



**2014 Tarion Impressions Survey Results:
Homeowners in their 2nd thru 7th Year of Warranty
Coverage**

*Understanding Homeowner Impressions of Tarion across the
Warranty Lifecycle*

Submitted to: Tarion Warranty Corporation

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research insights & advice
CRUNCH

 harris/decima
a Harris Interactive company

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Introduction

CRUNCH research insights & advice and *Harris/Decima* are pleased to present this report to Tarion Warranty Corporation highlighting the results from a recently completed survey of homeowners who are in their 2nd thru 7th year of possession of a new construction dwelling in Ontario (“homeowners”). For the sixth time since 2009, Tarion surveyed new homeowners in their 2nd thru 7th year of the warranty experience. Our report synthesizes these findings to help Tarion identify trends and understand the challenges and opportunities of maintaining and improving service to homeowners across all stages of the warranty lifecycle.

Why the Need for Research?

The primary goal of this research is to understand homeowners’ perceptions of Tarion’s service and image, among various other factors across all stages of the warranty lifecycle. Tarion will use the insights gained from this research to gauge perceptions of its corporate performance. In addition, the results will provide current data that can be used in decision-making about future homeowner communications and service improvement strategies across all stages of the warranty lifecycle.

Research Approach

Bob Murphy, Founder and Principal of *CRUNCH research insights & advice Inc.*, worked with Tarion to update the questionnaire used to survey homeowners who are in their second thru seventh year of possession.

Coinciding with the timing of the Year 1 survey in 2014, we emailed qualified homebuyers an invitation to complete an online survey. We sent invitations and reminders to a randomly selected sample of ~10,165 recent new homeowners who took possession of their home between October 1, 2007 and September 30, 2013. Invitations were emailed to homeowners who had completed a Tarion CSAT survey in the past and had agreed to be recontacted by email – called a “return-to-sample” approach. The overall response rate was excellent at 22.6% and equally good for Freehold and High-Rise buyers.

The Homeowner survey for those in their second thru seventh year of possession had two parts. The first part asked questions about the homeowners’ experiences with Tarion and the second part asked questions about their experience with their builder.

Homeowners could respond online by visiting a website provided in the survey invitation or by calling a toll-free number to request that a hard copy of the survey be mailed to them. All homeowners received a personalized links to permit access to the online survey and to prevent duplicate responses. Incentives (draws for one of five cash prizes of \$500) were offered to encourage participation. The survey was offered in both English & French. *Harris/Decima* emailed a survey reminder to non-responders shortly after sending the initial survey invitation. Tarion agreed not to discuss the contents of the survey with homeowners at any time while it was in the field.

Survey invitations were mailed in October, 2014 and the published deadline to complete the survey was January 7th, 2015. Harris/Decima accepted and tabulated all surveys received on or before January 31st, 2015.

In total, we received 2,301 completed surveys. With the new “return-to-sample” approach our completions increased considerably over 2013 (~975 more). The vast majority (97%) of survey respondents in every stage reported to be the person(s) who originally purchased the home from the builder. The breakdown of the 2301 completed surveys by year of possession consisted of the following:

- 519 - 2nd year homeowners
- 408 - 3rd year homeowners
- 351 - 4th year homeowners
- 330 - 5th year homeowners
- 314 - 6th year homeowners
- 380 - 7th year homeowners

The sample of 2301 surveys is statistically weighted to represent the Homeowner population of Ontario in terms of possession year and possessions by builder size category within each year. At a 95% level of confidence, the margin of error on the total sample size of 2301 is +/- 2.0%. Results for sub-samples by each year of possession have a higher margin of error.

Executive Summary

This executive summary highlights the results from Tarion’s 2014 survey of Ontario consumers in their 2nd thru 7th year of warranty coverage (i.e., those who took possession of a new home between October 1, 2007 and September 30, 2013 – otherwise known as “2nd thru 7th year homeowners”). Where survey questions are common we compare these results with the results of Tarion’s 2014 survey of homeowners in their first year of warranty coverage (those who took possession of their home between October 1, 2013 and September 30, 2014).

This survey sought to understand homeowners’ overall impressions of Tarion and their satisfaction with Tarion’s customer service and overall warranty coverage. A copy of the questionnaire is appended to this report.

