CivicScience Insight Report

The smart home trend has yet to take off

Will it ever?

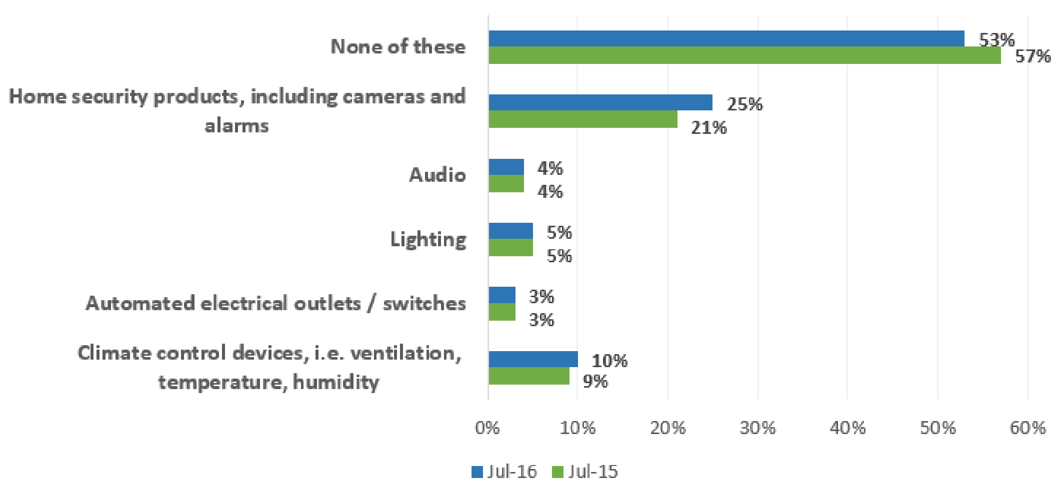
August 12, 2016: Using data from CivicScience's InsightStore™ platform, we've uncovered numerous and extensive insights on the interest level of purchasing home automation products. The report also profiles buyers and potential buyers of home automation products.

The smart home trend hasn't taken off as originally predicted. According to [Business Insider], the U.S. smart home market is in a state of the adoption curve between the early-adopter phase and the mass-market phase. There are still hurdles home automation companies will have to address before achieving mass-market appeal. The prices are high, the ownership periods are long, and there are different networks, standards, and devices being produced, making it difficult for consumers to install and control various devices.

Is this trend close to mass market adoption? Or will it still be a few years before the trend really takes off? CivicScience has been tracking home automation interest since the beginning of 2015, so let's find out how consumers feel about smart home products.

When compared to data collected last July, it seems consumers are only slightly more likely to be interested in purchasing a smart device for their home:

Which of these smart home automation products that can be controlled via smartphone apps are you most interested in purchasing next?

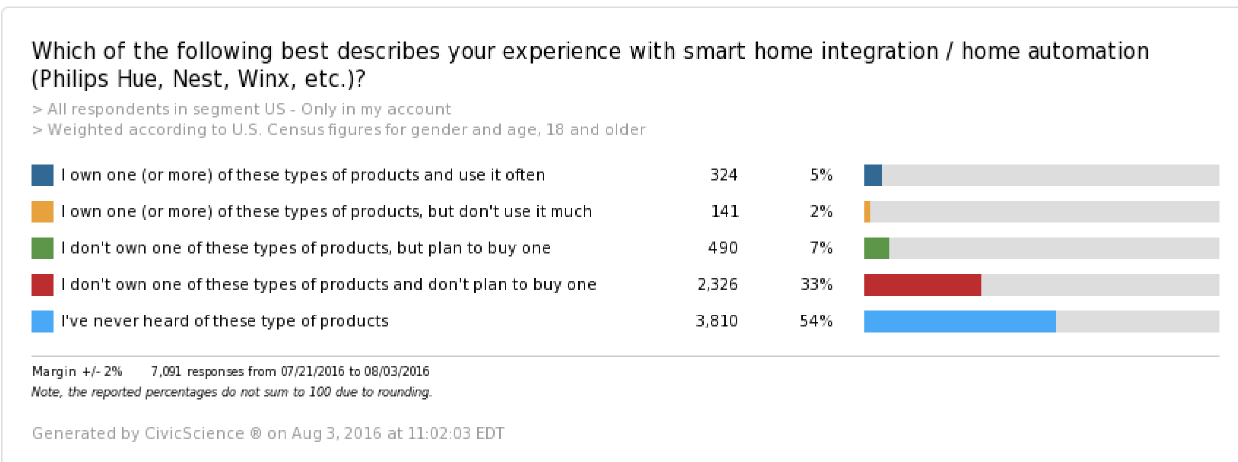


Source: CivicScience, Inc. 2,133 responses were collected from 7/1/15 to 7/21/15 and 2,187 responses were collected from 7/12/16 to 7/14/16. All responses are weighted according to U.S. Census figures for gender and age, 18 and older.

