



2015 Homeowner Survey Results (Years 2-7)

Understanding Homeowner Impressions of Tarion

Submitted to: Tarion Warranty Corporation

February 2016

research insights & advice

CRUNCH

nielsen
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Introduction

CRUNCH research insights & advice and *Nielsen* are pleased to present this report to Tarion Warranty Corporation highlighting the results from a recently completed survey of homeowners who are in their second through seventh year of possession of a new construction dwelling in Ontario (“homeowners”). For the seventh time since 2009, Tarion surveyed new homeowners in their second through seventh 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

CRUNCH research insights & advice Inc., worked with Tarion to update the questionnaire used to survey homeowners who are in their second through seventh year of possession.

Coinciding with the timing of the Year 1 survey in 2015, we emailed qualified homebuyers an invitation to complete an online survey. We sent invitations and reminders to a randomly selected sample of ~8,290 recent new homeowners who took possession of their home between October 1, 2008 and September 30, 2014. 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 survey was offered in both English & French. Nielsen emailed several waves of survey reminders to non-responders to enhance response rates. The overall response rate was excellent at 27.2%.

The Homeowner survey for those in their second through 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. All homeowners received a personalized link 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. 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, 2015 and the published deadline to complete the survey was January 7th, 2016. Nielsen accepted and tabulated all surveys received on or before this date.

In total, we received 2,255 completed surveys. 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 2255 completed surveys by year of possession consisted of the following:

- 386 - 2nd year homeowners
- 363 - 3rd year homeowners
- 349 - 4th year homeowners
- 424 - 5th year homeowners
- 399 - 6th year homeowners
- 334 - 7th year homeowners

The sample of 2255 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 2255 is +/- 2.1%. 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 2015 survey of Ontario consumers in their second through seventh year of warranty coverage (i.e., those who took possession of a new home between October 1, 2008 and September 30, 2014 – otherwise known as “2nd - 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, 2014 and September 30, 2015).

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 2015 2nd - 7th Year Homeowner Impressions Survey:

- Since tracking of Years 2-7 began in 2009, the 2015 results reveal the highest ever level of customer satisfaction. More specifically, the cumulative positive improvements for Tarion on key metrics that declined in 2013 are trending positive again.

% Agree Tarion (is)...	2015	2014	2013	2012	2011	2010	2009
Accessible	84	83	81	84	81	82	80
Helps new homeowners understand their warranty rights & obligations	77	77	72	77	76	73	71
Listens and Understands	72	69	65	71	68	69	65
Easy to do business with	70	68	64	69	66	67	64
Makes sure new home builders fulfill their warranty obligations	68	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 has been a consistent, general pattern since the survey began in 2009.
- Homeowner experiences with their home and their builder and their impression of Tarion follow the same pattern. 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.

- Although most results related to Tarion impressions are stable to improving, when asked about their overall satisfaction with the *warranty coverage* available on their home, 2nd year homeowners exhibit a significant decline in their level of satisfaction (down by 7% to 37%) compared to 2nd year homeowners in 2014. Notably, those in their 1st year of also declined on the warranty coverage measure this year (down by 3% to 44%).
- 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.

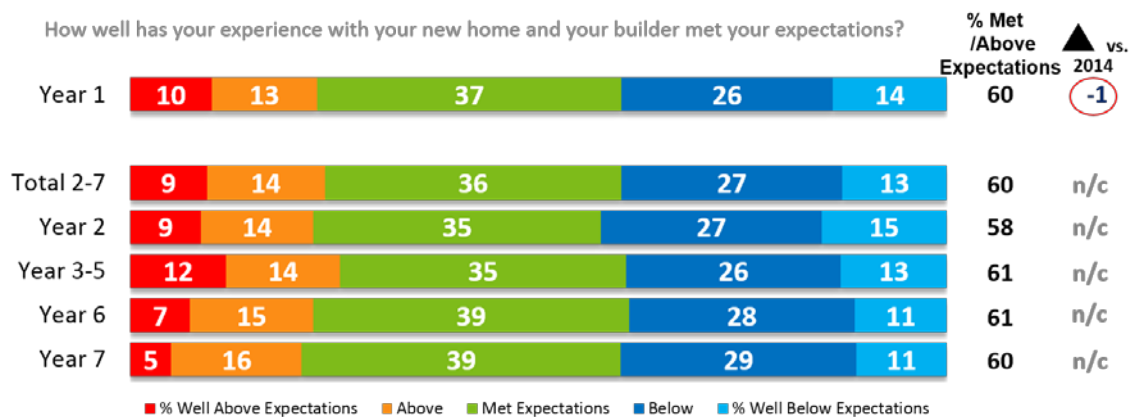
Note: Some additive percentages in this report may not sum to their component parts due to rounding of those component parts. Additive percentages (e.g., % favourable) do accurately reflect their unrounded component parts.