Key findings of Tarion’s 2014 2nd thru 7th Year Homeowner Impressions Survey:

- Since tracking of Years 2-7 began in 2009, the cumulative positive improvements for Tarion on key metrics that we saw decline in 2013 have returned. On four of the five specific impression metrics, the return to 2012 levels in 2014 is statistically significant:

% Agree Tarion (is)...	2014	2013	2012	2011	2010	2009
Accessible	83	81	84	81	82	80
Helps new homeowners understand their warranty rights & obligations	77	72	77	76	73	71
Listens and Understands	69	65	71	68	69	65
Easy to do business with	68	64	69	66	67	64
Makes sure new home builders fulfill their warranty obligations	67	61	67	63	62	61

- A majority of homeowners in years two through five of the warranty have a favourable impression of Tarion. However, impressions tend to be somewhat lower in years six and seven. Similarly, overall satisfaction with Tarion interactions remains high in years two through five with the more significant declines in years six and seven. This general pattern is unchanged from 2013.
- Homeowner experiences with their home and their builder and their impression of Tarion move in the same declining direction throughout the 2nd thru 7th years of the warranty lifecycle. Overall, when builders have met or exceeded homeowners’ expectations, their opinions of Tarion tend to be significantly higher. Similarly, when

builders do not meet their expectations, homeowners' opinions of Tarion are significantly lower.

- In most cases the opinions of homeowners in the 1st year possession survey are quite similar to the opinions of those in their 2nd year of possession. Satisfaction levels generally decline marginally in each of years 1, 2 and 3. The results on virtually every comparable measure show there's a further incremental "step down" whereby those in their 4th and 5th year of possession share similar but less favourable views. Similarly, homeowners in their 6th and 7th year of possession share similar but even less favourable views than those earlier in the warranty life cycle.
- Given these patterns, the data presented in the Detailed Findings section compares and contrasts results by the following groupings – 1st year, 2nd year, 3rd thru 5th years combined, and the 6th and 7th years shown separately.

Detailed Findings

The Detailed Findings are divided into four broad sections. The first and second sections explore homeowners' impressions of interactions with Tarion.

The third section presents a summary of homeowners' overall impressions, their interactions with customer service and their willingness to recommend Tarion. The fourth and final section evaluates homeowners' satisfaction with the Tarion warranty coverage.

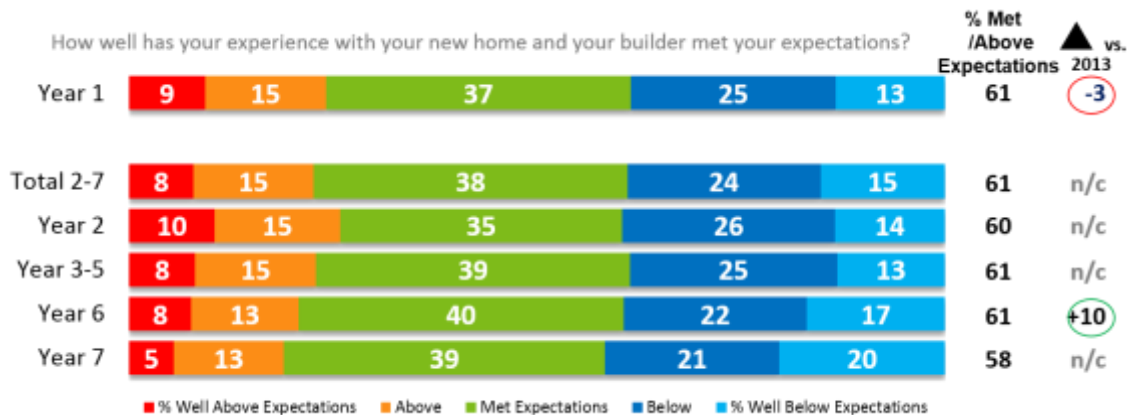
Note: Some additive percentages in this report may not sum to their component parts due to rounding of those component parts. Additive percentages (e.g., % favourable) do accurately reflect their unrounded component parts.

