A STUDY ON THE NEEDS OF
CONSUMERS FOR A RESIDENTIAL
RENOVATION TECHNICAL
ADVISORY BOARD

A
SUMMARY REPORT
BY

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NOTE: **DISPONIBLE AUSSI EN FRANÇAIS SOUS LE TITRE:**

ÉTUDE SUR LES BESOINS DES CONSOMMATEURS POUR UN SERVICE DE CONSULTATION TECHNIQUE EN RÉNOVATION DOMICILIARE

DISCLAIMER

This study was conducted for Canada Mortgage and Housing Corporation under Part IX of the National Housing Act. The analysis, interpretation and recommendations are those of the consultants and do not necessarily reflect the views of Canada Mortgage and Housing Corporation or those divisions of the Corporation that assisted in the study and its publication.

CMHC MANDATE

Canada Mortgage and Housing Corporation, the Federal Government's housing agency, is responsible for administering the National Housing Act.

This legislation is designed to aid in the improvement of housing and living conditions in Canada. As a result, the Corporation has interests in all aspects of housing and urban growth and development.

Under Part IX of this Act, the Government of Canada provides funds to CMHC to conduct research into the social, economic and technical aspects of housing and related fields, and to undertake the publishing and distribution of the results of this research. CMHC therefore has a statutory responsibility to make available, information which may be useful in the improvement of housing and living conditions.

This publication is one of the many items of information published by CMHC with the assistance of federal funds.

Executive Summary

The contract given to "le Centre de recherche en Gestion de l'UQAM" by CMHC in April 1991 consisted in surveying the present and future behaviour of consumers in terms of residential renovation and, in particular, to sound out the feasibility of making available a technical advisory service in residential renovation. The survey was conducted among three focus groups (contractors and consumers on May 8 and 9, 1991) and with 601 respondents reached by telephone between June 17 and July 11, 1991 by SOM Inc. The study of current consumer behaviour revealed that six consumers out of ten deal with contractors to have renovation work done, that "word of mouth" is the main means of information and that is is difficult to obtain service offers at reasonable prices and to get a good idea of the cost of the work to be carried out. A renovation work warranty was considered highly desirable. Consumers know about the APCQH and about CMHC. They consider that the existence of an agency to assist and inform them in renovation matters is necessary. The probability that consumers will use the services of such an agency was put at 5.91 chances out of ten. The need for assistance and information in the area of renovation and the need for a warranty, combined with a sufficiently high level of intent to use the agency argue in favour of setting up such a service.

Research Summary

In April 1991, Canada Mortgage and Housing Corporation gave a second contracr to "le Centre de recherche en gestion de l'UQAM". The first one, granted in 1990, dealt with the definition of a residential renovation technical advisory service and with the feasibility of implementing this service. The second contract was an attempt to better read consumer behaviour in the area of renovation.

More specifically, the objectives of this project were to better understand the perceptions and attitudes of Québec consumers and contractors alike as pertains to residential renovation, to explore the consumer's decision-making process and, lastly, to evaluate the concept of a residential renovation service.

The methodology chosen, at the exploratory level, was that of group interviews, and then, on a descriptive level, telephone interviews. The questionnaire was prepared in consultation with representatives from CMHC and the APCHQ subsequent to three group interviews, i.e., an initial one with the contractors and two with the consumers. The organization of the telephone interviews and the discussion groups was given to SOM Inc. In all, there were 601 telephone interviews, 193 of which involved clients of the APCHQ. A total of 301 interviews were conducted with homeowners who had renovations done over the past three years and 300 interviews with those who had no renovation work done.

Global Results of the Project

The renovation market for work costing at least $2,000 over the past three years is relatively good, with approximately half of the respondents putting themselves in this category. Homeowners have their renovation work done by general contractors (31.9%) or by specialized contractors (29.2%), and usually ask for several tenders. Work of mouth is the best means of information.

A 6-month delay has to be expected between the moment discussions start and the moment the renovation work begins. The major difficulties occur, in the main, before the actual renovation work starts and involve establishing the cost of the work, choosing the contractor and defining the work to be done. People find that it is difficult to obtain service offers at reasonable prices and to get a good idea of the cost of the work to be carried out. Homeowners are relatively satisfied with the work executed even if they do have reservations in general as to the level of confidence to have in contractors (60.9%).

