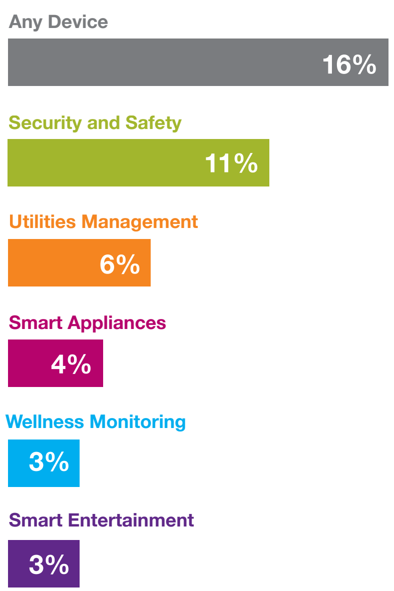
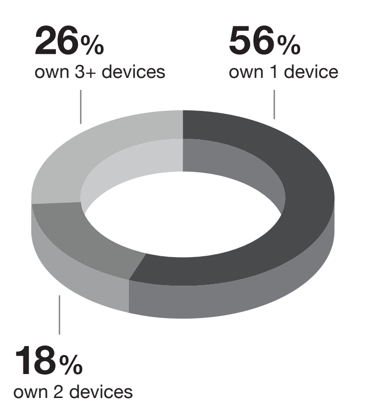
# THE CONNECTED HOME MARKET

In the span of a few short years, connected devices have entered the homes of millions of Americans, and are now poised for a new wave of growth. In this survey, approximately 2,000 U.S. households were asked for their views on the connected home, revealing distinct customer segments and key issues that need to be tackled in order to unlock this growth.