Homeowner Impressions of Tarion

Homeowner Experiences with their Home and Builder

Results of Tarion's survey of homeowners in their first year of possession revealed that the experience they had with their builder significantly influences their impression of Tarion. As such, we begin by examining the experience that homeowners' in their 2nd thru 7th year of possession had with their builder. These results provide context and demonstrate a common pattern of declining satisfaction across the warranty lifecycle as seen in both the builder and Tarion survey results.

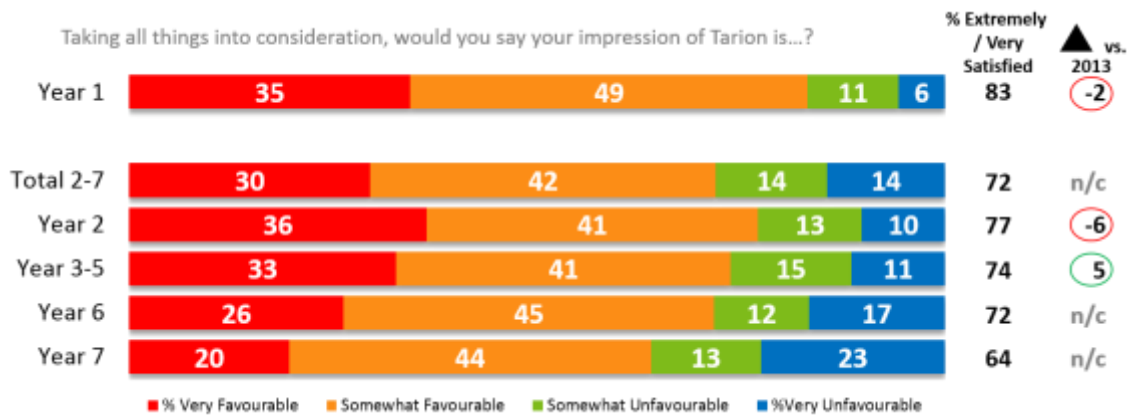
Overall, 2nd thru 7th year results show minimal change since 2013, with the exception of a significant increase in scores (+10%) from those in year 6.



Homeowner Overall Impressions of Tarion

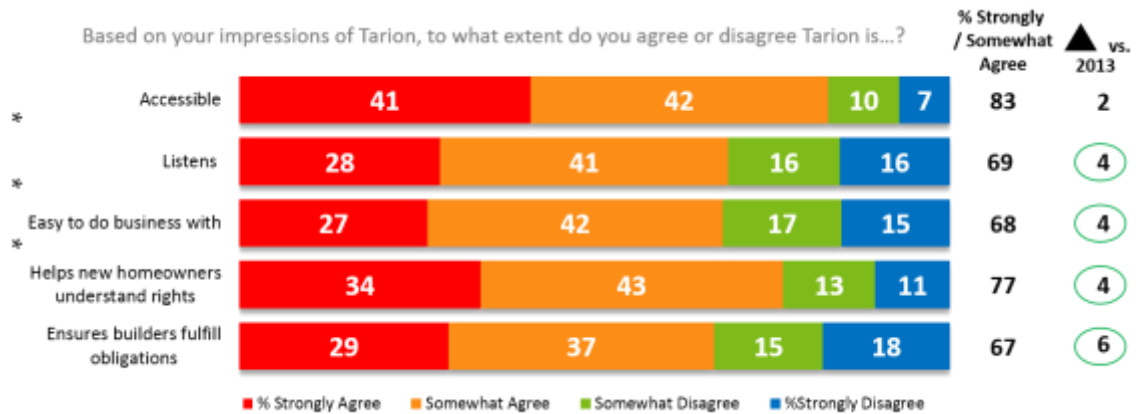
Impressions of Tarion among 2nd year homeowners remain quite positive, with 77% holding a “Somewhat Favourable” or “Very Favourable” view of Tarion. Note that across the 2nd thru 7th year warranty lifecycle, homeowners’ impressions of Tarion move in the same gradual declining direction as their satisfaction with their home and builder experience.

Overall, when homeowners report that builders have met or exceeded their expectations, opinions of Tarion tend to be significantly higher. Similarly, when builders do not meet expectations, homeowners’ opinions of Tarion are significantly lower. Thus, the experience with the home and builder considerably contextualizes impressions of Tarion.