The APCHQ's public profile is very good, as is CMHC's. Consumers would appreciate an agency which would inform and assist them (92.9%) and this agency, above all, should be a contractor/government mix. In general, such an agency would be called upon for renovation work exceeding $3,000 (76.7%). The probability of using the services of this type of agency is 5.91 on a scale of 10; the probability is high for 36.7% of the participants and very high for 10.8%. The most popular services, in order, are a specialized technical appraisal service (68.0%),

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1.0 Nature of the Problem

Canada Mortgage and Housing Corporation (CMHC) is a paragovernmental agency with the mission to promote the construction of new houses, the repair and modernization of existing houses and the improvement of housing and living conditions for Canadians.

The fact of the matter is that renovation currently represents over one-half of the residential construction pie and is growing steadily. Numerous demographic, social and economic changes will only accentuate this growth: an aging population, increasing proportion of women on the labour force, new household structures, relative growth in both wealth and in poverty; all this together with the fact that half of the current housing stock is over thirty years old.

The renovation market will be affected in a major way by these socio-demographic and economic changes. Low population growth will impact future housing starts. And those starts will tend to produce more expensive units to be purchased by people who have succeeded in selling their previous houses and are using their equity to reduce the mortgage on the new houses. An aging population means that people will tend to remain in their current units longer, hence the potential for more renovation work. This potential could also be enhanced by the declining masculine influence in society in general. In addition, the steadily increasing number of women on the labour market will impact family income and the small "disposable" time which could affect the use of external resources for renovation work.

Lastly, the needs of new household structures, especially for singles, are different. These households need smaller units adapted to needs which could affect not only the level of renovation activity but also the type of renovation work.

In summary, secondary data indicate that the renovation market is vast and that socio-demographic and economic trends will further serve to enchance this market's potential and impact the type of renovation work desired.

It is in this context that the idea of offering a Residential Renovation Technical Advisory Service came about, with such an agency providing the following services:

1) a general technical appraisal service;
2) a specialized technical appraisal service;
3) a tender review service;
4) a work inspection service;
5) a telephone information service.

The Residential Renovation Technical Advisory Service concept's main goal is to compensate for the lack of information available to consumers in renovation matters, and thus to reduce the perceived risk. Another goal is to rectify the negative perception which consumers have of this industry and, consequently, to activate the demand for guaranteed renovation services, thus contributing to reducing the "moonlighting" component in this industry.

In this context, CMHC gave "le Centre de recherche en gestion de l'UQAM" the contract to carry out a study to establish the extent to which consumers need a Residential Renovation Technical Advisory Service.

2.0 Objectives of the Study

This research project's objectives are:

1) to sound out the perceptions and attitudes held by Québec consumers and contractors vis-à-vis the whole issue of residential renovation;

2) to explore the consumer's decision-making process;

3) to evaluate a renovation service concept including services offered, fee schedule, distribution and communication.

3.0 Methodology

3.1: Preliminary Work

First of all, preparatory meetings were held with officials at Canada Mortgage and Housing Corporation (CMHC) and with the APCHQ to clearly identify the parameters of the issue to be studied and the objectives of this study.

Subsequently, a group interview outline was prepared (Appendix 1) for the focus groups organized by SOM Inc., a well-known survey and research group. One focus group was held with eight contractors on May 8, 1991, and two consumer groups (one with six members and another with 12) formed another focus group which met on May 9, 1991.

The main objective of this qualitative research effort was to identify the perceptual process involved in problems associated with residential renovation, and the decision-making process in this consumer problem, including the financing and information collection stages. The intention here was to draw a portrait of the residential renovation market, the reasons why people decide to renovate, the whole decision-making process leading to the actual work and the problems experienced by people who renovate. We also wanted to sound out our partipants as to their attitudes, interest in, and opinions on, a Residential Renovation Advisory Service. This research effort made it possible to highlight widely divergent opinions between the contractors who felt that their reputations were beyond reproach and who were horrified at any suggestion of intervention and the consumers who distrust contractors, and perceive a risk in having renovation done and would appreciate having more information and a warranty.

