2014 State of the Smart Home

Uncovering the drivers and barriers to smart home adoption and the innovations that will move the industry forward.
The smart home has really hit its stride. We hear it in the news – and from our neighbors – every day. So what are the drivers behind the move toward mass adoption? For one, there are more and more devices launching into the market each week that can connect to your home. BI Intelligence says there are 1.9 billion devices today, and there will be 9 billion by 2018, roughly equal to the number of smartphones, smart TVs, tablets, wearable computers, and PCs combined.

Clearly the numbers indicate a fast growing industry. But we want to know why – what are the features within the smart home that interest people? Why are some people more likely to buy while others are not? And what does owning a pet have to do with anything?

The 2014 State of the Smart Home Report uncovers the real drivers behind smart home adoption. It predicts the new features that will push the industry into the next generation as our homes become the hub for smarter living.
Methodology

In December 2013, we deployed a quantitative survey to 932 respondents. Surveys were fielded to an even split between male and female respondents with the following criteria:

• 25 years of age or older
• Total household income of $40K or higher for renters and $50K or higher for homeowners.

Of those surveyed, 73% were homeowners and 27% renters. Because the difference between these two groups was not substantial, our findings from this research look at overall results from all 932 respondents. With that said, we have noted when differences between homeowners and renters are present.

In April 2014, we fielded 10 questions using Google Consumer Surveys, each among an online sample of 1,000 U.S. adults. The online samples were demographically and geographically stratified and then weighted to the most recent Current Population Survey (CPS) to ensure the surveys reached a representative sample of U.S. adults.

It was not a requirement that the respondents have a smart home system in order to participate in the studies.

Smart Home Enthusiasts

When reviewing the findings, we found that it wasn’t the respondent’s age, gender or income level - but rather their level of enthusiasm for technology - that was most predictive of their preferences.

We segmented our audience into the following categories based on enthusiasm for technology:

• Strong enthusiasts
• Enthusiasts
• Moderates

• Ambivalents
• Disenthusiasts

Here’s what we found out about them:

32% Technology enthusiasts represent 32% of the market and are much more interested in more robust smart home solutions.

• For tech enthusiasts, just having control over the basics is not enough when it comes to automating the things inside their homes. This group’s optimal solution includes control over not only thermostats and lights, but also over other features like home entertainment systems, appliances, door locks and garage door openers.

• Outdoor automation proved to be extremely important for strong enthusiasts, but was not as appealing to the disenthusiasts. Strong enthusiasts want a solution that includes not only outdoor lighting, but also lawn irrigation and water leak warning/valve shutoff.
Family Security is Critical

Yes, everyone loves the simplicity and convenience of a smart home, but consumers overwhelmingly agree that security tops the list as the most important feature of the smart home.

Ninety percent of respondents said personal and family security is one of the most important reasons for using a smart home system – with 67% ranking it as the number one reason overall. In fact, not including at least some type of security capability in a home automation system is considered unacceptable by all.

Fire and carbon monoxide alarms are essential when it comes to personal and family security.

- Respondents said fire detection was one of the most important features when it comes to protecting themselves and their families – with nearly 60% citing it as number one.

85%

- Though only 11% ranked carbon monoxide alarms as the most important feature, the majority still recognized its importance – with 64% including it in their top three.

64%

- Though less important, more than half of consumers also listed gas leak alarms and valve shutoff as a top feature for personal and family security.

- In contrast, respondents said they were less interested in the ability to monitor dependent care loved ones, track family members via location tracking or utilize wearable emergency devices, all of which were features mentioned in the top three by only 20% of respondents.

90%

PERSONAL & FAMILY SECURITY
Respondents said personal and family security is one of the most important reasons for using a smart home system.

67%

RANKED IT AS THE #1 OVERALL
Respondents ranked personal and family security as the number one reason overall for using a smart home system.

100%

OF RESPONDENTS AGREE
In fact, not including at least some type of security capability in a home automation system was considered unacceptable by all respondents.
The investment in these features may just pay off. A majority of Americans (51%) indicate they would pay up to $500 for a fully equipped smart home, with one-third (32%) showing willingness to pay between $500 and $3,000.

Along with security comes greater peace-of-mind and flexibility, for parents in particular. Nearly one-fifth (18%) of respondents say they would be more likely to leave their kids at home unsupervised at a younger age if they had live video feed into the home, and could automate home functions, such as lights, locks and TV. Women are less likely than men – by 12 points – to consider leaving children unattended at a younger age (37% men; 49% women).

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Of respondents were unsure how they felt, implicating that smart home tech and child supervision will likely become an area of focus as the market matures.

“Security has always been the workhorse of the smart home system. As this industry grows, the definition of security will only expand to include even more features that help consumers keep themselves and their families safe and healthy.”

- Paul Dawes, Executive Vice President, General Manager
  iControl Networks

Nearly 60% of U.S. broadband households have some level of interest in safety, security, and convenience benefits enabled by security and smart home products, which is more than double the size of the current market (Parks Associates).
Protecting Your Most Valuable Things

*Beyond protecting one’s family, respondents also viewed the ability to protect one’s personal property as a key feature to the smart home.*

86% Ranked property loss protection as one of the top reasons for using a smart home system.

After personal and family security, respondents more often mentioned property loss protection as an important feature of the smart home over any other feature, including indoor convenience, energy/resource management and outdoor convenience.

**HOMEOWNERS**
Gas leak (natural gas or propane) alarm and valve shutoff was ranked number one by more homeowners in terms of features designed to protect their personal property.