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 second through seventh year of possession had with their builder. These results provide context and demonstrate a relatively stable reflection on *builder* satisfaction levels across the warranty lifecycle.

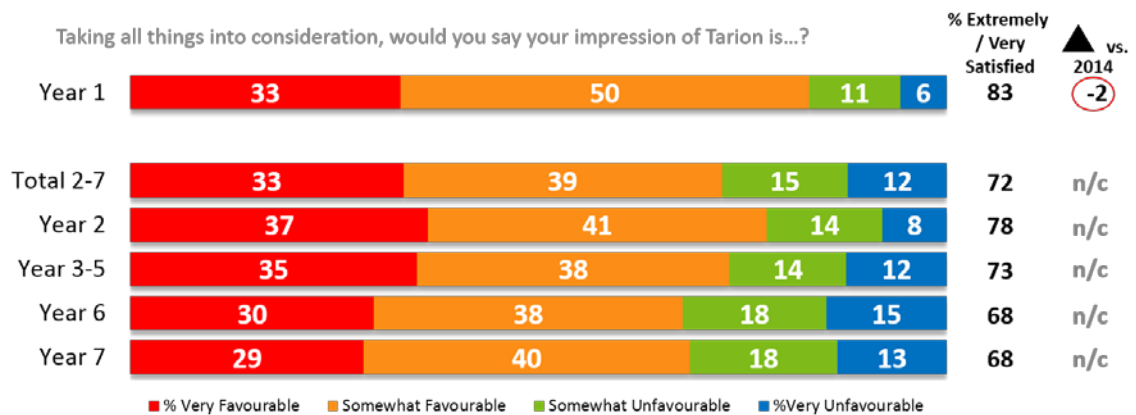
Overall, second through seventh year results show no change since 2014.



Homeowner Overall Impressions of Tarion

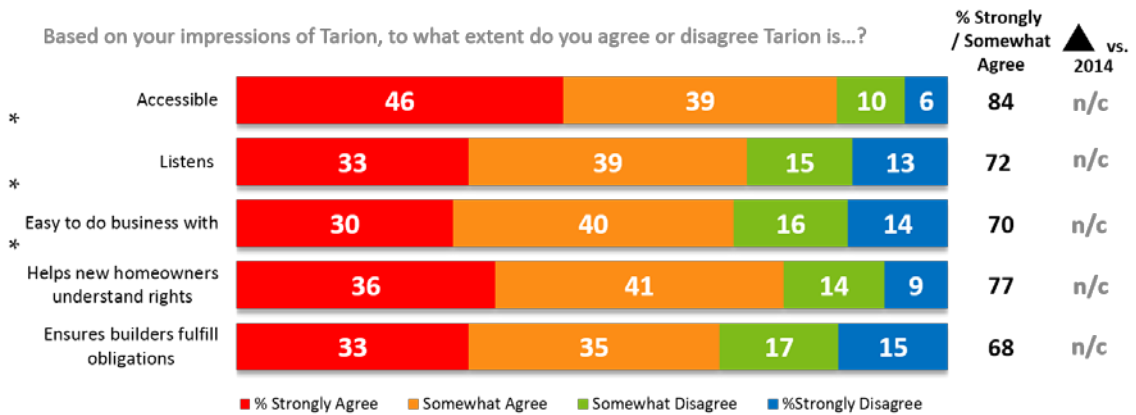
Impressions of Tarion among 2nd year homeowners remain quite positive, with 78% holding a “Somewhat Favourable” or “Very Favourable” view of Tarion. Note that across the second through seventh year warranty lifecycle, homeowners’ impressions of Tarion move in the same gradual declining direction as their 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 their impressions of Tarion.