The information gleaned from these interviews and from a review of literature on this market (in particular the SERVQUAL model) made it possible to draw up the first draft of the questionnaire which was presented to CMHC and APCHQ officials and subsequently modified to incorporate comments and suggestions. The questionnaire was then discussed with representatives from SOM Inc. to ensure technical compatibility with the telephone survey which was the survey procedure chosen. The necessary changes were incorporated in the final version of the questionnaire (Appendix 2).

3.2 Survey

3.2.1 Target Population and Sampling Strategy

The survey was conducted by SOM Inc. and its goal was to reach 600 adult homeowners, 300 of whom had either done renovation work themselves or had renovation work done in their main residences over the past three years. The objective consisted in completing a maximum number of interviews based on APCHQ lists which had been provided, with the names and telephone numbers of renovaters and non-renovaters. The idea here was also to reach consumers who had shown, in their relations with the APCHQ, the desire to obtain more information and thus to reduce the perceived risk. Subsequently, the survey had to be completed using telephone numbers from the Montréal census metropolitan area using a software program for a random choice of telephone numbers for telephone surveys.

3.2.2. Data Collection

The date was collected during telephone interviews from SOM Inc.'s telephone operations centre in Montréal. A maximum of five attempts were made at different times and days during the week and weekend before finally excluding a number from the sample. Prior to collecting the data, all the interviewers were given training during which instructions as to administering the questionnaires were provided. A questionnaire pre-test was run on June 10, 1991.

The data collection phase ran from June 17 until July 11, 1991. A total of 601 interviews were conducted with 193 names coming from the APCHQ's lists. A total of 301 interviews were conducted with homeowners who were involved in renovation work over the past three years, and 300 interviews with homeowners who had made no repairs. A table showing the results of these interviews is presented in Appendix 3.

The global reply rate is 50.9%. The refusal rate is low, i.e., 11.5%. Cases of non-reply are estimated at 37.6%, which can be explained by the fact that the survey was conducted during the Summer season.

3.3 Data Analysis

The data was processed using the UQAM's SPSSX (Statistical Package for the Social Sciences) software. Frequency and distrbution analyses were conducted first of all on the population at large. A comparative anaylsis of the population at large data with those of the users of the APCHQ's services was then effected. These analyses represent the essential thrust of the results presented in the next section of this report. More sophisticated univariate and multivariate analyses, such as the factorial and variance analyses, were also used for certain variables deemed relevant.

The statistical margin of error for all 601 respondents (in the extreme case where the breakdown of the two replies to the same question was 50%) is 4% at a level of 95%, and for a group of 301 respondents, the margin or error is 6%. This means that 19 times out of 20, the margin of error is ±4%, in the first case, and ±6% in the second case.

4.0 Results of the Study

4.1 Descriptive Analyses of the Population at Large (Appendix 4)

The results are presented in two blocks: descriptive analyses of the population at large and comparative analyses between the population at large and the users of the APCHQ's services.

4.1.1 Frequency Analyses

4.1.1.1 Respondents' Characteristics (Q. 30 to Q. 37)

The sample was made up ot 601 homeowners, 67.9% from the population at large and 32.1% from the users of the APCHQ's services; 301 had made renovations in their main residences. The respondents from the Montréal metropolitan area are francophones for the most part (87.6%), couples with children (58.3%), slightly over one third have university diplomas (36.5%), and approximately one half (49.7%) are professionals, semi-professionals, heads of companies and administrators; they are 35 to 54 years old (55.1%) and have annual family incomes in excess of $45,000 (54.6%); 53.2% are women and 46.8% are men.

4.1.1.2 The Renovation Market

Type of Housing (Q. 2 to Q. 4)

Most of the respondents had purchased existing houses (76.4%) as opposed to new models (23.6%); in most cases, the respondents lived in single-family houses (74.3%) with the duplex being second most popular (15.0%). This mirrors the breakdown between detached and semi-detached models: 70.1% and 20.3% respectively. As for when the respondents had purchased their houses, 28.1% bought between the last 5 and 10 years and 29.0% between the last 1 and 4 years. Moreover, the number of those who had bought their houses 16 years ago or earlier is also relatively large at 22.5%.