Specific Impressions of Tarion

Homeowners were offered the opportunity to agree or disagree with a number of more specific statements capturing their impressions of Tarion. We see a significant increase over 2013 and for these specific impressions of Tarion among Year 2 thru 7 homeowners, the current year gains versus 2013 essentially bring us back up to 2012 levels



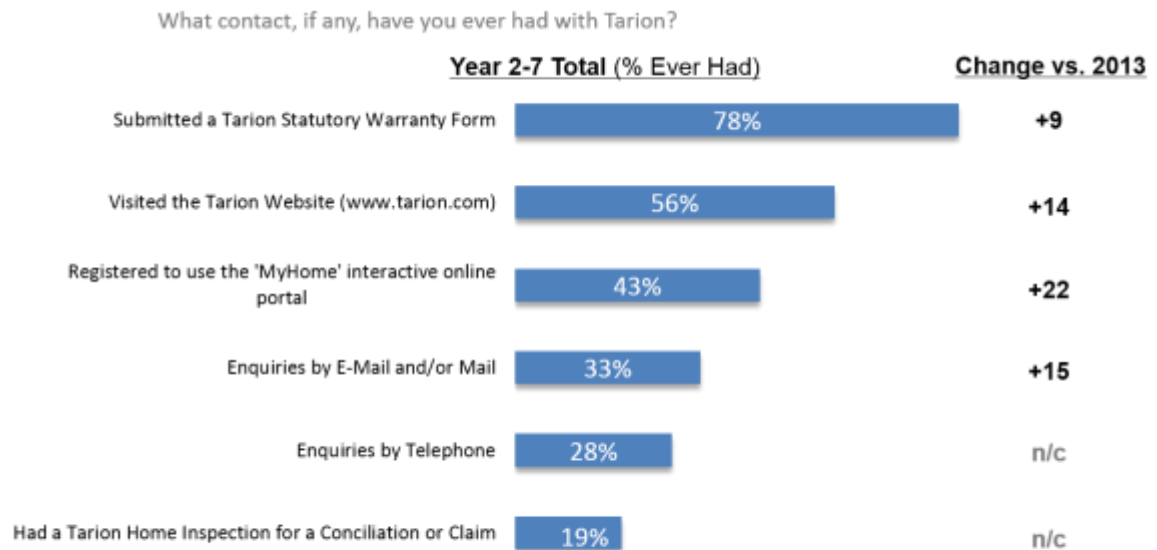
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Homeowners Evaluate Tarion’s Service Capabilities

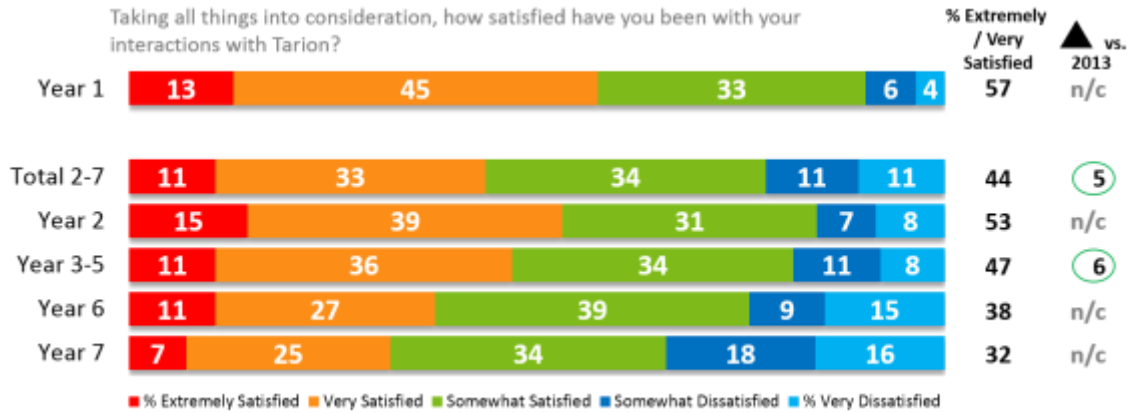
Nature of Contact with Tarion

In general, 2014 Year 2-7 Homeowners report higher rates of interaction with Tarion – particularly MyHome registration. That’s a continuing trend and is also in part related to the “return-to-sample” approach to survey respondents. The majority of homeowners in their second to seventh year of warranty coverage report interacting with Tarion by submitting a statutory warranty form (78%), by using Tarion’s website (56%), or by MyHome registration (43%).