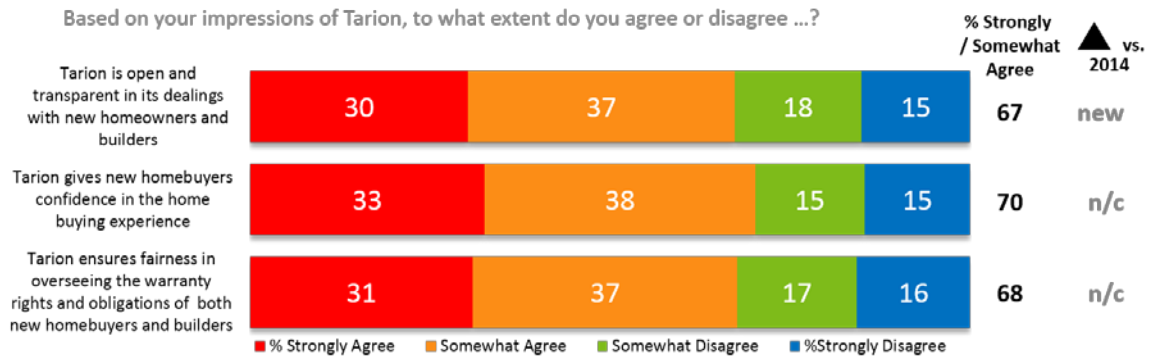
Specific Impressions of Tarion

Homeowners were offered the opportunity to agree or disagree with a number of more specific statements capturing their impressions of Tarion. We see no significant change over 2014 for these specific impressions of Tarion among Year 2 thru 7 homeowners.



* Indicates Corporate Key Performance Indicator

New in 2015, two-thirds (67%) agree Tarion is open and transparent in its dealings with new homeowners and builders. Two other recently added metrics gauging perceptions of Tarion's role in instilling homebuyer purchase confidence and Tarion's fairness received stable ratings.



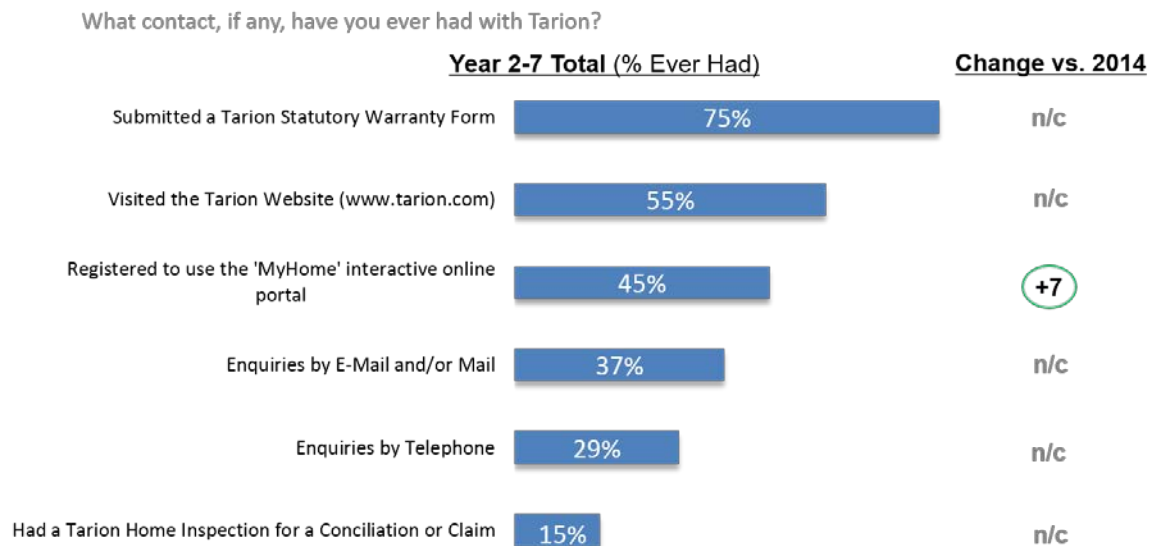
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Homeowners Evaluate Tarion’s Service Capabilities

