



SURVEY REPORT

Survey Shows That Smart Home Prices Still Need “Smarts”

While industry analysts and forecasts predict growth in the smart home market, sales haven't met these expectations. According to Statista's Digital Market Outlook¹, the smart home revenue in the US is expected to show a compound annual growth rate of 14.8% until 2022. Where are the opportunities in this market? Will these smart home market forecasts come to fruition?

151 Advisors launched a survey to understand the consumer's current concerns and purchasing habits around Smart Home devices so product managers, marketers, and entrepreneurs can gain greater insight into where to invest their resources.

Several key takeaways include:

- 41.5% of consumers surveyed stated that the prices of smart devices are a significant factor when deciding to purchase a smart device
- 23.5% have thought about purchasing a Smart Thermostat, but didn't based on price
- 52% of respondents said they would spend \$40 more on a smart door lock vs a traditional door lock

All forecasts indicate that the Smart Home market will significantly increase over the next five years so dive into the survey to see how your company can capitalize on current consumer sentiment and the latent market demand.

Survey Questions

- Q1.** Which of the following devices/systems do you use in your home?
- Q2.** Do you find your smart devices in the home to be reliable?
- Q3.** Which smart device/systems have you thought about purchasing for your home, but haven't because of price?
- Q4.** When you purchase smart devices/systems for your home, which of the following factors do you consider?
- Q5.** How much more would you spend on a smart door lock vs. a regular lock?
- Q6.** About what percentage is your home smart?
- Q7.** Do you want your home to be a smart home within the next 12 to 24 months?

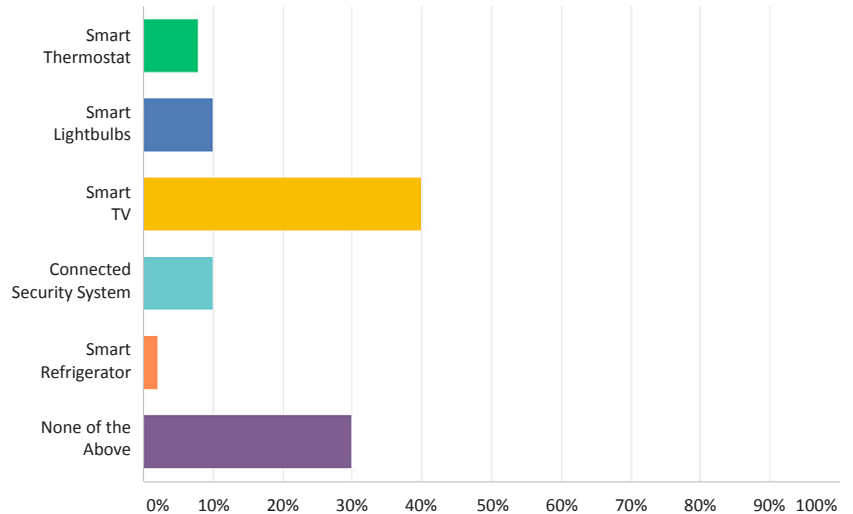
¹Statista, Digital Market Outlook, 2018.

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1 WHICH OF THE FOLLOWING DO YOU USE IN YOUR HOME?

With almost every new TV in the marketplace today featuring some type of smart functionality — from embedded Netflix apps to voice recognition — Smart TVs remain the most common smart device used in the home. The Smart TV market is also highly competitive in price with TVs in every size to suit every need, making it easy for consumers to determine the best value for their money. Manufacturers can further differentiate themselves by integrating their TVs with other smart home manufacturers (door locks, lights, security sensors) through wireless protocols and partnership integrations.

