

Consumer Mindset: Energy Management & The Smart Grid

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Parks Associates' ongoing assessment of the Residential Energy Management (REM) market includes extensive primary consumer research to determine and monitor the mindset of consumers and their motivations when adopting REM solutions. Parks Associates' latest REM research reveals 80% of U.S. consumers invested in some form of energy-saving home improvement for their current home.

Consumers made these home improvements not only to save money but also to enhance their lifestyle. In fact, 65% of people investing in energy-saving home improvements did so to make their homes "more comfortable".

This is an important point for those marketing energy management solutions: consumers want savings, but they will also spend on energy solutions to improve the overall comfort level, aesthetic, and value of their home. Companies should take all these considerations into account when deploying and marketing REM solutions, in addition to the other digital systems and devices operating in the home (more on these factors later).

Awareness of the Smart Grid

Consumer awareness of "smart grid" and "smart meter" continues to be persistently low; however, consumer demand for energy-related solutions is moving higher. Current smart grid marketing efforts will help continue this momentum. Utilities and smart grid technology developers have already implemented some marketing strategies in order to introduce and educate consumers to the concept of smart meters, smart grids, and their impact:

- Mail inserts with the utility bill
- Focused websites
- Traditional media (newspapers & TV)
- Social networking
- Road tours

Technology vendors are supporting utilities in their marketing efforts. GE's "[It's Your Smart Grid](#)" is a good example of such an effort. It offers a holistic view of the smart grid, including reasons why consumers should embrace the concept and how they can support it. The site's approach is broad, and instead of simply informing consumers about the benefits of a smart meter, it educates visitors about the environmental and political factors impacting the power industry.

These efforts are important in building awareness and support for the utilities' efforts. They already face major hurdles in their AMI deployments:

- Persistent economic woes in the U.S. and worldwide are hindering the ability for utilities to make large investments

- Many of the benefits require approval of new tariffs and may take several years to reach the end user
- There is a persistent disconnect in motivations, as utilities seek to shed load but consumers are motivated by savings, which are not always immediate or apparent

Expanding Beyond Controls

As the REM market expands beyond counting megawatts to include home enhancements, controls, and other connected-home offerings, the utility-based HAN (home area network) ecosystem has expanded accordingly. Several communication standards groups initiated collaborations, including ZigBee, HomePlug, and Wi-Fi as well as the HomeGrid Forum and the Z-Wave Alliance, in order to increase integration opportunities and choices for manufacturers, utilities, and consumers.

Several major companies (such as ADT, GE, Verizon, AT&T, and Motorola Mobility) have entered the REM market, which will have tremendous beneficial impact on consumer education and early adoption. These efforts should be highly successful at generating interest, given the strong consumer demand for energy-saving solutions.

A variety of factors is driving consumer interest in energy-related solutions. We have already identified cost savings and enhancements to lifestyle and home value as contributing to early adoption of energy-related solutions. Aligning energy solutions with the prevalent anytime/anywhere expectations that come with adoption of smartphones and tablets/iPads is the next big step in expanding interest in REM.

Consumer Segments Most Interested in REM

Extending REM to these advanced devices is important because their ownership is a significant indicator when segmenting consumer interest in energy monitoring services. Parks Associates' 2011 consumer studies found smartphone owners are substantially more interested than non-owners in energy monitoring services. Their significantly higher interest levels sustain even when presented with a hypothetical monitoring service costing \$10 extra per month.

U.S. broadband households subscribing to security monitoring services also show higher interest compared to non-subscribers. These findings underscore the need to bundle REM with complementary service packages and extend the service to emerging devices in the digital home.

Given the players entering the market ready to undertake these strategies, combined with the strong demand from consumers, Parks Associates forecasts rapid growth in the REM market over the next few years. The percentage of U.S. households with some form of energy management network will rise from 2% in 2011 to 13% by 2015.

Over the next five years, the REM market will include more entrants with new technology solutions, growing consumer awareness of benefits and value, and significant growth in sales volumes.