

The *value* of smart home technology and FTTH to a Homeowner

A new survey of homebuyers says they want FTTH and high-tech homes. Really.

Diane Kruse ■ *ZoomyCo*

I am a technology geek. I, and I'm going out on a limb here admitting this, waited with eager anticipation for the 2006 technology predictions to hear about the hottest new tech trends to hit our industry this coming year. I like networks, numbers, spreadsheets, gizmos, and technology thingamajigs. I also, and I cringe when I state this, do not know how to program my VCR, or err, DVR. I like other people to read the operating manuals and then give me the highlights.

Many of us industry professionals understand what technology can do. We are all well versed in the cool applications of Fiber to the Home, iPods, iTunes, digital video recorders, smart appliances, IPTV, and other gee-whiz gadgetry. But what does the *average home buyer* think about these "cool, technology thingamajigs?" Is innovation and technology as important to the average home buyer as it is to us geeky technology folks? And just how many technology geeks might there be? Are there enough of us to make a market?

Real estate developers are keen on understanding the answer to these questions. On a philosophical level, developers now understand the value of Fiber to the Home, and that bandwidth, and more of it, is appealing. However, does the developer really care about gizmos, gadgets, bandwidth, and download speeds, enough to break with the status quo and pay more for Fiber to the Home? Does Fiber to the Home and smart appliances create value for the home buyer? In other words, will the developer be able to sell more homes with this technology in place? That, my friend, is the important question.

Technology today means that home

buyers can have their refrigerator compile a grocery list. They can turn lights on and off remotely, or programmed ahead of time. Technology today means having a personal computer, or several personal computers at home, cranking away at shopping and entertainment. The computers might be downloading and storing music, data and movies, to be viewed when it is convenient. Technology today means cell phones can play music, show television clips, swipe credit cards, scan product labels, act as debit cards, locate a person on a map, wire

The survey reveals that technology and innovation are indeed important to home buyers. The survey tracked three types of home buyers: "Bona Fide Tekkies," "Maybe Tekkies" and "Not Really a Tekkie." We technology geeks are more widespread than perhaps thought. Some 24 percent of the respondents said they were "Bona Fide Tekkies," excited about what technology could do for their home. They say they are willing to pay more for a home that has smart appliances, willing to pay more for better inside wiring and fiber to the home.

Will the developer be able to sell more homes with this technology in place?

That, my friend, is the important question.

money to bank accounts and send video voice mail. Heck, cell phones can even show full-length movies – that's if anyone will want to stare at their phone for that long.

Fiber to the Home enables downloading and uploading huge data files – movies, entertainment, music, thousands of channels, interactive TV and the like... all available because of the capability to support huge amounts of bandwidth.

Do home buyers want this technology in their homes? Will it make their lives easier, or ever more complex?

To answer some of these questions, and many others, American Lives, a market research group in Carmel Valley, CA, surveyed 500 buyers in 11 states, using a survey form mailed to 2,000 recent buyers of both new construction and resale homes priced between \$100,000 and \$500,000.

They are heavy users of technology, the Internet and these "cool, technology gizmos." These Bona Fide Tekkies earned more than other segments, buy more expensive homes and choose high-speed broadband services as a top contributing factor in the decision to buy the home. An amazing 58 percent of these Bona Fide Tekkies had shopped for their homes on-line.

Another promising market: 43 percent of the respondents – the largest percentage of the buyers – were "Maybe Tekkies," receptive to the technology. They would also rather purchase a home that had fiber than a home that does not. They were not willing to pay more for this technology but would purchase a home that was wired over purchasing a home that wasn't – as long as they didn't have to pay "an arm and a leg" more.

We add this up, and 67 percent of the

respondents were heavy technology users, 77 percent of all respondents want wiring for technology in their homes, and a quarter of the total marketplace would pay more for this.

The remaining third of the survey respondents fell into the “Not Really a Tekkie” category. This group regards technology with fear and trepidation. Most of the people in this category say they believe that technology will eventually make our lives easier. The last thing they want in their home is more technological stuff, however. These buyers tend to be older, and earn less than the Bona Fides and the Maybe folks.