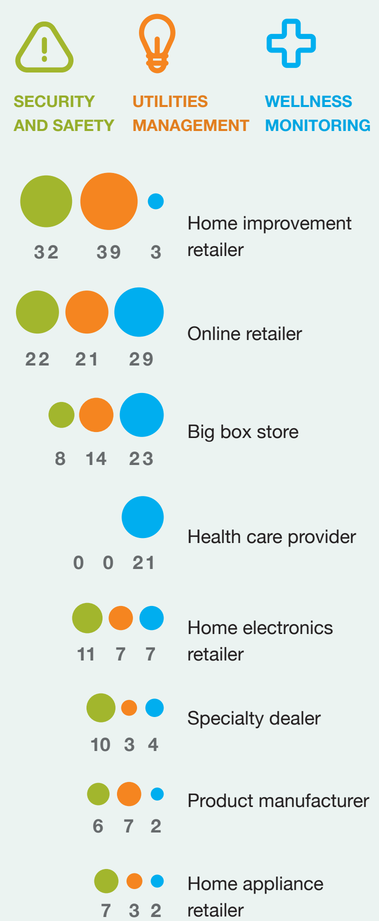
## Current Device Owners




## Connected Home Users



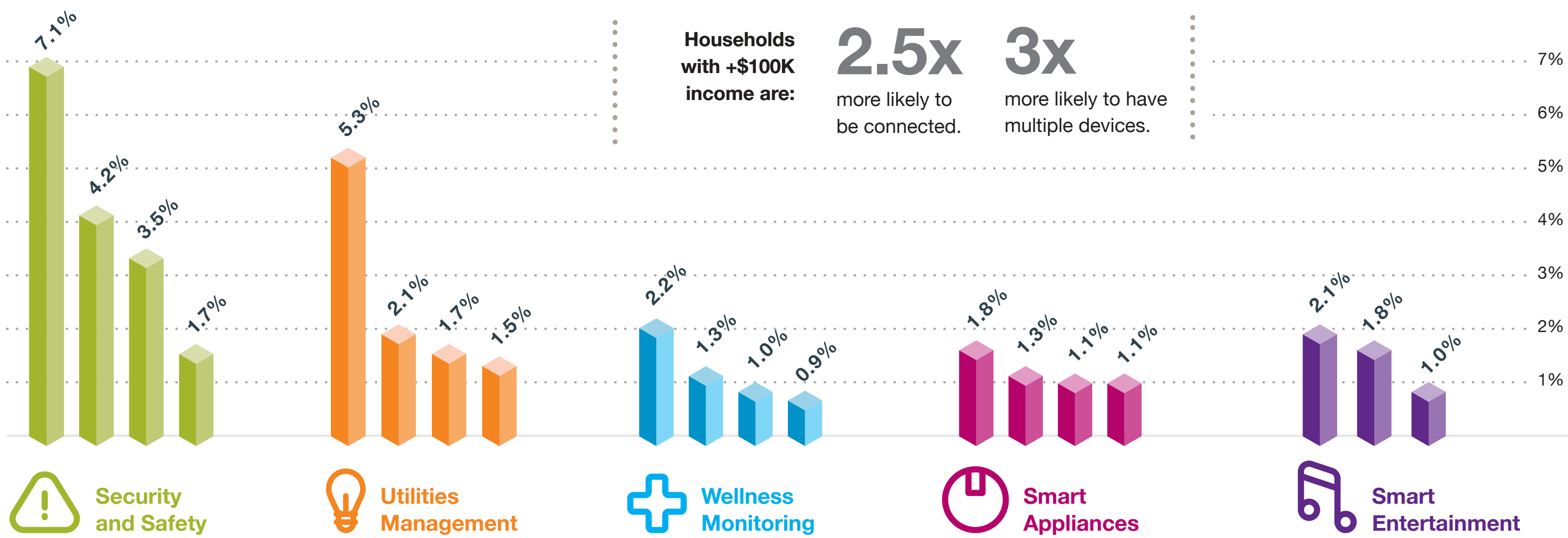

## Where Users Purchase Their Devices (Retailers)




Overall, non-users have similar store preferences for future connected home purchases.

## Penetration of devices

Households with +$100K income are: **2.5x** more likely to be connected. **3x** more likely to have multiple devices.




**Security and Safety**
1. Connected smoke/CO detector
2. Remote video
3. Connected lock
4. Connected leak detector

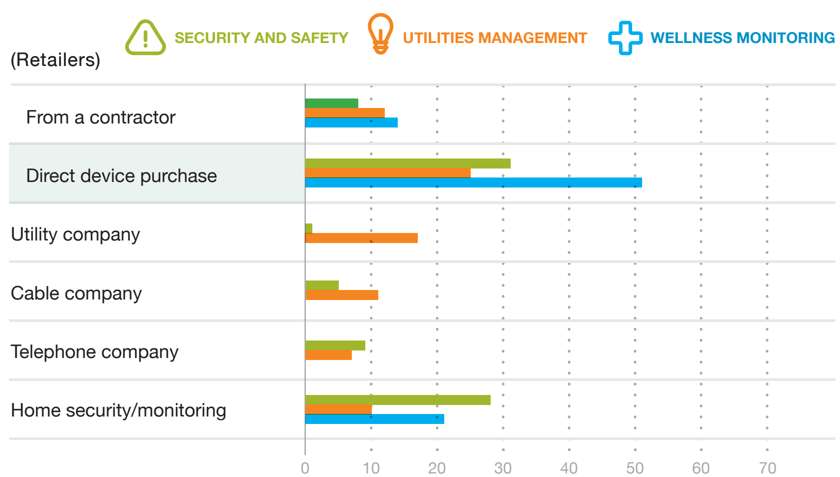
**Utilities Management**
1. Connected thermostat
2. Connected lighting
3. Connected energy tracking
4. Connected lawn sprinklers

**Wellness Monitoring**
1. Vitals data uploading
2. Connected scale
3. Elderly/child activity uploading
4. Connected pill case

**Smart Appliances**
1. Connected washer/dryer/dishwasher
2. Connected stove/oven
3. Connected refrigerator/pantry
4. Connected cleaning/vacuum