Type of Renovation (Q. 5, Q. 6, Q. 7 and Q. 18)

The renovation market for work costing at least $2,000 over the past three years was relatively good with 50.1% of the respondents putting themselves in this category. The most frequent renovation projects in descending order are: bathroom (22.6%), kitchen (20.9%), windows (20.6%), roof (17.6%), basement (15.9%), balcony (11.3%) and exterior siding (11.0%). In the owners' opinions, these projects should be considered more as improvement work (72.4%) than as maintenance work (47.8%). Most of the repairs (56.6%) had price tags varying between $2,000 and $10,000 although for 16.1% of the respondents, repair costs were in excess of $20,000.

Renovation Process

General Points (Q. 8 and Q. 9)

Although 24.6% of the homeowners executed the renovation work themselves, or with the assistance of relatives or friends (14.3%), 31.9% of the respondents had this work done by a general contractor and 29.2% by one or more specialized contractors. Nearly two-thirds (64.1%) of the homeowners, who had this work done, sought out three or more tenders. Most (58.6%) of the respondents affirm that they noted a substantial price spread in the tenders received. As a rule, the homeowners chose the lowest bidder (45.7%), but a relatively high percentage asked for additional information from other contractors (13.6%) or merely from other people (18.5%). On the other hand, for those receiving roughly similar tenders, their preference (68.6%) would be to request further information as opposed to simply giving the contract to the lowest bidder (13.7%).

Source of Information (Q. 10 to Q. 12)

The information sources most frequently used to find renovation contractors were friends (25.5%), professional associations (24.8%) and the yellow pages (23.5%). Duly remunerated renovation professionals were consulted in 27.1% of cases; these included architects (26.7%), decorators (20.0%), technicians/draftspersons (16.6%), designers (10.0%) and other specialists (26.7%).

Renovation Timeframe (Q. 13 to Q. 16)

In the large majority of cases (85.9%), six months elapsed between the first discussion about renovation and the first contact with a contractor. In nearly two-thirds of the cases (59.7%), the renovation work began in the month following the first meeting with the contractor and ended, in over half of cases (54.1%) within one month of signing the contract. Most renovation work was done in May (18.5%), followed by June (14.1%), April (12.5%) and October 11.4%).

Degree of Difficulty with Certain Aspects of Renovation Work (Q. 17a)

The most difficult aspect of renovation work for consumers is having to live in houses while the work is being carried out (average of 5.72), obtaining reasonable offers for the quality of work desired (6.29), getting a good idea of the cost of the work to be done (6.36), choosing a contractor (6.48), and getting an exact idea of the work to be done. In other words, the preliminary stage is the headache. Compare this to relatively less stressful aspects such as quality of work executed (7.47), work completed on schedule (6.93) and respect of warranty (6.86).

Quality of Services Rendered (Q. 17b)

In general, consumers are relatively satisfied with the quality of the services rendered. The contractors and their employees were courteous (8.64) and inspired confidence (8.37). The weaker scores were for completion of work elements as promised (7.91), understanding and co-operation vis-à-vis problems (8.00) and difficulty reaching the contractor (8.00).

4.1.1.3 Consumers' Opinions on Renovation

The following questions were designed to sound out certain general and specific opinions held by consumers about renovation work.

General Opinions (Q. 19)

Renovation is important for people who consider that renovation is an investment (8.43) and not limited to the rich (3.64). Opinions are divided, however, when it comes to deciding between paying off some of the mortgage or renovating. Contractors are generally considered to have respected the renovation work schedule (5.33), to have been conscientious (5.70) and not to have required much pressure to produce good quality work (5.61). On the other hand, it is difficult to choose a contractor (6.75), to evaluate the tenders (6.12). It is generally felt that consumers are not relatively well informed (4.93), nor sufficiently protected in renovation matters (4.93). Thus, it is not surprising that the respondents strongly agree (8.15) that it is necessary to have an agency to assist consumers who undertake renovation work. General opinion (4.87) does seem to support the idea that moonlighting is a good thing.

Specific Opinions (Q. 20 and Q. 21)

Only 28.0% of the respondents believe that, in general, renovation contractors are worthy of confidence, 60.9% express reservations as to this point and 11.1% have no confidence at all in renovation contractors. Even if it was observed above that respondents in general were satisfied with the quality of services rendered by their particular contractors, there is an element of mistrust here. A large majority of the respondents (92.4%) believe that it is very important/important that a warranty cover the work executed.

