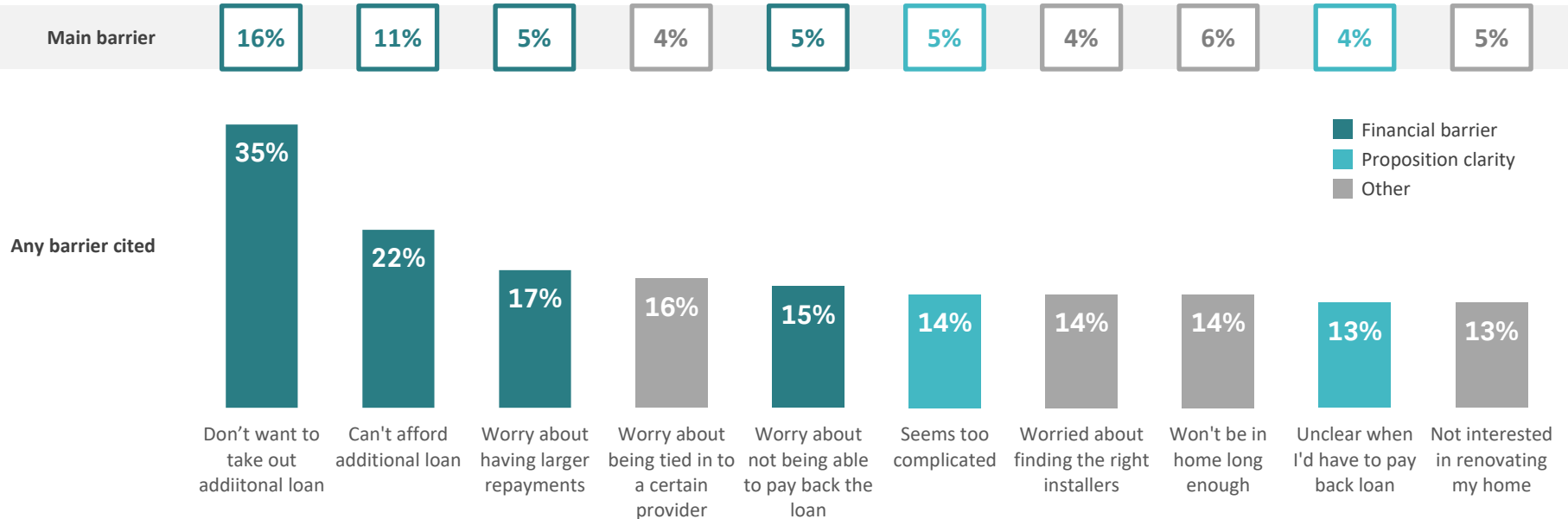


Main stimulus discount tested	0.13%	0.15%	0.16%	0.10%	0.20%	0.53%	0.44%	0.12%
Lower discount tested	0.10%	0.11%	0.13%	0.07%	0.15%	0.40%	0.33%	0.09%
Higher discount tested	0.20%	0.22%	0.27%	0.15%	0.30%	0.79%	0.66%	0.19%
Main stimulus discount appeal	59%	37%	55%	49%	34%	72%	44%	54%
Lower discount appeal	48%	28%	42%	32%	23%	69%	44%	46%
Higher discount appeal	61%	55%	68%	66%	50%	82%	51%	64%
Gap: Main to higher discount	2%	18%	13%	17%	16%	10%	7%	10%

# Barriers to uptake are largely financial, with proposition clarity less of an issue

## Barriers to taking up the Green Mortgage – all who find GM unappealing (all markets combined)

NB. Consistent pattern across markets (relatively low bases)





## **BARRIERS:** Cost concerns will need to be addressed, while simplifying comms as much as possible will naturally attract more consumers to the proposition

Reasons for being unlikely to take out the Green Mortgage – all respondents unlikely to take out



**“The process seems to be too complicated for the time being”**

(Male, 32)



**“It seems complicated and costly”**

(Sweden, 57)



**“I prefer to determine myself when I make improvements and how I pay this”**

(Male, 68)



**“I feel comfortable and safe with my current mortgage”**

(Male, 38)



**“We don't want to pick up more credit”**

(Female, 40)



**“Was to me too complicated - would have to be easier to use”**

(Female, 67)

We can split drivers of appeal into two main categories – taking each of these in turn