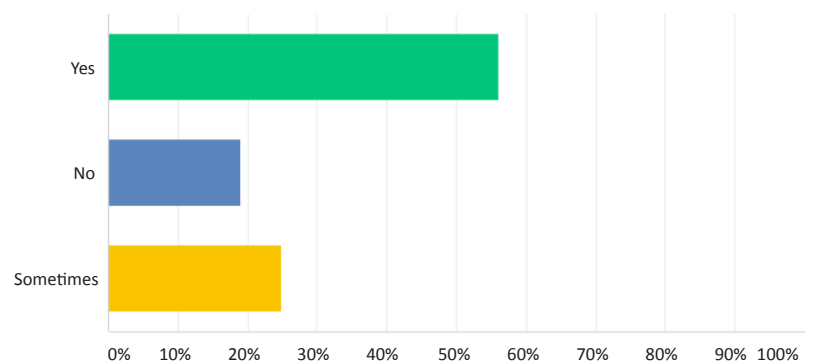
40% of respondents have a Smart TV in their home



2 DO YOU FIND THE SMART DEVICES IN YOUR HOME TO BE RELIABLE?

Over half of the respondents (56%) find their smart devices in their homes to be reliable. With 44% of the respondents stating “no” and “sometimes reliable,” the reliability of devices is still a concern for consumers. Manufacturers must address persistent concerns of connectivity and reliability to streamline the user experience and make technology work to improve the life of the user. Brands promise a seamless connected experience that should allow users to control various aspects of their home via smart devices, however, they fall short when the devices are not reliable. An underlying problem may actually be that end users are not as informed on how to use the products properly, but that is the brand’s fault for not creating a good user experience.

56% of respondents found the smart devices in their homes to be reliable

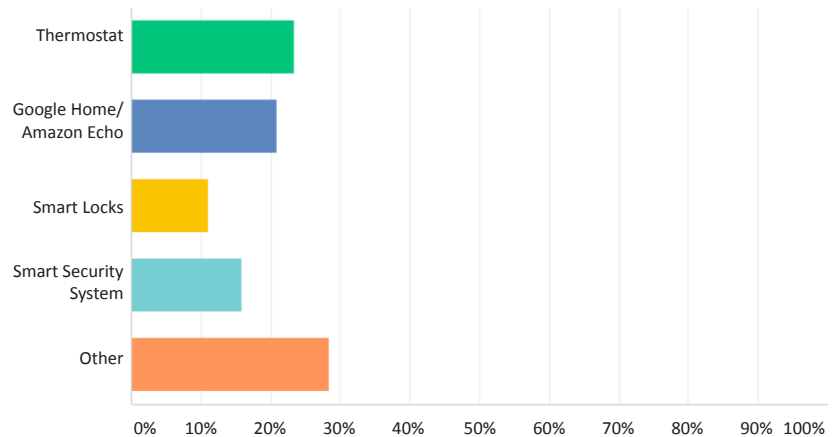


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3 WHICH SMART HOME DEVICES/SYSTEMS HAVE YOU THOUGHT ABOUT PURCHASING FOR YOUR HOME, BUT HAVEN'T BECAUSE OF PRICE?

A large segment of the respondents considered purchasing a Smart Thermostat (23.5%), but haven't due to the price. Smart Thermostats regularly market that they will save the consumer money, but it may be a difficult proposition when the product is a completely new type of solution. How many consumers are buying their second Smart Thermostat? To see an uptake in purchase, manufacturers need to lower the price or help a consumer determine if they will save money through customized ROI calculators. Manufacturers may also want to consider pushing for tax incentives to increase adoption and make the home more energy efficient.

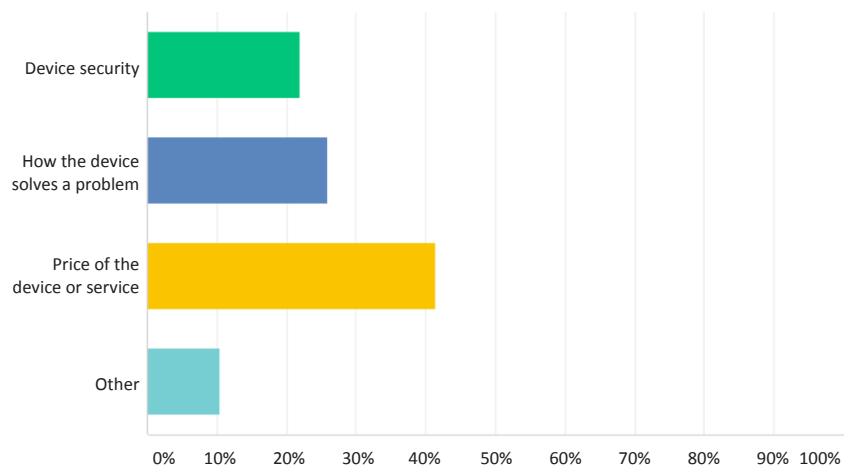
23.5% of respondents said they considered purchasing a thermostat