**Smart Entertainment**
1. Multi-room music
2. Seamless audio/video playback
3. Room-controlling home theater

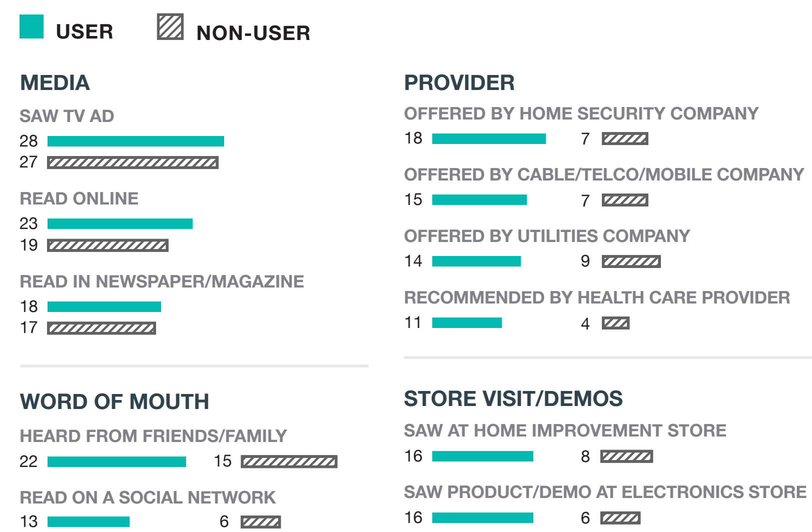
## How Users Adopt Their Devices




**~40%** of connected home solutions are purchased from service providers.

**25–50%** more devices are purchased when a customer buys from a service provider.

## Awareness Channels for Connected Home Products

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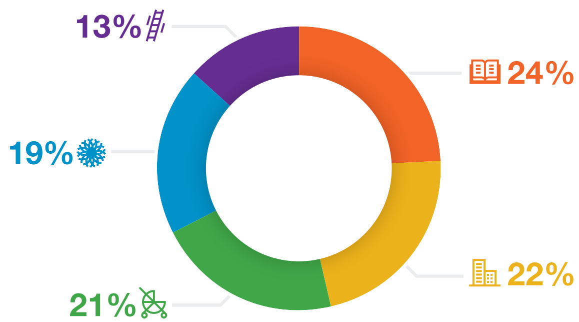
# SEGMENTATION




**Traditionalist**

- ~$35K per year
- **45–64 years old**
- Big box/home improvement stores
- **Single family Suburban/rural**
- Single/married with no children in house

**Urban Dweller**

- ~$40K per year
- **25–34 years old**
- Service providers/ online retailers
- **Apartment Urban**
- Single/married with no children in house

**Family First**

- ~$40K per year
- **25–44 years old**
- Online retailers/ service providers
- **Single family Suburban**
- Married with 1–2 kids

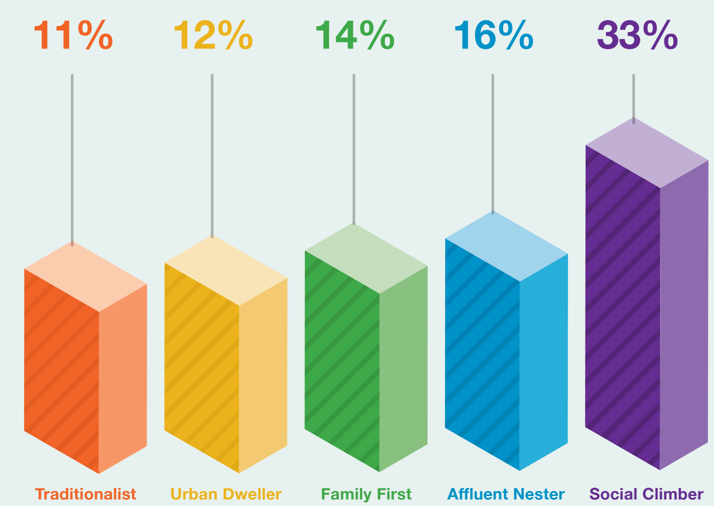
**Affluent Nester**

- ~$75K per year
- **45–64 years old**
- Home improvement/ service providers
- **Single family Suburban**
- Married with no children

**Social Climber**

- ~$100K+ per year
- **25–44 years old**
- Direct from manufacturer website
- **Single family Suburban/urban**
- Married with 1–2 kids

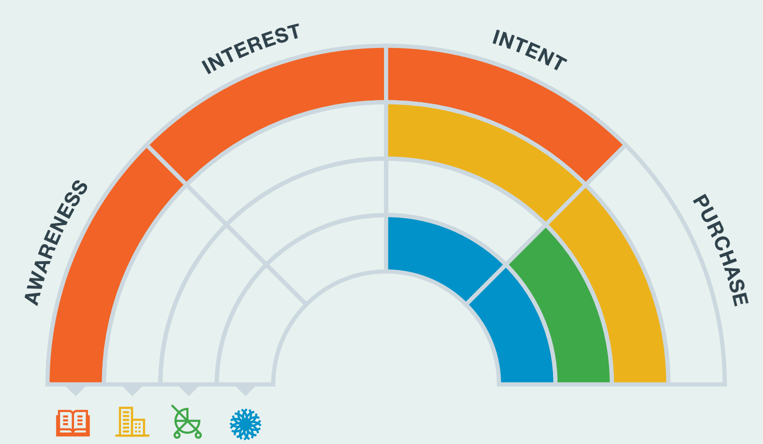
## Adoption




## Leading Attitudes

| | | | | | |
|---|---|---|---|---|---|
| Early tech adopter | | | | | ✓ |
| Average tech adopter | | ✓ | ✓ | | |
| Late tech adopter | ✓ | | | ✓ | |
| Budget conscious | ✓ | ✓ | ✓ | | |
| Invests in home | | | | ✓ | ✓ |
| Image conscious | | | | | ✓ |
| Does not plan on moving | ✓ | | ✓ | ✓ | |
| Will likely move within 5 years | | ✓ | | | |
| Cares about family well-being | | | ✓ | | ✓ |
| Will pay more for “green” products | | ✓ | | ✓ | ✓ |
| Considers themselves “green” | | | | | ✓ |