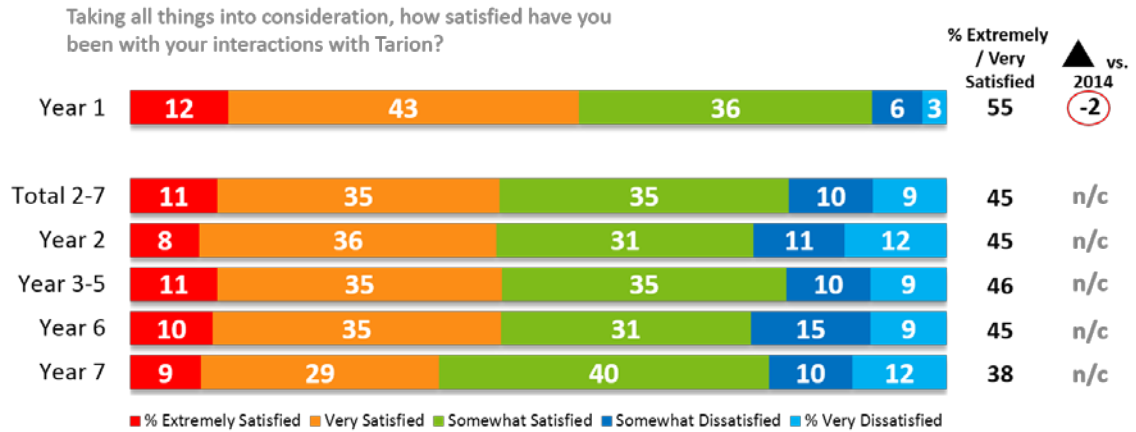
Nature of Contact with Tarion

In general, 2015 Year 2-7 Homeowners report higher rates of interaction with Tarion – particularly MyHome registration (+7%). Homeowners in their second to seventh year of warranty coverage report interacting with Tarion in three primary ways: (i) by submitting a statutory warranty form (75%), (ii) by using Tarion’s website (55%), or (iii) by MyHome registration (45%).



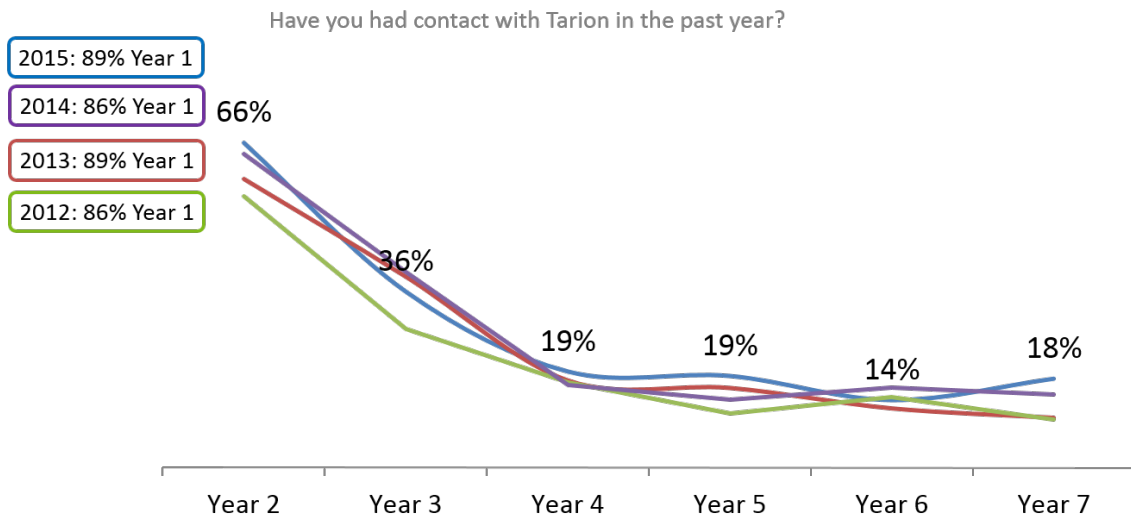
Homeowner Overall Interactions with Tarion

Earlier in the warranty lifecycle (e.g., 1st and 2nd years) homeowners express higher satisfaction with Tarion Interactions. Responses from year 2-7 homeowners who expressed being “extremely” or “very” satisfied did not change over 2014.



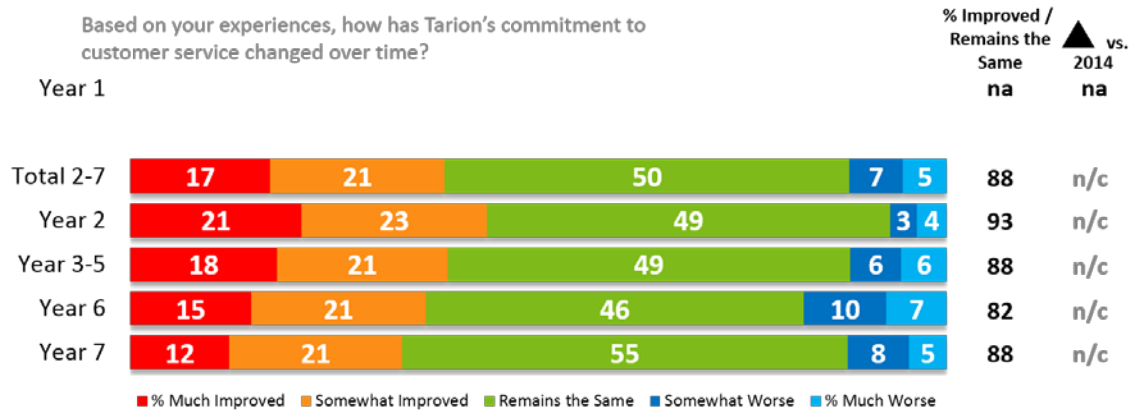
Homeowner Contact with Tarion over the Past Year