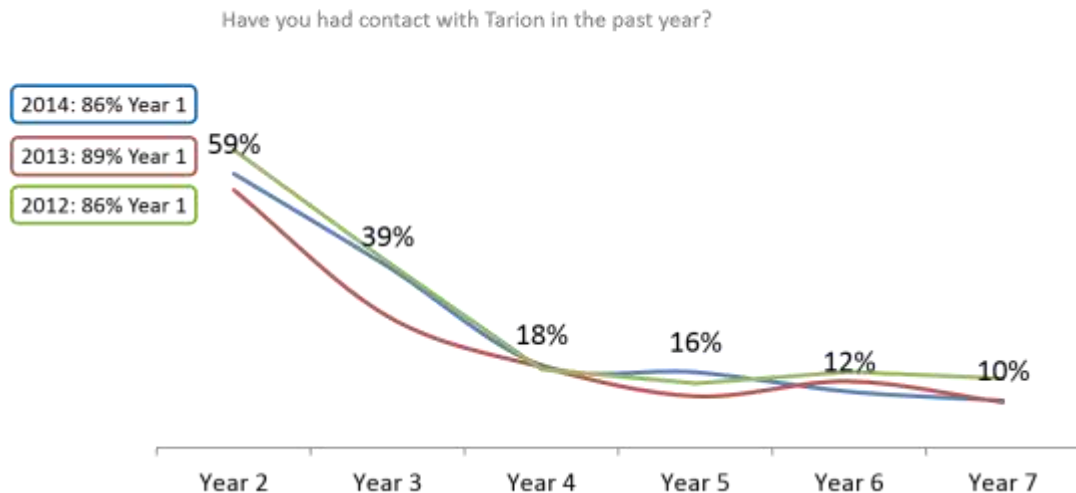
Homeowner Overall Interactions with Tarion

Earlier in the warranty lifecycle (e.g., 1st and 2nd years) homeowners express higher satisfaction with Tarion Interactions. Responses from 3rd - 5th year homeowners who expressed being “extremely” or “very” satisfied, increased significantly to 47% in 2014. For the aggregate grouping of years 2-7, this represents an overall 5% increase in satisfaction with Tarion Interactions.



Homeowner Contact with Tarion over the Past Year

Overall, 2014 reported rates of contact with Tarion are highly similar to prior years.



Perceived Change in Tarion's Commitment to Customer Service

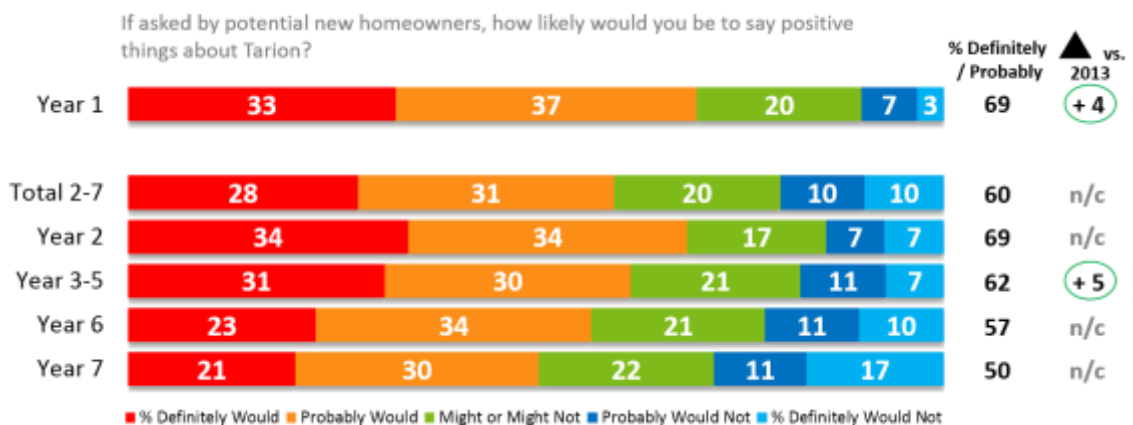
Perceptions of a change in Tarion's customer service commitment are steady. It's important to note many homeowners (47%) cannot express an opinion on how Tarion's commitment to customer service has changed throughout their warranty experience.