## Barriers to Adoption




### Traditionalist

**Interests**

Security 18%
Utilities 10%
Entertainment 3%

**Top Devices**

Connected Thermostat
Lighting
Connected Smoke Detector

**Key Barriers**

Lowest awareness of any segment
Most deterred by price
Concerned over setup and usability
Concerned over privacy and hacking

### Urban Dweller

**Interests**

Security 30%
Utilities 26%
Wellness 26%

**Top Devices**

Connected Thermostat
Energy Tracking
Connected Smoke Detector

**Key Barriers**

Skeptical that products work well
High concerns over price
Deterred by current suite of available products

### Family First

**Interests**

Security 32%
Wellness 19%
Entertainment 17%

**Top Devices**

Remote Video Feed
Connected Lock
Connected Smoke Detector

**Key Barriers**

Most concerned that devices will be difficult to install and use
High concerns over price

### Affluent Nester

**Interests**

Security 27%
Utilities 24%
Wellness 19%

**Top Devices**

Connected Thermostat
Energy Tracking
Connected Smoke Detector

**Key Barriers**

Lack recognition of need for products
Believe that technology is still developing
Concerned over privacy and hacking

### Social Climber

**Interests**

Utilities 40%
Security 39%
Wellness 32%

**Top Devices**

Connected Thermostat
Connected Lock
Remote Video Feed

**Key Barriers**

Most likely to believe that technology is still developing
Concerned about product setup and usage

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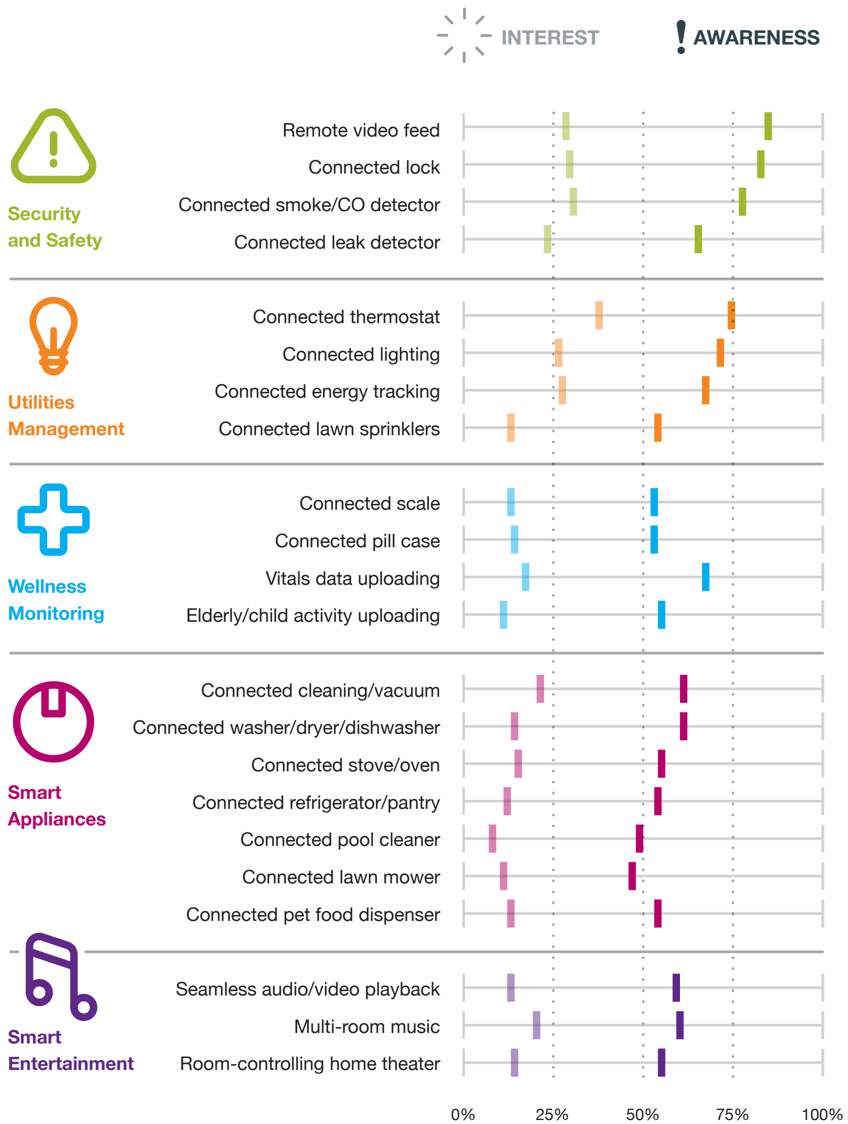
# INTEREST & AWARENESS