4 WHICH OF THE FOLLOWING FACTORS DO YOU CONSIDER WHEN PURCHASING SMART DEVICES/SYSTEMS FOR YOUR HOME?

It is not surprising that price is the chief concern when purchasing a smart home device or system. Consumers are always concerned about price, whether they are shopping for groceries or the latest tech gadget. While Smart TVs and connected security systems may come with large expenses up front, systems that are broken up into components or natural add-ons are ways to gain a customer and monetize over time. Every consumer with a Google Home should have a customized Smart Home investment program to become green and be able to compare themselves to others. Who doesn't want to be the greenest person in their city according to Google?

41.5% of respondents said they consider price when purchasing smart devices/systems for their home

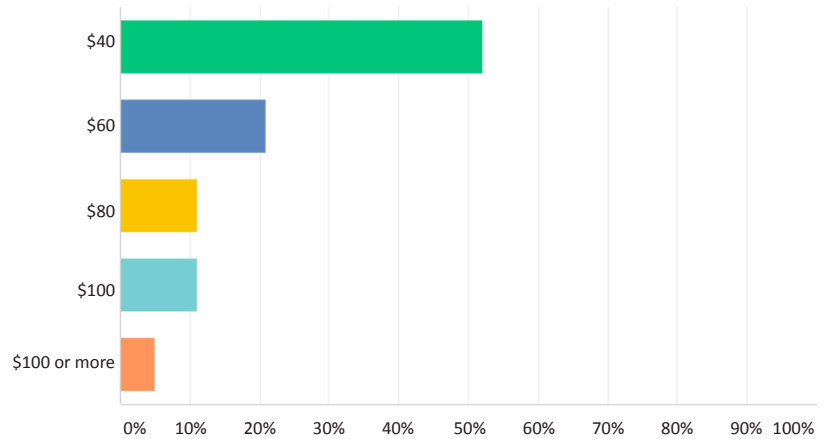


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5 HOW MUCH MORE WOULD YOU SPEND ON A SMART DOOR LOCK VS. A REGULAR LOCK?

If you are going to charge ten times more for a product, then you need to show ten times more value to the consumer. For the majority of respondents, \$40 is the premium when purchasing a smart door lock. Smart door locks are not as prevalent or advertised as other smart devices (Nest, Amazon Echo, Google Home), but greater integration with security systems could spur spending in this category. Amazon’s acquisition of Ring will be a factor in changing the smart door lock market. Working with Amazon’s Alexa and Echo, Ring could alter home delivery service and push this category into a ‘must have’ very soon.

52% of respondents said they would spend \$40 more on a smart lock



6 ABOUT WHAT PERCENTAGE IS YOUR HOME SMART?

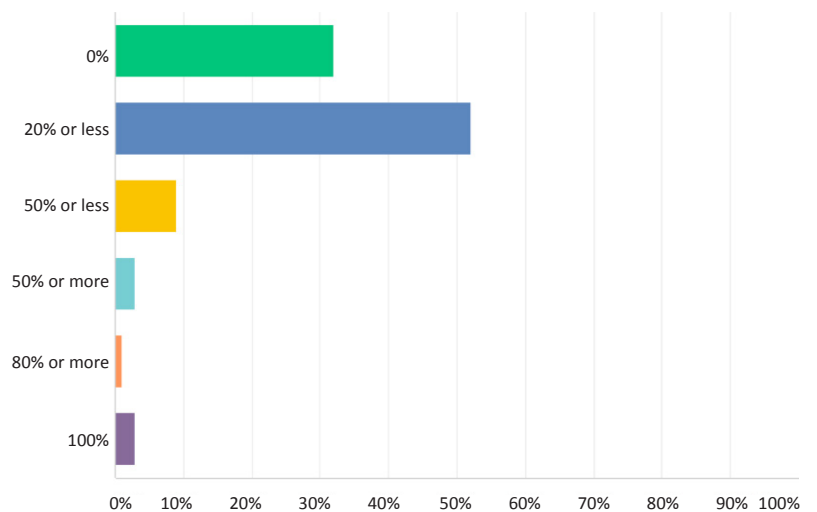
This stat shows that there may be people using a smart device in their homes — Smart TVs, Amazon Echo, Google Home, and security systems – but most of their home is not connected. There is a lot of opportunity to add on to a hub or Smart TV and connect multiple devices to simplify a consumer’s day.