The first thing we see is interest level has increased slightly. Those who are not interested in home automation decreased from 57% last summer to 53% this summer. The trend is moving in the right direction, however, over half the population is not interested in purchasing home automation products. And the number of people who are interested isn't increasing at a high rate year-over-year.

Home security products saw the most change, with more people interested in these products this year than they were last year. This year, 1 in 5 U.S. adults are interested in purchasing home security products. We can conclude that home automation is interesting to almost half of U.S. adults, and it's becoming more attractive, but at a slow rate. The data only shows interest in purchasing home automation products, not purchase intent, so let's move on and look at purchase intent.

Consumers' ownership plans for smart home devices:



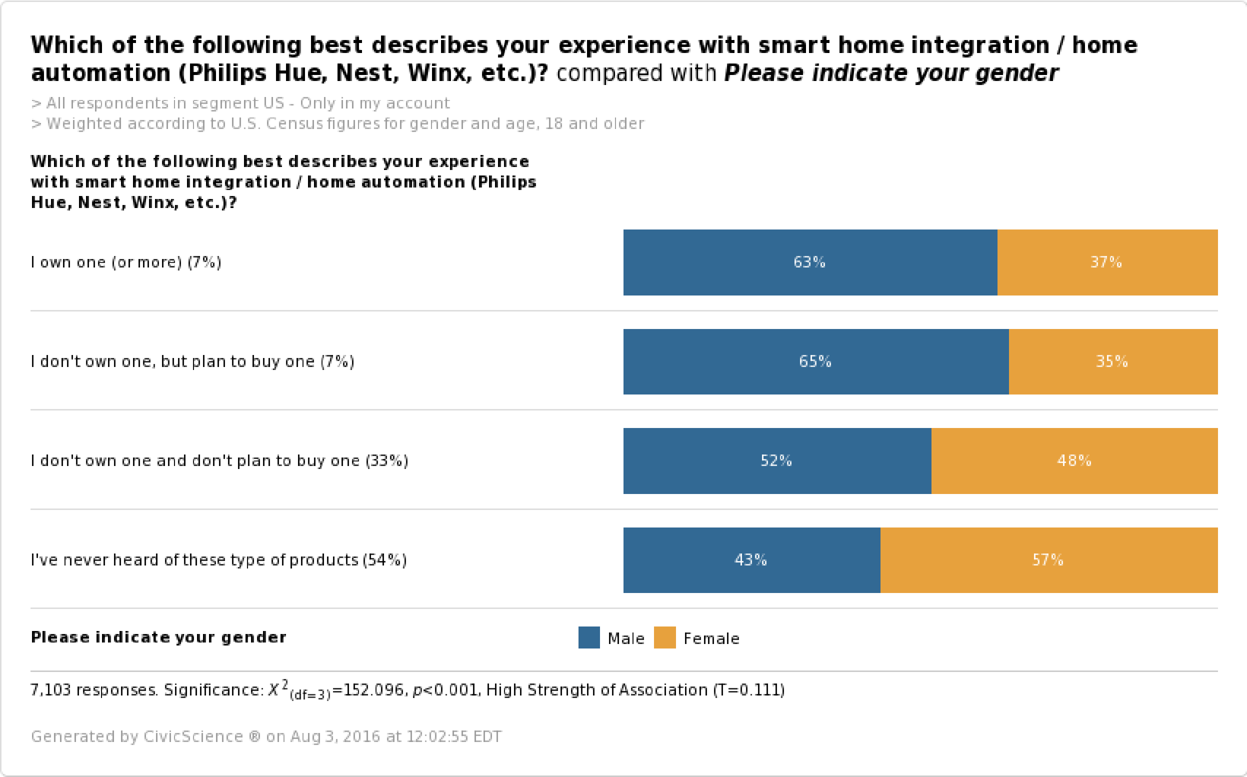
Among U.S. adults, 54% have never heard of smart home products. 7% own a smart home product: 5% use it often and 2% don't use it much. 7% don't own a smart home product but plan to buy one soon. This data looks more promising for the home automation industry; if all the "potential buyers" bought a smart home product, the market would double.

Let's dig a little deeper into the current owners and the group of persuadable or potential home automation buyers.