## Awareness & Interest in Connected Devices




## Non-Users Frequently Exhibit Behaviors That Indicate Latent Demand for Connected Security and Utility Solutions.*

**51%** accidentally left lights on

**41%** accidentally left TV/appliance on

**36%** wonder what's happening at home while away

**35%** leave a/c running (even when it's comfortable)

**31%** can't remember if they locked doors/windows

*Percent of non-users who exhibit behavior at least once a week.

## Brand Awareness

TOP SERVICE PROVIDER

TOP DEVICE MANUFACTURER

| | Top service provider | Top device manufacturer |
|---|---|---|
| Security and Safety | 37% | 6% |
| Utilities Management | 21% | 11% |

**Service provider brands enjoy a huge lead in awareness over device brands.**

**56%** of security and safety users

**29%** of utilities management users

**who purchased devices, don't know the brand.**

**~50%** of multiple device owners are interested in purchasing a hub.

### TOP 3 BUYING FACTORS

- **86%** Price
- **84%** Features and functionality
- **79%** Ease of setup

### TOP 3 FEATURES

- **68%** Operates smart devices at preset times
- **68%** Connects devices without need to install individual controls
- **67%** Convenience of managing through a single app

## Interested Non-Users' Reasons for Not Purchasing

(% rating top 3 reason)

- **66%** Too expensive
- **39%** Not sure how well it works
- **37%** Technology is still developing
- **27%** Concerned about privacy
- **24%** Security/utilities/health not a big concern
- **22%** Didn't see the need until recently

Consumers in general feel strongly about the privacy and safety of their data...

**73%** are concerned about privacy.

**66%** are concerned about identity theft.

...but only a fraction see them as barriers to connected home adoption, and those who do don't list it as a top reason.

**6%** say privacy concerns are their top reason for not purchasing.

**2%** are afraid of being hacked.

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# SATISFACTION

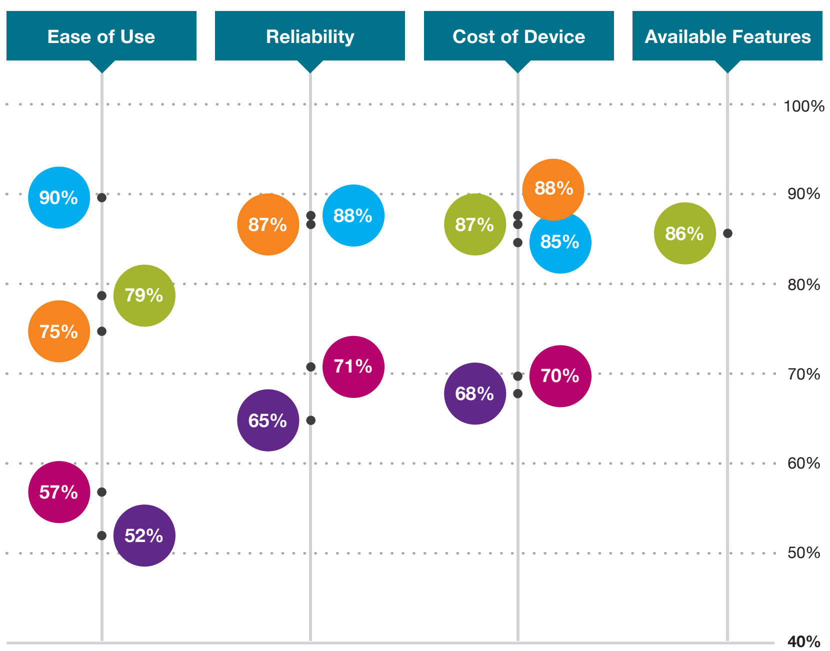
## Top 3 Key Buying Factors*

### SERVICE BUYERS

| SAFETY AND SECURITY | | UTILITIES MANAGEMENT | |
|---|---|---|---|
| 82% | Ease of use | 76% | Monthly service price |
| 81% | Monthly service price | 74% | Cost of device |
| 80% | Reliability | 71% | Safety of my information |