Homeowner Advocacy of Tarion

Likelihood of Homeowners Recommending Tarion

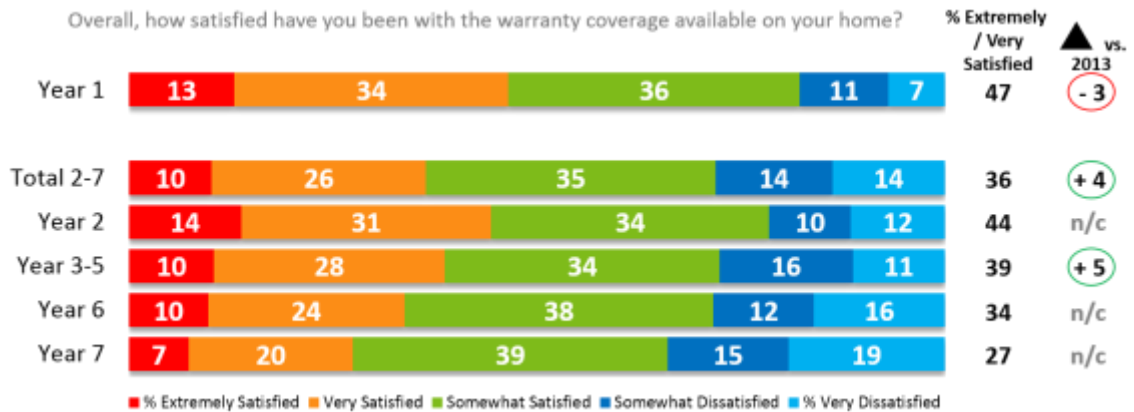
Homeowners' in their first and second year of possession remain significantly more likely to recommend Tarion, with 69% likely to say positive things about Tarion. This level of advocacy declines somewhat among 3rd thru 7th year homeowners. Those in their 7th year of possession are least likely to make positive comments about Tarion to others.



Warranty Satisfaction & Repair Timeline Awareness

Overall Satisfaction with the Warranty Coverage

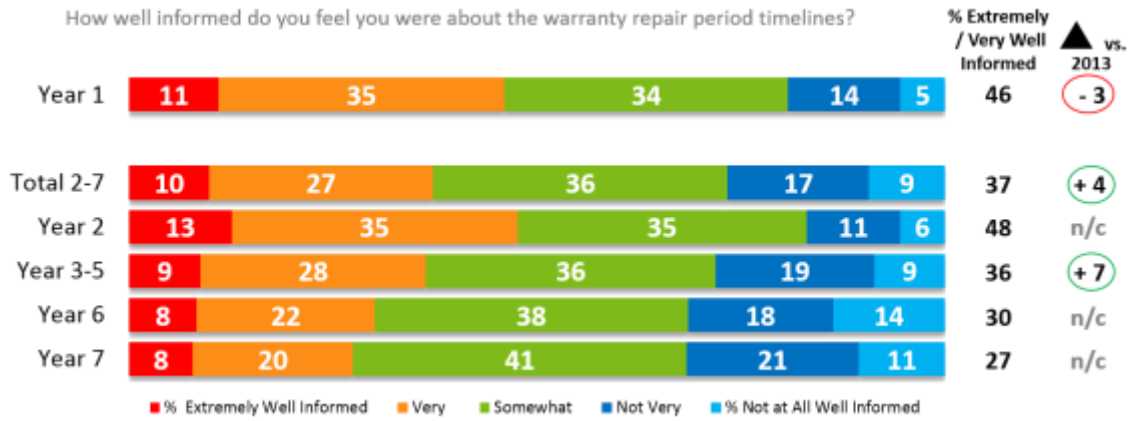
When asked about their overall satisfaction with the warranty coverage available on their home, 2nd year homeowners demonstrate a comparable level of satisfaction (44%) to those in their 1st year of warranty coverage (47%). The pattern of decline across the warranty life cycle continues with this metric assessing coverage satisfaction.



Awareness of Warranty Repair Period Timelines

Overall, those who most recently purchased a new home report a better understanding of the warranty repair period timelines. In 2014, the number of 1st year homeowners reporting feeling “Very” or “Extremely Well Informed” about the warranty repair period timelines saw a decrease to 46% (down 3% from 49% in 2013). In contrast, those in years 2-7 increasingly reported feeling “Very” or “Extremely Well Informed”.