4.1.1.4 Public Profile (Q. 22 and Q. 23)

The APCHQ's public profile is very good. This result has to be weighted to reflect the fact that a portion of the respondents' names were chosen from a list provided by the APCHQ, something which will be discussed in the comparative analysis which follows. Nevertheless, without any coaching, the APCHQ was the first agency mentioned by 78.0% of the 232 respondents, and was mentioned second by 41.9% of 74 respondents. With coaching, 73.5% of the respondents said that they had heard about the APCHQ and 79.4% about CMHC.

4.1.1.5 Need for an Agency Providing Information and Assistance (Q. 24 to Q. 26)

An agency providing information and assistance to consumers wishing to renovate their residences was deemed useful by 92.9% of the respondents. Given the wide range of reasons advanced by the few people not deeming this useful, it is impossible to identify any clear trend and thus this opposition has little statistical weight.

Above all, 35.1% of the respondents believe that this agency should be a contractor/government mix, 19.7% think that this agency should be formed solely by contractors or be a government agency (23.9%), and 21.2% are of the opinion that it should be a private company.

4.1.1.6 Residential Renovation Technical Advisory Service (Q. 27 to Q. 29)

According to the data, 76.7% of the respondents would do business with such an agency for renovation work costing in excess of $3,000. Over 60% are interested/very interested in the various services. The behavioral intent to use this advisory service is greatest as pertains to the specialized technical appraisal component: 68% showed are interested (29.2% very interested and 38.8% interested), and 57.8% indicated willingness to pay from $51 to $200 for this service. Next most popular is the general technical appraisal service with 30.0% very interested and 34.6% interested, and above all, willing to pay $101 to $200 for this. Respondents also indicated interest in a work inspection service with 25.8 being very interested and 36.1% interested; and, in general, they would not want to pay any more than $100 ($50 for some) for this. There was also support for the telephone service with 26.9% very interested and 33.6% interested but 56.5% would pay no more than $5 for this. Finally the tender review service generated less support with only 16.8% very interested and 39.0% interested and, as a rule, these respondents seem willing to pay no more than $100 with 36.6% indicating a ceiling price of $50.

The probability of using the services of such an agency is 5.91. Probability is high for 36.7% of the respondents, and very high for 10.8%.

Factorial Analyses

A factorial analysis of the degree of difficulty for certain renovation aspects (Q. 17a) reveals two factors which explain 62.1% of the variance with the first factor accounting for 48.3%. This first factor highlights "after the fact" variables (quality of services executed, after-sale service and respect of warranty). The second factor is made up ot "before the fact" variables (specifications and forecasted costs, choice of contractors and materials).

A factorial analysis of the quality of the services rendered (Q. 17b) made it possible to identify a single factor representing 77.6% and containing the human and professional dimensions (how and what) of the services offered.

Lastly, the factorial analysis of consumer opinions on renovation work (Q. 19) highlights four factors. The first, which explains 20.6% of the variance, involves consumer information and protection and the contractor's professional conscience. The second factor involves the difficulty of choosing contractors and assessing the tenders, and explains 13.1% of the variance. The third factor deals with the financial dimension and the fourth with the notion of affordability and moonlighting. The last two factors explain 10.6% and 9.0% of the variance respectively.

4.2 Comparative Analyses (Appendix 5)

A comparative analysis was conducted contrasting respondents from the public at large and those who had already sought out information from the APCHQ. The hypothesis was that since the latter group had previously asked for information or advice in terms of renovation, thus this group was already acting as would potential users of the Residential Renovation Technical Advisory Service, and this market segment is of prime interest for us.

4.2.1 Frequency Analyses

4.2.1.1 Respondents' Characteristics (Q. 30 to Q. 37)

The profile which emerges of the two groups is relatively similar except that the APCHQ's clients had more years of schooling.

4.2.1.2 Renovation Market

The type of housing (Q. 2 to Q. 4)

A greater proportion of the respondents from the population at large had acquired new houses (29.2% vs. 11.9%; satisfaction level of .001), and were living in single-family houses (77.6% vs. 67.4%, .01), in detached houses (73.0% vs. 64.0%, .10) and had lived in their current residences longer, than the APCHQ clients.