Overall, 2015 reported rates of contact with Tarion are highly similar to prior years.



Perceived Change in Tarion's Commitment to Customer Service

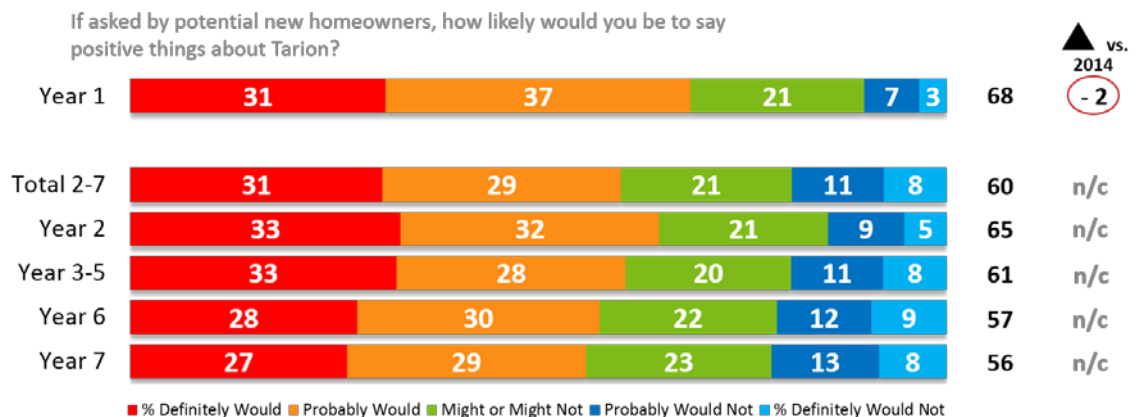
Over the warranty lifetime cycle, perceptions of a change in Tarion's customer service commitment are steady. It's important to note many homeowners (43%) cannot express an opinion on how Tarion's commitment to customer service has changed throughout their warranty experience. As noted on the previous page very few homeowners report contact with Tarion in the latter stages of the warranty which would suggest the majority of respondents have no issues to report and therefore can't comment on how Tarion's commitment to customer service has changed.



Homeowner Advocacy of Tarion

Likelihood of Homeowners Recommending Tarion

Homeowners in their first and second year of possession remain more likely to recommend Tarion, with 68% (year 1) and 65% (year 2) 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 (56%).

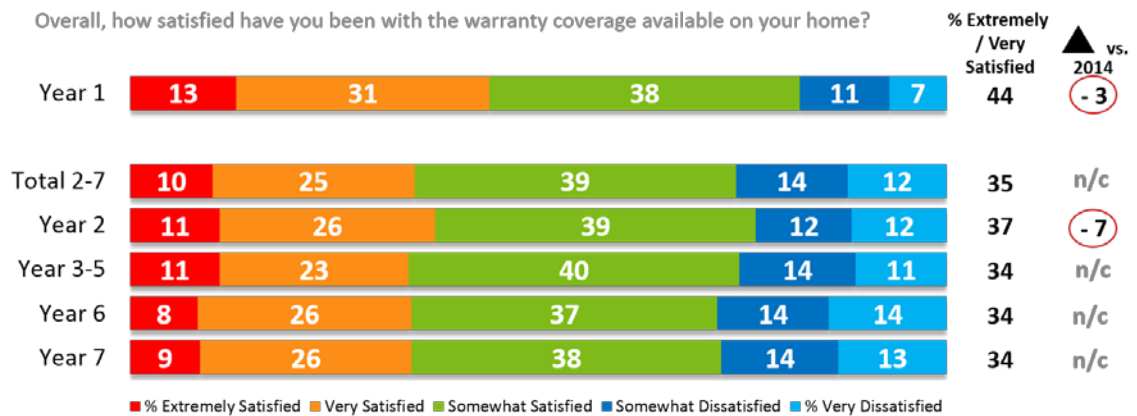


Warranty Satisfaction & Repair Timeline Awareness

Overall Satisfaction with the Warranty Coverage

When asked about their overall satisfaction with the *warranty coverage* available on their home, 2nd year homeowners took a significant decline in their level of satisfaction (37%) compared to 2nd year homeowners in 2014. Those in their 1st year of warranty coverage also saw a decline this year (44%).