### DEVICE BUYERS

SAFETY & SECURITY · UTILITIES MGMT · WELLNESS MONITORING · SMART APPLIANCES · SMART ENTMT



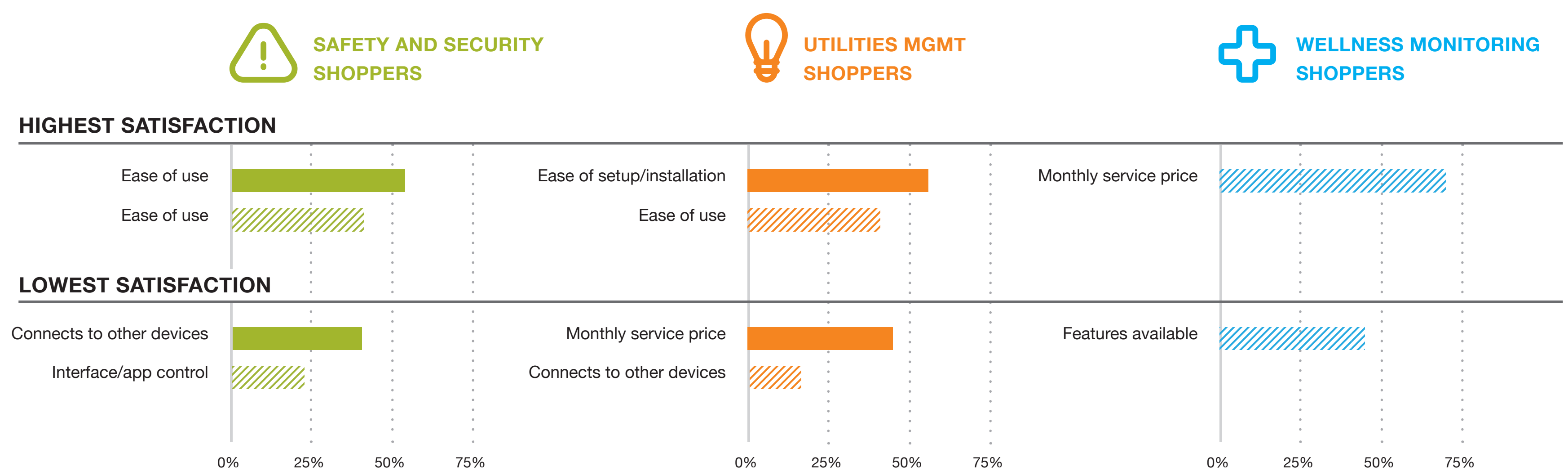

* Percent is based on users' top 3 factors.

## Customer Satisfaction by Device

| | | TOP 2 BEST FEATURES | TOP 2 WORST FEATURES |
|---|---|---|---|
| Connected Lock | 62% | Customer support 72%; Interface/app control 65%; Ease of use 65% | Product design 52%; Cost of device 54% |
| Connected Thermostat | 49% | Customer service 61%; Monthly service price 54% | Available features 44%; Privacy/safety concerns 44%; Interface/app control 44% |
| Vitals Data Uploading | 58% | Monthly service price 77%; Customer support 75% | Ease of use 50%; Available features 54%; Product design 54% |
| Remote Video Feed | 60% | Available features 67%; Customer support 64% | Cost of device 55%; Product design 56% |
| Connected Smoke/ CO Detector | 37% | Ease of use 44%; Reliability 42% | Interface/app control 30%; Ability to connect to other devices 31%; Monthly service price 31% |

## Customer Satisfaction by provider type*

SERVICE BUYERS · DEVICE BUYERS




* Percent is based on users' top 2 features.