CivicScience Insight Report (continued)

Demographics

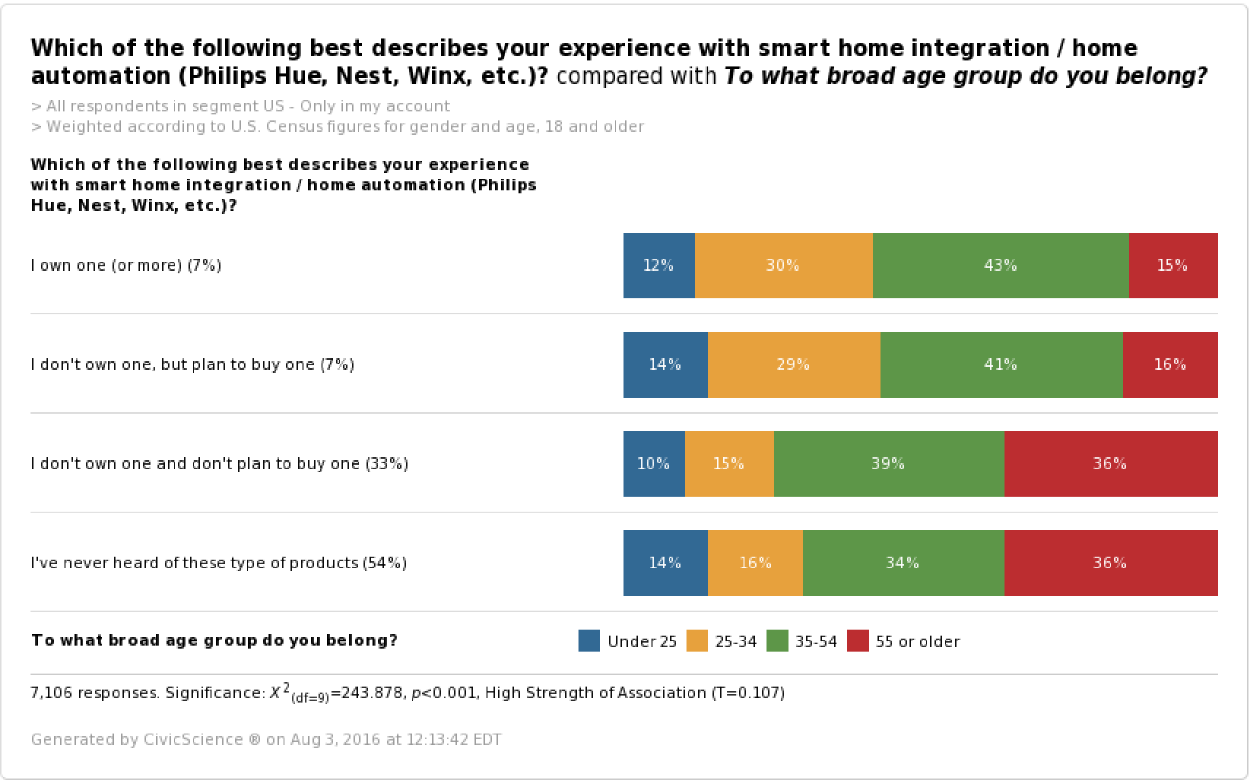
There is a major gender skew. Interested parties are more likely to be men:



63% of those who own home automation products are men, while 65% of potential home automation buyers are men.