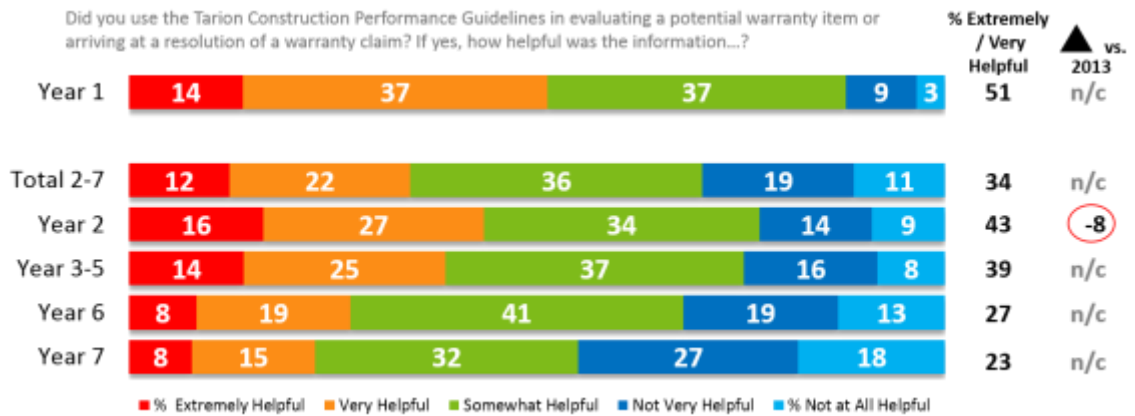
Comparatively, 1st and 2nd year homeowners are more likely than homeowners later in the warranty lifecycle to say they were “Very” or “Extremely Well Informed”.



Using the Tarion Construction Performance Guidelines (CPG)

All combined, 34% of homeowners in years 2-7 make use of the CPG to help evaluate a potential warranty item or arrive at a resolution of a warranty claim (no change from 2013). Year 2 owners had a significant decrease of 8% over 2013 in rating the helpfulness of the information.

There are much lower levels of perceived helpfulness in years 3 thru 7 compared to those in years 1 and 2.



APPENDIX

Tarion Homeowner Satisfaction Survey

This study is being conducted by Harris/Decima Research on behalf of the Tarion Warranty Corporation (formerly the Ontario New Home Warranty Program). All your responses will be kept anonymous and strictly confidential.

Complete the survey online by going to <http://www.harrisdecima.com/Tarion/> and typing in your unique ID number –

Remplissez le sondage en ligne en vous rendant à l'adresse suivante : <http://www.harrisdecima.com/Tarion/> et inscrivez ensuite votre numéro d'identification unique :

Your Home & Understanding Your Experience with Tarion

1. Are you the person(s) who originally purchased this home from your builder?

₁ Yes

₂ No — If no, record # of years you've been in the home: _____ (Skip to A3)

2. Did you close and/or take occupancy of your new home on the originally scheduled or properly extended date?

₁ Yes

₂ No

3. Is your home a dwelling that's part of a newly developed subdivision or is it a condominium unit?

₁ Part of a newly developed subdivision

₂ Condominium unit

₃ Other

4. What contact, if any, have you ever had with Tarion? Please check all that apply.

₁ Enquiries by Telephone

₂ Enquiries by E-Mail and/or Mail

₃ Submitted a Tarion statutory warranty form [e.g., 30-day Form, Year-End Form, Second-Year Form; Major Structural Defect (MSD) Form]

₄ Had a Tarion home inspection for a Conciliation or Claim

₅ Visited the Tarion Website (www.tarion.com)

₆ Registered to use the Tarion "MyHome" homeowner online service

₇ None of these (If "None of these" SKIP to A7)

5. Have you had contact with Tarion in the past year?

₁ Yes

₂ No

6. Taking all things into consideration, how satisfied have you been with your interactions with Tarion?

₅ Extremely Satisfied

₄ Very Satisfied

₃ Somewhat Satisfied

₂ Somewhat Dissatisfied

₁ Very Dissatisfied