**RENTERS**
As for renters, they ranked recording of events for law enforcement and/or insurance purposes as the number one most important feature designed to protect their personal property, followed by gas leak alarm and valve shutoff.

“For now, safety and security are driving initial mass market adoption. But, the convenience associated with a connected home will likely play a greater role as consumers realize how much easier automation makes their lives.”

- Jim Johnson, Executive Vice President, General Manager iControl Networks
The Promise of Energy Management

Seventy-eight percent of respondents ranked energy management as one of the top features that matter most in the smart home.

Everyone wants to save money and become more environmentally-friendly – and now, thanks to the smart home, consumers can do so in the course of their everyday lives – an appealing promise to more than three-fourths of those surveyed.

What features are most important when it comes to energy management?

- **80%** Of respondents said HVAC heating and cooling management is one of the most important features for reducing utility bills and becoming more environmentally-friendly – with more than half citing it as number one in terms of importance.

- **66%** Nearly two-thirds of respondents also said indoor lighting and ceiling fan control is a desired feature, followed next in importance by water management.

Are energy-saving smart devices as appealing as life-saving smart devices?

Consumers are nearly just as interested in the idea of a smart thermostat as they are in the idea of a smart smoke detector or smart carbon monoxide detector.

- **42.5%** Of respondents indicated being very interested in replacing their thermostat with one that automatically adjusts when the home is unoccupied.

  - In comparison, consumers indicated being only slightly more interested in replacing their smoke detector with a smart device (51%) and/or their carbon monoxide detector with a smart device (49%).

“Energy management features are gaining mass market adoption because they are part of the connected home. The user experience around devices like smart thermostats and smoke detectors are much more compelling when tied into a whole home system that benefits from not only environmental data but also valuable occupancy, weather and historical usage data.”

- Letha McLaren, Vice President, Product Management
  iControl Networks

35-44 year olds (those who are most likely on the newer spectrum of first time homebuyers) show the highest interest in all the smart home features tested. They are particularly interested in better energy management (32% interested compared to 21% of the whole).
Pet Monitoring

New reports show that Americans spend more than $60 billion on their pets annually, with the average household spending just over $500 each year. That’s more than the average household spent on alcohol or men’s clothing (U.S. Bureau of Labor Statistics). As the popularity of pet monitoring technology continues to increase – and the pet industry continues to grow in the billions - how much of the pie will be spent on technology in the future?

DO PEOPLE LOVE THEIR PETS MORE THAN THEIR TVS?

Ever wonder what your pet is up to when you’re away? If so, you’re not alone. Pet owners agree the ability to monitor their four-legged friend is an important feature of the smart home, outranking both outdoor convenience and entertainment.

Consider these findings:

52% Of pet owners mentioned pet monitoring as one of the top five most important reasons for using a smart home service.

29% Mentioned entertainment and the ability to remotely control and/or automate home entertainment systems in the top five.

Pets are now part of the family, and therefore it should come as no surprise that the same features considered most important for personal and family safety are also considered most important for pet monitoring.

• Similar to personal and family safety, fire and carbon monoxide alarms were most frequently mentioned in the top three features designed to protect their pets.
People are interested in managing their appliances from their smartphones, and they think this level of control is in our near future. In fact, 41% of respondents think it will be just 1-2 years before they can send commands to their home appliances via text message with two-thirds (64%) who feel it will be 5 years or less.

Imagine if your home ‘knew’ you were on the way home. What would you want it to do to prepare for your arrival? If you’re like most Americans, you want to eliminate all the button-pushing activities that make your home ready for you and give you piece of mind and comfort upon entering. According to our research:

- **40%** want the lights to turn on.
- **23%** want the thermostat to adjust.
- **14%** want their home to unlock the door.
- **13%** want the garage to open.
What Lies Ahead?

56%

Of respondents think the Internet of Things will become a reality within 5 years, with 20% reporting the things in their lives, such as appliances, HVAC, entertainment systems, clothing, food and cars, are already ‘connected’ to each other.

53%

Of respondents who provided at least one answer to future commonplace technologies predict a singular remote that controls everything in the home will be the norm in the next 10 years, verifying that convenience remains top of mind with consumers when thinking of the smart home.

What smart home technologies that will be commonplace in the next decade? Respondents who provided an answer rated:

39%

Voice-controlled lights and appliances.

34%

Automated lighting and HVAC based on home occupancy.

20%

Sensors that track food inventory and automatically order groceries accordingly.

With Juniper Research predicting the smart home market will reach $71 billion by 2018 — up from $33 billion in 2013, and $25 billion in 2012 — it’s safe to say we are just scratching the surface of the potential for smart homes to usher in an era of smarter, more connected lives.
iControl Networks’ vision is to provide a connected home solution for every household, so people worldwide spend less time managing their lives and more time living them. iControl is making the connected home a reality through its software platforms, which are deployed by home security companies and service providers, and the all-in-one Piper Home Awareness device for consumers. iControl is further pioneering the next generation of connected living through its OpenHome™ Partner Program, the first community for application and device makers to partner on a common platform. Venture investors in iControl include Charles River Ventures, the Kleiner Perkins Caufield & Byers iFund, and Intel Capital, with strategic investments from a variety of service providers including ADT, Comcast Ventures, Comporium and Rogers Communications. For more information about iControl Networks and Piper, visit www.icontrol.com and www.getpiper.com.