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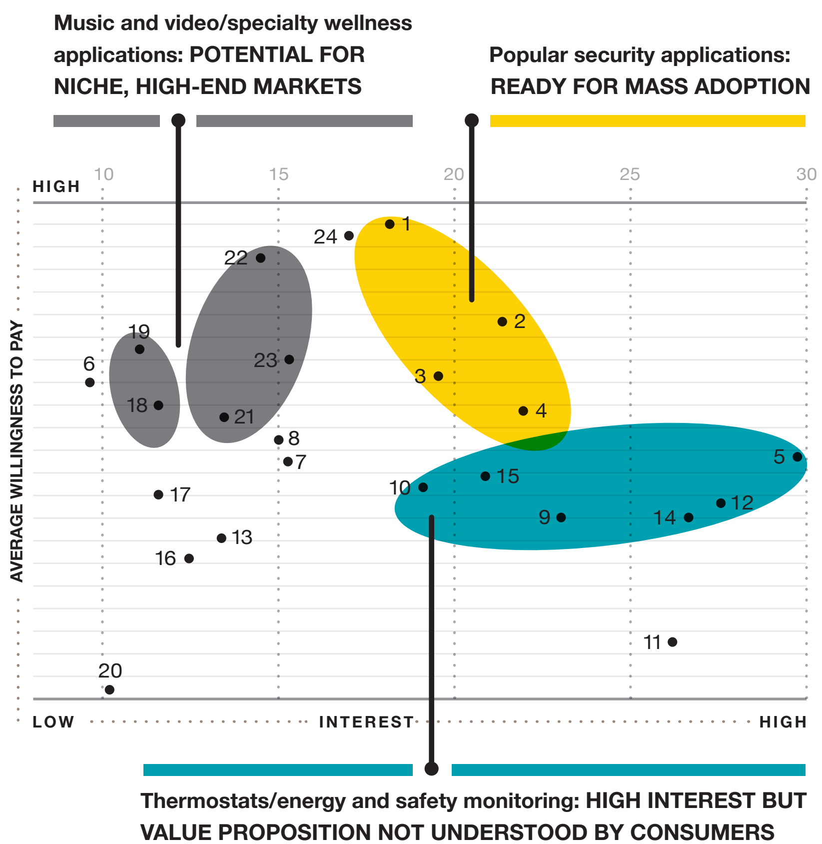
# WILLINGNESS TO PAY




**Safety and Security**
1. Roving camera
2. Remote video feed
3. Auto-door locks
4. Remote door locks
5. Smoke/CO detector
6. Selective entrance
7. Remote window shades
8. Door phones
9. Leak detector

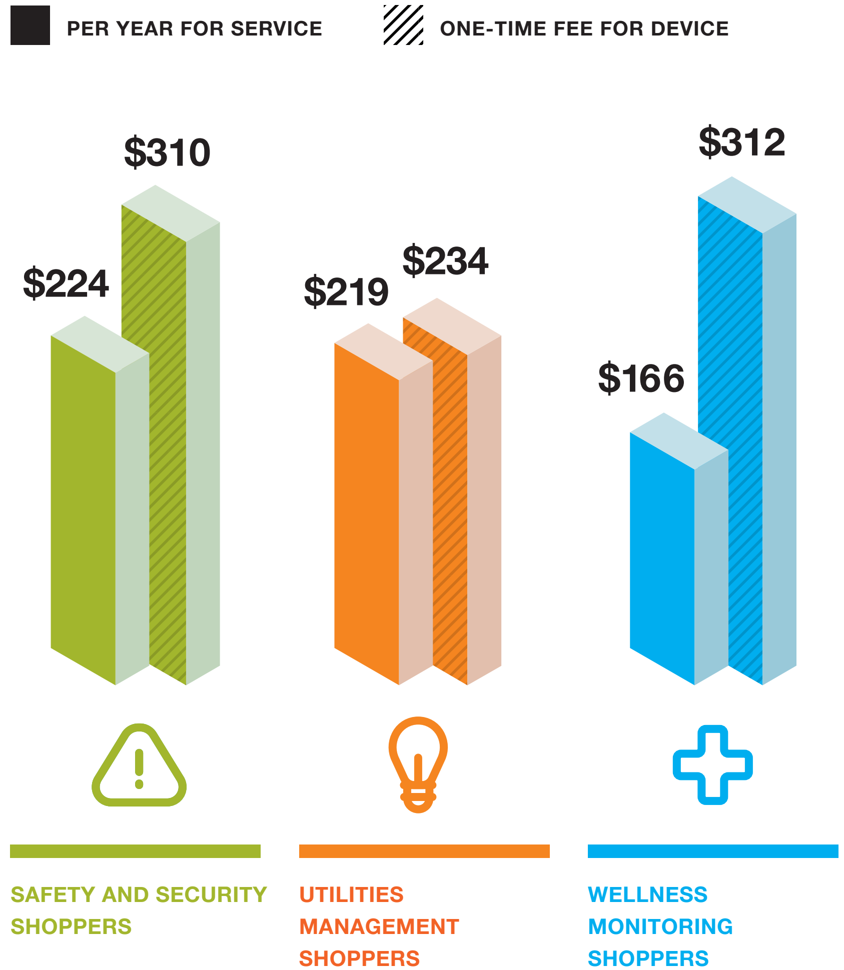
**Utilities Management**
10. Personalized thermostat
11. Smart lights
12. Auto-adjusting thermostat
13. Lawn sprinklers
14. Energy monitor
15. Learning thermostat