The type of renovation (Q. 5, Q. 6 and Q. 18)

The frequency of renovation work among the APCHQ's clients was much higher (69.9% vs. 40.7%), and this is normal as these people had contacted the APCHQ with renovation work in mind. They were more inclined to replace roofs (24.4% vs. 12.0%, .01), and exterior siding (14.8% vs. 7.8%; not significant) and redo the bath rooms (26.7% vs. 19.3%, not significant). And the total renovation costs were higher (in excess of $5,000).

Renovation Process

Generalities (Q. 7 to Q. 9)

A higher proportion (78.9% vs. 64.4%;.01) of renovation work done by respondents from the public at large was what could be considered improvement work and, inversely, this group was less inclined to undertake maintenance work (41.0% vs. 56.3%,.01). The public at large is also more inclined to undertake renovation work themselves or with friends (51.2% vs. 23.7%) and less inclined to have this work done by general contractors (23.5% vs. 42.2%) and specialized contractors (25.3% vs. 34.1%). The difference in behaviour is significant at a level of .001. And when the public at large requests tenders, as a rule, they ask for fewer (.001) and in there is less spread in the tenders they receive (.05). Respondent reaction to spreads was similar in both groups. There was a dichotomy among those without major spreads, however, as to what they would have done had there been significant spreads: the public at large would have been more inclined to seek out information from other contractors whereas the APCHQ clients would have contacted other people.

Information Sources (Q. 10 to Q. 12)

Most often, to find renovation contractors, the public at large uses their friends and district newspapers whereas the APCHQ's clients, to a significant extent, are more inclined to use the Yellow Pages and professional associations. On the other hand, even if there is no statistically significant difference, the APCHQ's clients are more willing to consult (and pay) professionals to orient them in their work (31.0% vs. 22.2%); these professionals included architects (41.9% vs. 16.7%) and designers (19.4% vs. 0.0%).

Renovation Timeframe (Q. 13 to Q. 16)

There is no statistically significant difference as pertains to all the timeframes between the two groups.

4.2.1.3 Consumers' Opinions on Renovation

Pour the variance analyses, see 4.2.2.

4.2.1.4 Public Profile (Q. 22 and Q. 23)

The APCHQ and CMHC's public profiles are relatively good.

4.2.1.5 Need for an Agency Providing Information and Assistance (Q. 24 to Q. 29)

Virtually all agree as to the necessity for such an agency (APCHQ: 95.3% and public at large: 91.8%).

As to the type of agency desired, preference goes to a mixed contractor/government group especially among APCHQ clients (42.5% vs. 31.6%). The public at large prefers a private agency, a private company or a group of contractors, i.e., 45.1% vs. 32.2% for APCHQ clients. The differences are significant to a level of .05. As second choice, the opinions are mixed but both groups prefer a joint contractor/government venture.

4.2.1.6 Residential Renovation Technical Advisory Service (Q. 27 to Q. 29)

There is no difference between the amount which would motivate the two groups to use such a service. On the other hand, the APCHQ clients are more interested in the general technical appraisal service, the tender review service, the work inspection service or the telephone service than the public at large. And the probability of use (or behavioral intention) is also higher for the respondents who had used the APCHQ's services.

The probability of use for the various possible services offered by the Residential Renovation Advisory Service was then analysed in light of the interest shown for each of the proposed services. There is a statistically significant difference at a level of .001 for each of the services: the more interest the people show in a given service, the higher the probability that the Residential Renovation Advisory Service will be used. The highest percentage of people most interested in using a service is 8.2% for the general technical appraisal service and the telephone information service, followed by the work inspection service and the specialized technical appraisal service at 7.4% and 7.2% respectively. The tender review service posted the lowest behavioral intention score at 4.6%.

The probability of use was also analysed in relation to several variables (Q. 30 to Q. 37), and the differences did not prove statistically significant, except for those with the most years of schooling (.10) and for those who felt that it was important to have a renovation work warranty (.10).

4.2.2 Variance Analyses

Degree of Difficulty with Certain Aspects of Renovation (Q. 17a)

For both groups, the most difficult aspect in their latest renovation projects was the inconvenience of living in houses which were being renovated, obtaining offers at reasonable prices and getting clear ideas of the cost of the work to be done. The difference is significant (.05) in this latter case as the APCHQ clients feel that it is more difficult to get ideas of the costs. Similarily, these clients experience more difficulty choosing contractors (.001) and materials (.10)

Quality of Services Rendered (Q. 17b)

There are no statistically significant differences between the two groups except for one minor aspect, the quality of equipment maintenance, with APCHQ clients being slightly less satisfied (.10). It has to be pointed out, however, that, on the average, all the evaluations by APCHQ clients are systematically lower (i.e., disagree more, or are less satisfied) than those of the public at large. The probable conclusion here is that the more critical people are, the less satisfied they are.