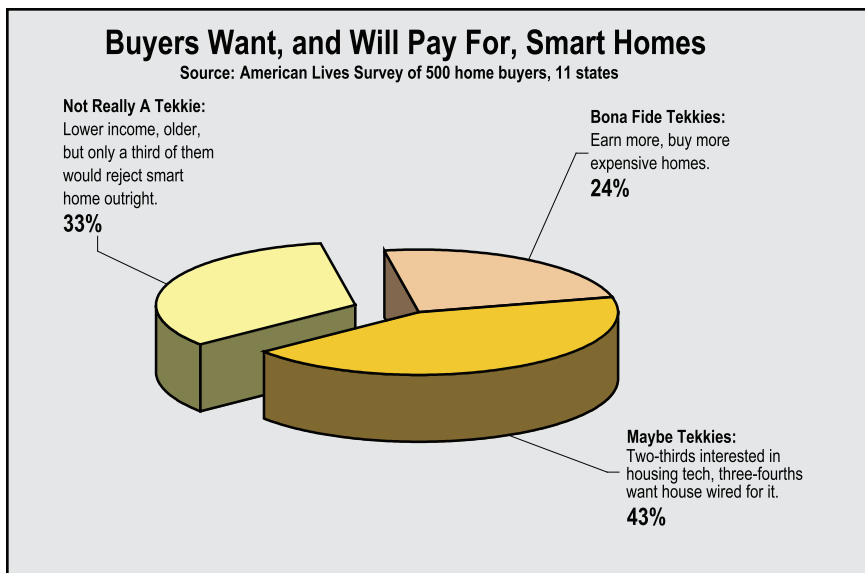
Among the respondents, 60 percent say “houses should be built like new cars with computerized controls.” Nearly 64 percent said they would be interested in having an integrated “smart house” system.

More importantly, though, across the board, consumers are willing to pay for more for simplicity and convenience. To gain widespread use of Fiber to the Home enabling technologies, a product or a system has to offer a solution to a problem, and be simple and convenient to use. Like me, most people do not want to read operating manuals. It needs to be simple, straightforward and intuitive.

NextGen Home

Problem solving technology and affordability were the main motivations behind the NextGen Demonstration Home, which was on display at the Las Vegas Consumer Electronics Show and the International Builders Show last year. Consumers were extremely enthusiastic about many of its features, while many builders and contractors were less

We add this up, and 67 percent of the respondents were heavy technology users, 77 percent of all respondents want wiring for technology in their homes, and a quarter of the total marketplace would pay more for this.



American Lives, Inc. mailed 2,000 surveys to recent buyers of both new construction and resale homes priced between \$100,000 and \$500,000. Included in the sample were buyers from California, Georgia, Illinois, Arizona, Colorado, Florida, North Carolina, New Jersey, Nevada, Texas and Washington. The response rate was 25 percent. The cost of the report is \$225; for more information, call American Lives at 510-595-2080.

so. Contractors and builders are skeptical of many new technology products because they equate technology with increased cost.

The goal of iShow, organizer of NextGen, is to incorporate the most advanced technology available within the home, as well as the latest in safety and energy efficiency, and still be affordable.

The NextGen home featured more than 120 high-tech products and systems. At the January 2006 show (just after this issue went to press), the NextGen home highlights wireless technology by the Z-Wave Alliance that allows homeowners to manage their home from anywhere in the world, and The Connect Io™ Intelligent Oven® that can be controlled from any computer or phone.

The home will also bring attention to

new technologies such as electronic faucets and tankless water heaters — providing homeowners with the peace of mind that comes from knowing energy bills will be lowered.

The home will also address the market’s growing turn toward green building and healthy homes, including innovations such as no VOC (volatile organic hydrocarbons) paint and natural organic ornamental plantings and turf.

Another feature displayed is the Microsoft Media Center PC and the My Home application by Custom Home Control.

With it, the home owner can control lighting, heating and air conditioning, the security system, music throughout the house, security cameras, the pool system, and the locking and unlocking of exterior doors and windows. My Home is completely Web-based, enabling control from anywhere in the world. More importantly, however, the My Home controls are easy to learn, far less complicated than a TV remote. **BBP**

About the Author

Diane Kruse is CEO of ZoomyCo and Chairman to the Fiber-to-the-Home Council. She can be reached at dkruse@zoomyco.com.