**Wellness Monitoring**
16. Connected scale
17. Smart health monitor
18. Connected health monitor
19. Elderly parent/child activity monitor
20. Connected heart rate tracker

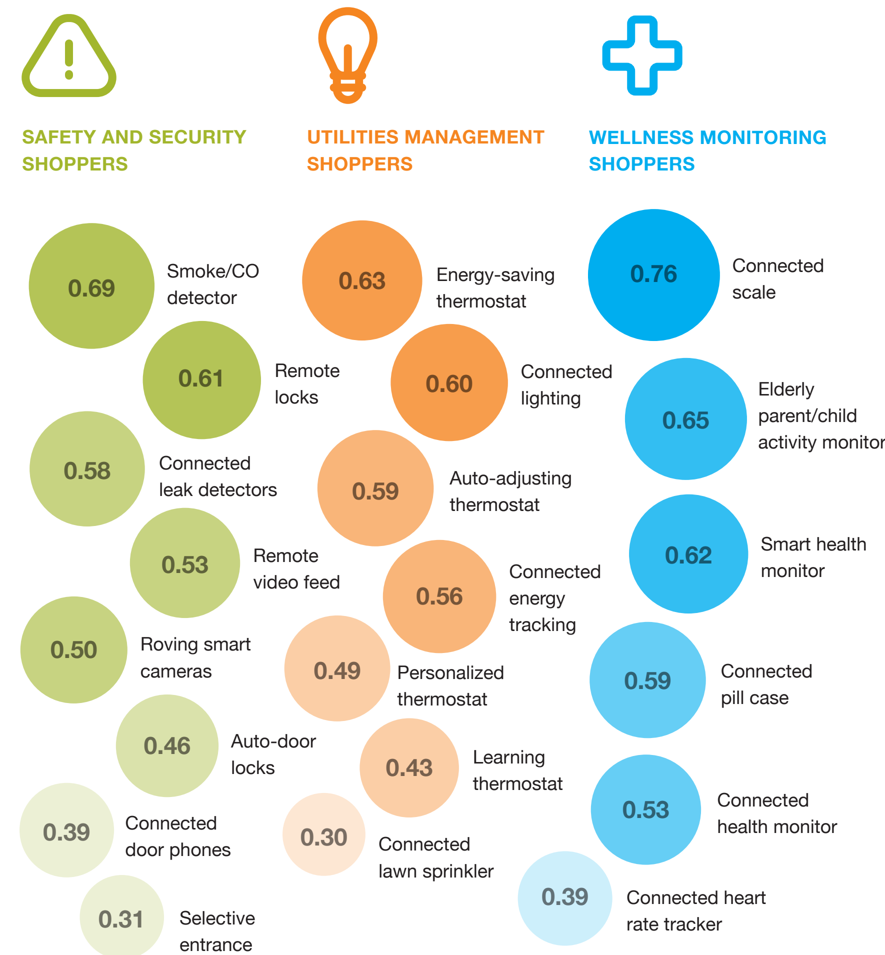
**Smart Entertainment**
21. "Seamless" audio/video
22. Multi-room music
23. Smart music

24. Connected hub

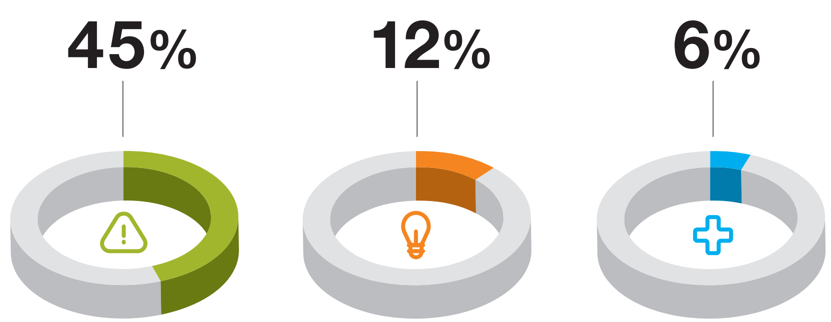
## Services vs. Devices




## What the Average Shopper Will Buy




## Customers Willing to Pay More Than $20/Month




**29%**

of non-users interested in buying safety and security services are interested in 24/7 monitoring.

**43%**

of interested non-users are willing to pay a monthly fee for an energy analytics service.

**75%**

of interested buyers are willing to pay 10% more for smart appliances over basic models.

**~60%**

of customers would prefer to pay a one-time price for their devices.

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