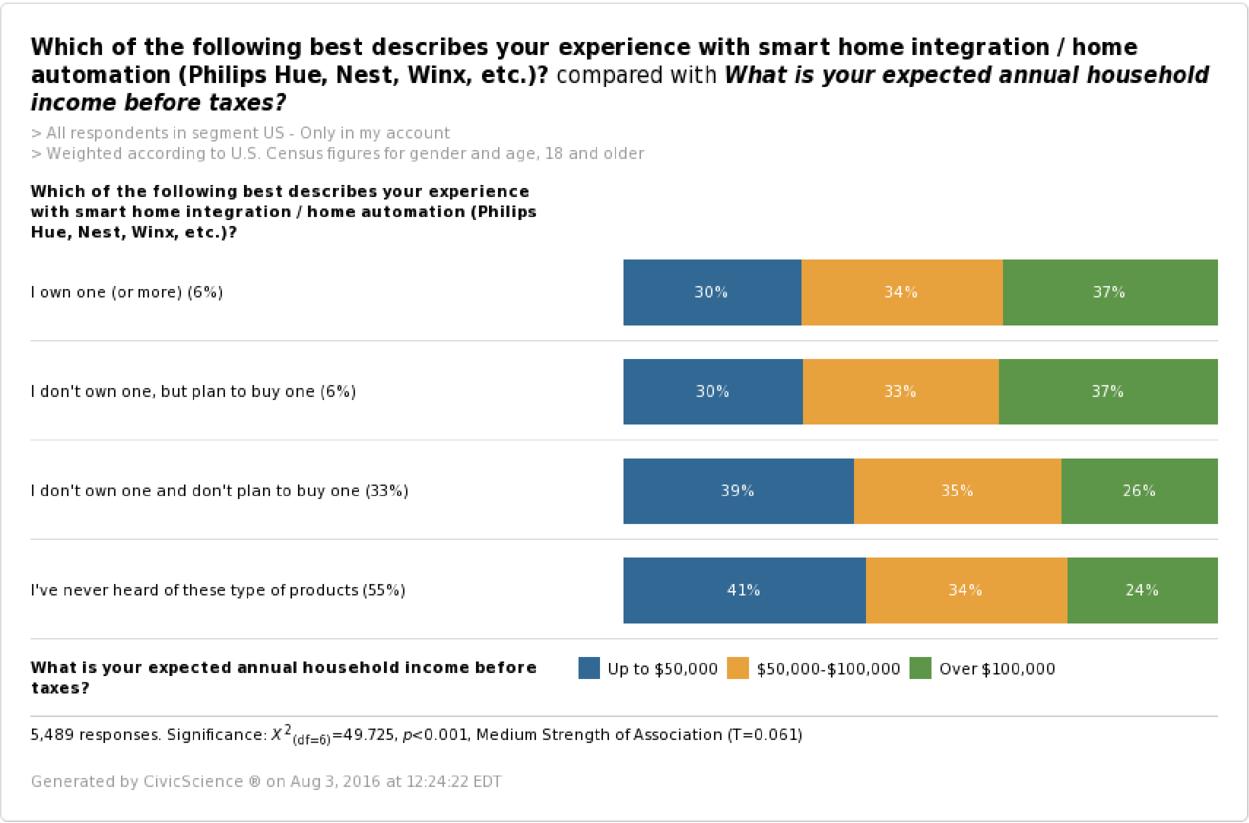
CivicScience Insight Report (continued)

Older Millennials are key, but don't forget about Gen X quite yet:



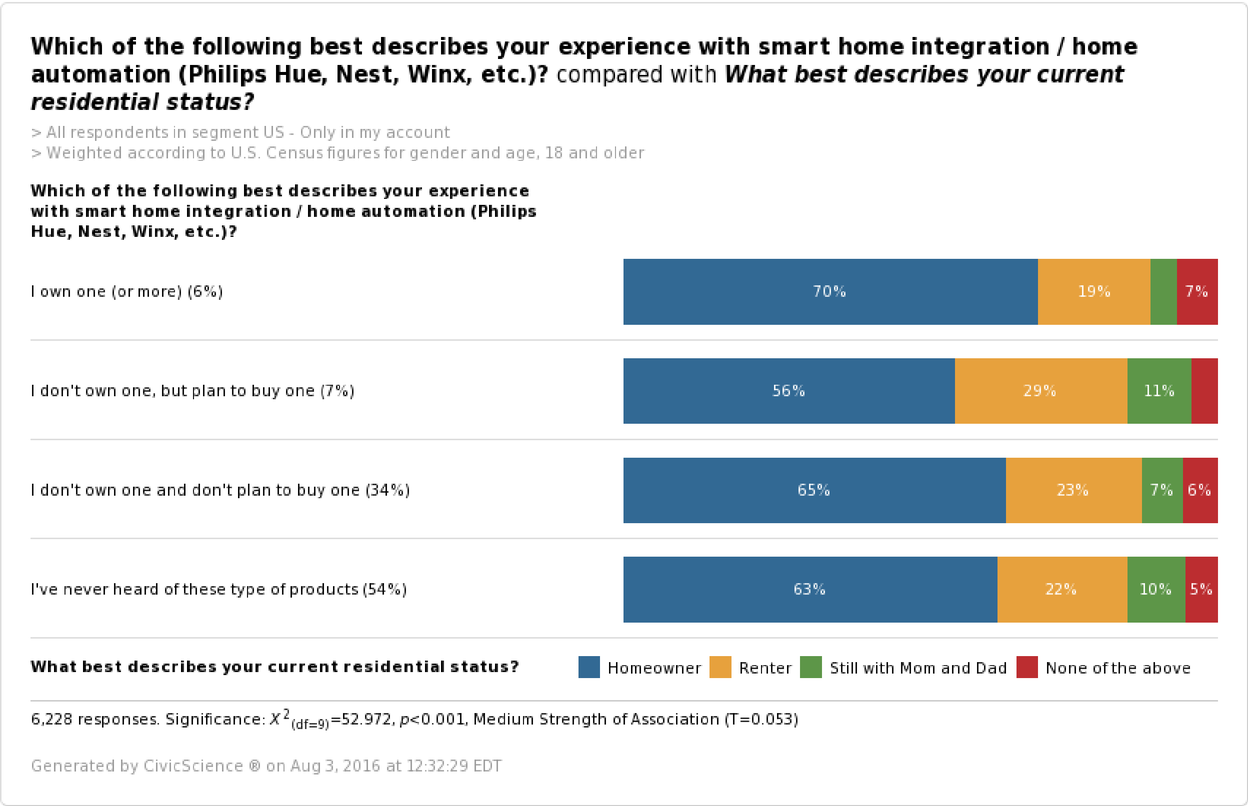
Older Millennials – aged 25-34 – are the sweet spot. This group is much more likely to own and plan to buy home automation products. But Gen X shouldn't be overlooked. This age group still has the highest number of overall owners and persuadable buys when compared to others.