General Opinions (Q. 19)

The respondents have relatively similar opinions on several subjects. Statistically, however, the public at large tends to agree more with the idea that moonlighting is a good thing (.01), that renovating is an investment (.05) and that the consumers are sufficiently informed (.01) and protected (.05) when they undertake renovation work. Consequently, the APCHQ clients feel the the existence of an agency to assist consumers in renovation projects is more essential (.05). For the APCHA clients this is their most clear-cut opinion and the second most clear-cut opinion for the public at large.

Specific Opinions (Q. 20 and Q. 21)

There is no significant difference in the opinion that the respondents have as to the level of confidence in contractors: both groups have reservations on this point. Both groups also believe that a renovation work warranty is important.

5.0 CONCLUSION

5.1 Methodology and Sampling

The group interviews (consumers and residential renovation contractors) made it possible, for one thing, to upgrade the quality of the questionnaire and, in addition, to ascertain the perceptual gap separating the contractors, certain that they were providing top quality work, and the consumers who hold the exact opposite opinion.

The methodological decision to choose a sampling of respondents from APCHQ clients and another from the public at large produced good results: it made it possible to qualify consumer behavior (level of satisfaction), to affirm expectations more clearly (warranty) and to weight most popular renovation services.

5.2 Current Consumer Behaviour in Residential Renovation

Most consumers, i.e., six out of ten, ask for assistance from a general or a specialized contractor to do renovation work. They usually request tenders and, as a rule, choose the lowest bidder. The most popular information sources are word of mouth, professional associations and the Yellow Pages. In one quarter of the cases, consumers paid renovation professionals for their advice. Consumers have renovation work done in May, June, April and October. The problem of getting offers at reasonable prices and that of obtaining a clear idea of the cost of the renovation work are among the most taxing difficulties met.

As to their levels of personal satisfaction and their opinions as to many aspects of the renovation experience, consumers show that they are more critical and severe in dealing with general opinions which do not affect them directly; they are not as hard on their own contractors. Moreover, both in their general as well as their specific opinions, the renovation work warranty is presented as highly desirable.

The APCHQ and CMHC's public profile is good and, presumably, this profile could only be enhanced in terms of a future joint project. Moreover, virtually all consumers (92.9%) consider that an agency providing information and assistance in renovation matters is necessary. And although the opinion as to the form which such an agency should take is divided, there would seem to be more support for a contractor/government mix.

5.3 CONSUMER BEHAVIORAL INTENT

Based on the initial reaction of many respondents, they would do business with such an agency for renovation projects in excess of $3,000. Over 60% of the respondents are interested/very interested in the various services. Their behavioral intent is highest for the specialized technical appraisal service with 68.0% interested and more important, 57.8% willing to pay between $51 and $200 for such a service. In a close second place with 64.6% interested and willing to pay between $101 and $200 is the general technical advisory service. These respondents would also be interested in a renovation work inspection service (61.9% very interested); while, in general, they indicated that they would pay no more than $100, most would not go any higher than $50 for such a service. The telephone service also showed potential (60.5% interested) but 56.6% would not pay any more than $5 for this. Finally, the tender review service is apparently the most least appreciated of the lot with only 55.8% of the respondents being interested. In general, the respondents seemed willing to pay up to $100 but 36.6% would not pay any more than $50 for this service.

The probability of using the services of such an agency is 5.91: probability is high for 36.7% of the respondents and very high for 10.8%. This 10.8% probability represents both a conservative and realistic measurement to be used in determining the profitability threshold for such an agency.

The need for assistance and information in renovation matters and the need for a warranty, associated with a sufficiently high behavioral intent, argue in favour of recommending that a Residential Renovation Technical Advisory Service be set up.

Finally, the existence of similar services on the renovation market, offered by builers or wholesalers handling renovation products, or by other agencies, are ample reasons to be prudent in launching such an endeavour and the target market segment, as well as the means to penetrate it, would have to be very carefully identified.