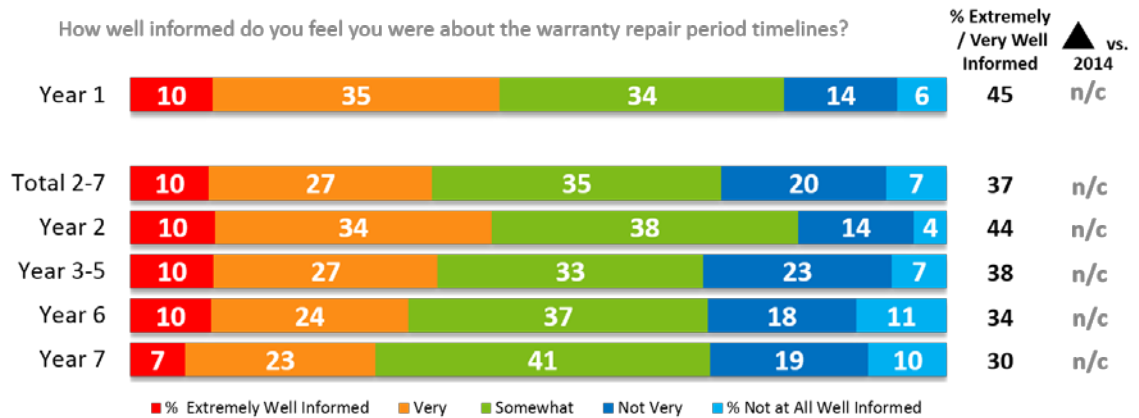
This year-over-year decline among Year 2 respondents is most notable among Freehold homeowners. Looking further into their impressions we note they also report significantly lower satisfaction with warranty repair period timelines and a weaker sense of feeling informed about those timelines.



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 2015, the number of 1st year homeowners reporting feeling “Very” or “Extremely Well Informed” about the warranty repair period timelines remained steady at 45%. There was no significant change for those in years 2-7 on this measure.

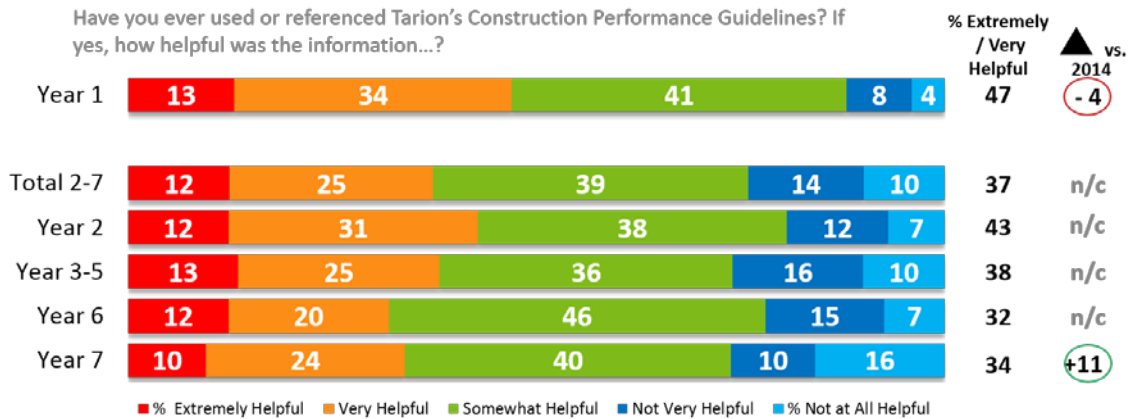
Comparatively, 1st and 2nd year homeowners are more likely than homeowners later in the warranty lifecycle to say they were “Very” or “Extremely Well Informed”.



Using the Tarion Construction Performance Guidelines (CPG)

All combined, 37% 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 2014). Year 7 owners had a significant increase of 11% over 2014 in rating the helpfulness of the information.

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



APPENDIX