**Consumer  
benefits of the  
Green Mortgage**

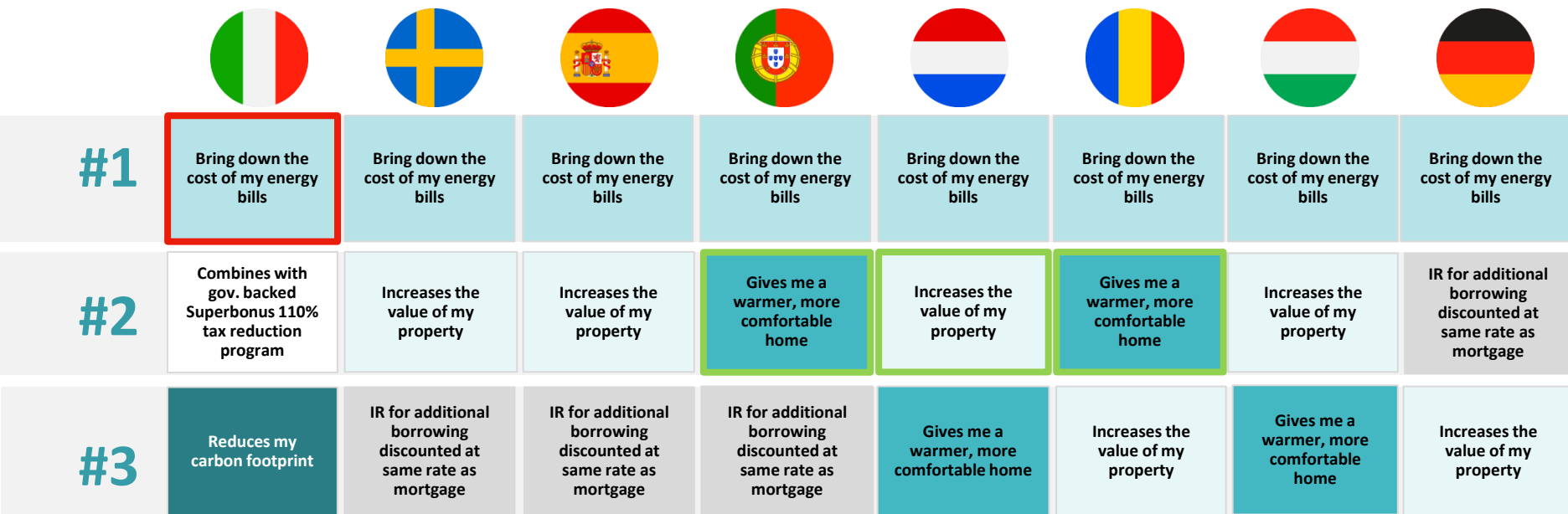
**For product positioning and  
optimising messaging**

**Green Mortgage  
product features**

# The instant cost saving on energy bills is the key message to communicate across all markets

## Top 3 MOST appealing attributes of the Green Mortgage

    Over/under index (120/80) vs. all-market average



B7b. And which of the following do you find most appealing? NB. Some features only shown in certain markets.

Base: All respondents Italy (n=503); Sweden (n=505); Spain (n=514); Portugal (n=504); Netherlands (n=507); Romania (n=508); Hungary (n=506); Germany (n=500)

## Focusing now on the product features themselves



**Consumer  
benefits of the  
Green Mortgage**

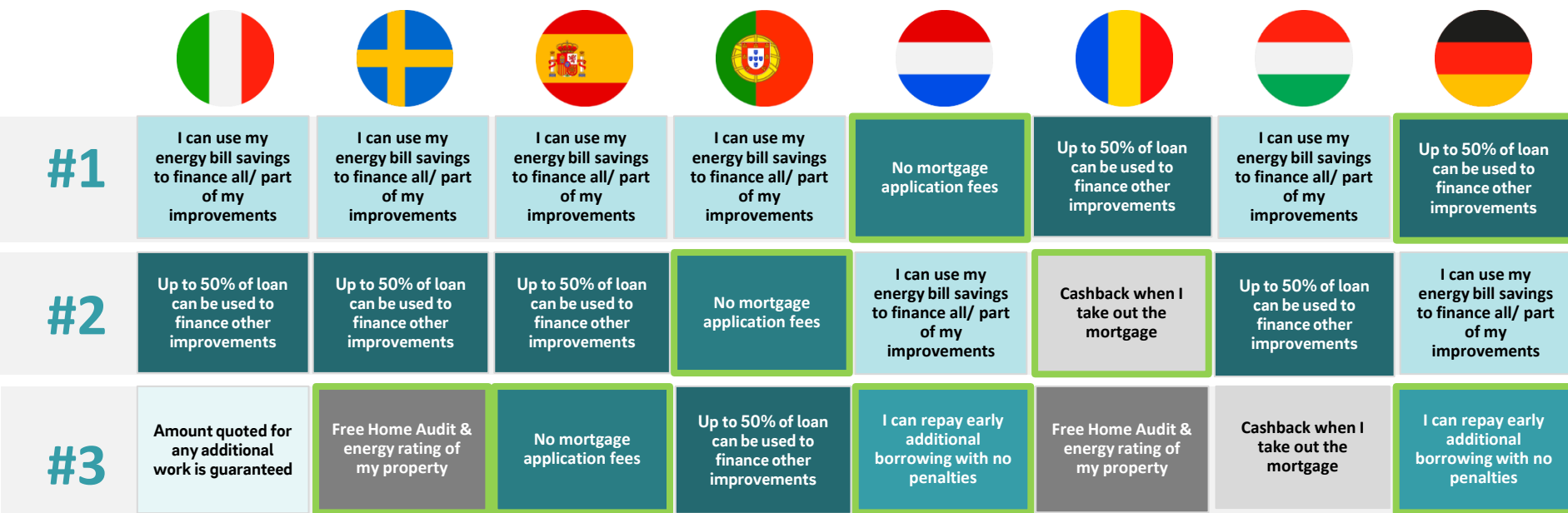
**Green Mortgage  
product features**

**For prioritising features to  
include / dial-up to consumers**

# When pushed for the most appealing benefit, innovative payment solutions and flexible loan conditions strike a chord across most markets

## Top 3 MOST appealing benefits of the Green Mortgage

  Over/under index (120/80) vs. all-market average



B9b. Which would be most important in encouraging you to take up the Green Mortgage? NB. Some benefits only shown in certain markets.

Base: All respondents Italy (n=504); Sweden (n=485); Spain (n=405); Portugal (n=487); Netherlands (n=516); Romania (n=440); Hungary (n=462); Germany (n=460)

Data: % selecting answer

**Thank you!**

**Q&A**