Problem: Letting the dog out during work.

Solution: Smart door lock and opener, opens the door, smart doorbell is used to call the dog to go outside, virtual fence restricts where the dog can go and guides them back into the house when done while the owner watches on their smartphone.

Bonus: No dogwalker fees and no clean up when they get home from work.

52% of respondents have homes that are 20% or less smart and 1% of respondents have homes that are 80% or more smart

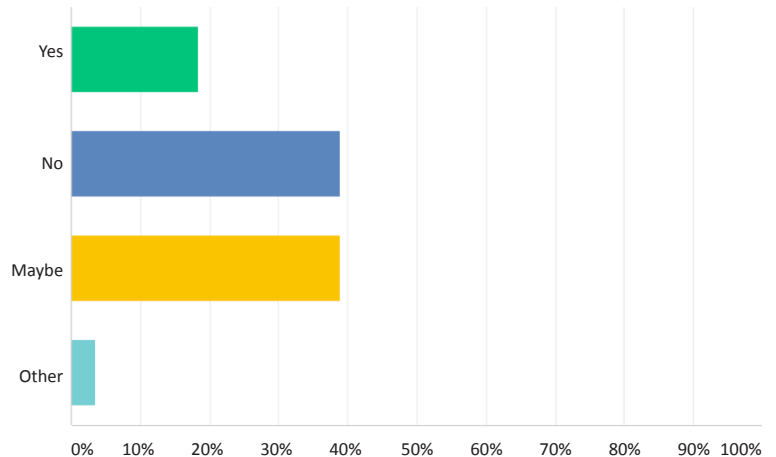


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7 DO YOU WANT YOUR HOME TO BE A SMART HOME WITHIN THE NEXT 12 TO 24 MONTHS?

The people who responded ‘No’ may never convert because of privacy concerns and stories that come out about bad actors accessing consumer devices will justify these concerns. Greater privacy technology and standards will be the only way for vendors to persuade them to buy in, but maybe nothing will. The ‘Yes’ and ‘Maybe’ respondents are the real opportunity. 57.5% of respondents are ready now or possibly interested in buying smart devices for their home. They want to take the plunge, but are hesitant because of the unclear value-add, privacy, and reliability. Companies who can assuage these concerns will convert them to end users.

39% of respondents might want their homes to be smart within the next 12 to 24 months



In Synopsis

Most consumers want to make smart homes a reality and many devices have already seen significant adoption rates (Smart TVs, Lighting, Security), but pricing is creating a barrier from greater adoption. Companies that can meet price expectations or better market the capabilities to show a product’s value will be able to gain market share in this relatively young marketplace. There is still a lot to connect, capture, analyze, control, secure, and, most importantly, sell.

Survey Demographics

- 200 responses
- Time Period: January 2018
- Male: 92; Female: 108
- Age: 18-29: 44; 30-44: 48; 45-60: 57; 60+: 51
- Household Income:
 - \$0-\$9,999: 14
 - \$10,000-\$24,999: 20
 - \$25,000-\$49,999: 45
 - \$50,000-\$74,999: 28
 - \$75,000-\$99,999: 20
 - \$100,000-\$124,999: 12
 - \$125,000-\$149,999: 7
 - \$150,000-\$174,999: 9
 - \$175,000-\$199,999: 4
 - \$200,000+: 16
 - Prefer not to answer: 25
- Region:
 - New England: 9
 - Middle Atlantic: 28
 - East North Central: 24
 - West North Central: 13
 - South Atlantic: 37
 - East South Central: 14
 - West South Central: 26
 - Mountain: 14
 - Pacific: 33
 - Prefer not to answer: 2

About 151 Advisors

151 Advisors is the leading IoT consulting firm that provides companies across all industries with real-world go-to-market strategy and execution services that monetize the connected world. Our expertise is built on decades of helping enterprises and vendors define, execute, and accelerate their market positions to drive commercial success. Learn more about our team, capabilities, and experience at www.151Advisors.com.

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