Ownership and ownership intent have a correlation to household income:



As mentioned above, home automation can be expensive. We can clearly see higher income individuals are attracted to these products. 37% of owners and persuadable buyers have a household income above $100K. In order to appeal to more of the market, it's essential for these products to be more affordable.

Homeownership is the next attribute we researched. The results are what we would expect to see, but it's important nonetheless:



70% of smart home device users own a home. Of those who plan to buy a device, 56% are homeowners, 29% are renters and 11% still live with their parents. That means 40% of likely buyers are not homeowners.

Many potential buyers will probably hold off buying a device until they become homeowners. This means adoption of home automation will likely continue at a slow pace over the next few years until potential buyers are ready to purchase a home. As a side note, the suburbs have the highest potential. 56% of those who plan to buy some type of home automation device live in the suburbs.

Aside from basic demographics, we were also able to uncover a few more interesting nuggets about the home automation owners and persuadable buyers.

Additional Insights

Early adopter: 53% of automation owners say they try new products before others, vs. 31% of persuadable buyers.

Product evangelizer: 65% of automation owners like to tell others about new products, vs. 66% of persuadable buyers. 56% of owners tell family and friends when they are happy with a product while 62% of persuadables tell family and friends when they are happy with a product.

This data is huge for home automation sales. Once persuadable buyer become customers (*happy* customers) they will be able to spread the word about the automation products, most likely increasing awareness and adoption at a quicker rate than we are seeing now.

Tech news followers: 63% of owners read tech blogs or websites at least weekly, vs. 45% of persuadable buyers.

Tech brand shopper: When asked what is more important when shopping for electronics – brand or price, 36% of owners are more interested in the brand, vs. 33% of potential buyers.

Price comparer: 31% of owners always compare prices before buying a products, vs. 52% of potential buyers.

Given all this information, how's the future of home automation looking? Well, there's no doubt that home automation adoption will continue to grow; however, it may be a few years before the trend really takes off. Right now the market is made up of early adopter homeowners with a higher than average income. Those interested in purchasing home automation products look very similar to owners, which means the products aren't quite at the mass-market phase some companies are hoping for. But, it is looking positive for smart home brands. Potential buyers' habits and behaviors are starting to move and align more closely with the general population. There are two major factors to keep in mind:

1. 40% of potential buyers don't own a home yet. We know that many of these individuals will buy a home before investing in home automation, which may be a few years.
2. However, when the time comes that they do purchase home automation devices, we can expect to see a major uptick in awareness and purchases since 62% of persuadables tell family and friends when they are happy with a product. This group will be able to spreading the word about the products, which probably isn't happening as much right now.

Bottom line – the next wave of consumers could be very valuable to the home automation industry. It's time for home automation companies to focus on fixing and alleviating the barriers to entry. They won't want to disappoint the vocal potential buyers.

About the CivicScience Methodology:

CivicScience is a modern marketing intelligence company. We conduct scientifically-proven polls across hundreds of premier websites to collect consumer opinion all day, every day. Respondents voluntarily opt-in their answers with no incentives, compensation or coercion – they answer for fun and are kept anonymous, allowing for greatly reduce bias and higher levels of engagement. This report was developed using data collected from two questions: “Which of these smart home automation products that can be controlled via smartphone apps are you most interested in purchasing next?” and “Which of the following best describes your experience with smart home integration / home automation (Philips Hue, Nest, Winx, etc.)?” The first question collected 2,133 responses from July 1, 2015 to July 21, 2015, and 2,187 responses from July 12, 2016 to July 14, 2016. The second question collected 7,091 responses from July 21, 2016 to August 3, 2016. All results were weighted according to the U.S. Census figures for gender and age, 18 and older.