

TECH TRENDS: CONNECTED HOME & HARDWARE – US – 2024

Younger men lead in adoption and interest. Meanwhile, gen AI implementation will drive innovation but will turn some tracking-averse consumers off.



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Tech Trends: Connected Home & Hardware - US - 2024

This report looks at the following areas:

- Smart home characteristics
- Smart home device ownership and interest
- Smart home device purchase motivations and barriers
- Desired features for smart home device purchases
- Familiarity with Matter, a smart home standard
- Smart home attitudes



Younger men lead in adoption and interest. Meanwhile, gen AI implementation will drive innovation but will turn some tracking-averse consumers off.

Overview

Close to 60% of consumers have at least three types of smart home devices, yet few consider their homes "smart," suggesting US consumers are focusing on individual devices rather than a collection.

Younger consumers, particularly men aged 18-34, are most enthusiastic about smart home tech. They lead in ownership and interest. Consumers 55+ are warier, and have a harder time seeing value in connected devices.

Issues of safety remain closely aligned to smart home tech; both in terms of devices to keep the home safe, like doorbells and cameras, as well as internal safety measures that keep the user's home and personal information protected from hacking and data breaches.

With gen AI implementation already underway, devices are set to get smarter and more helpful. 45% are excited for how gen AI will advance smart home tech, but nearly the same

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amount do not like the idea of being tracked in their own home, making this a top barrier to purchase. Thus, gen AI is both an opportunity and a threat to the connected home market.

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Report Content

EXECUTIVE SUMMARY

- What you need to know
- Consumer trends: key takeaways
- Market predictions
- Opportunities

CONSUMER INSIGHTS

Consumer fast facts

Smart home characteristics

- Lacking a decisive definition, consumers are unsure about what qualifies a home as a smart home
 - Graph 1: smart home perceptions (% agree), 2023
- Men are more likely to perceive their home as smart
 - Graph 2: smart home perceptions (% agree), by gender, 2023
- Younger consumers are the most keen on making their homes smart
 - Graph 3: smart home related perceptions (% agree), by age, 2023
- Consumers are slow to actualize the full breadth of smart home capabilities
 - Graph 4: smart home capabilities, 2023
- Parents have more use cases for smart home devices
 - Graph 5: smart home capabilities, moms vs dads, 2023
- Moxie AI, the world's first robot friend for children
- Echo Dot Kids devices are designed with parents in mind

Smart home device ownership

- Lack of interest outweighs interest for most smart home device types, especially those with high price tags
 - Graph 6: smart home device ownership and interest, 2023
- Among smart home owners, a variety of device types is more common than not
 - Graph 7: numbers of smart home device types owned, by age and gender, 2023
- Smart TVs and speakers can be the gateway to owning other smart devices
 - Graph 8: ownership of smart TVs and speakers, by age, 2023
- Despite higher ownership, interest in smart TVs and speakers is still strong among younger consumers
 - Graph 9: interest in smart TVs and speakers, by age, 2023
- Younger consumers are far more likely to own smart appliances
 - Graph 10: ownership of smart appliances, by age, 2023

- Brands must do more to convert women, especially single women homeowners
- Interest in appliances is strong among consumers aged 18-54
 - Graph 11: interest in smart appliances, by age, 2023
- Address purchase barriers head on
 - Graph 12: ownership of smart home security and convenience devices, by age, 2023
- Win over 55+ consumers with aging in place messaging
 - Graph 13: interest in smart home security and convenience devices, by age, 2023
- Security still a big opportunity, particularly for renters
 - Graph 14: smart security device ownership, by age and residence type, 2023
- Battery-powered video doorbells give renters another layer of security
- Smart exercise machines have a limited market
 - Graph 15: ownership of smart exercise and health/wellness devices, by age, 2023
- Gamifying everyday routines can build better habits in children
 - Graph 16: interest in smart exercise and health/wellness devices, by age, 2023

Desired features for smart home device purchases

- Long-term usability features weigh most heavily in selecting a smart home device
 - Graph 17: important smart home device features, 2023
- Age has some bearing on which features are valued
 - Graph 18: support and security, by age, 2024
- Incentivize current users to draw in potential new customers
 - Graph 19: important features of smart home devices (select), by age, 2024
- Consumers expect data security and are looking for newer features...
 - Graph 20: security, by gender and age, 2023 vs 2021
- ...but they are doing so at their own risk as security risks are evergreen

Smart home device purchase motivations

- Newer benefits of smart home devices make the older ones more attractive
 - Graph 21: smart home device purchase motivations, 2023
- Home security motivates all
 - Graph 22: home security as a smart home device purchase motivator, moms vs dads, 2023
- Comfort and convenience will resonate with parents
 - Graph 23: comfort, time savings and money savings as smart home device purchase motivators, parents vs overall, 2023
- Older consumers are less convinced of the value of smart home tech
 - Graph 24: attitudes towards smart home technology (% any agree), parents vs overall, 2023
 - Graph 25: attitudes towards smart home technology (% any agree), by age, 2023
- Health and wellness remain key factors
 - Graph 26: health and wellness smart home device purchase motivators, by age, 2023
- Sensors monitor both the unseen and remote locations for peace of mind

Barriers to smart home device purchases

- Price remains atop barrier, closely followed by a distaste for being tracked in one's own home
 - Graph 27: barriers to smart home device purchases, 2023
- Many will wait until the economy cools before diving into smart home tech
 - Graph 28: "I will likely wait for the economy to improve before buying/upgrading my smart home devices" (% any agree), by age, 2023
- With next-gen upgrades on the horizon, will consumers buy now or wait?
 - Graph 29: smart home devices will increase in price once they have generative AI functionality (% any agree), by age, 2023
- Be transparent about data security risks
 - Graph 30: data safety and hacking related barrier to purchasing smart home tech, by age, 2023
- Generative AI will be a challenge in attracting those averse to being tracked
- Service opportunities extend beyond older consumers
 - Graph 31: barrier to smart home device purchases (select), by age, 2024
- OliverIQ: the first Smart Home as a Service company

Familiarity with Matter, a smart home connectivity protocol

- What is Matter and why does it...matter?
- Lack of Matter awareness is an opportunity for retailers
- Younger men are the clear Matter target audience at the moment
 - Graph 32: "I have a decent or better understanding of what Matter is", by age and gender, 2023
- Matter could eradicate brand ecosystems
 - Graph 33: "I plan to purchase a different brand of smart home device than I normally do because of Matter's release", by age, 2023
- Matter does add to choice fatigue, however

COMPETITIVE STRATEGIES

Launch activity and innovation

- JoshGPT takes the smart home to a new level with gen AI
- Amazon and SmartThings debut map views for smart home management
- Switchbot S10 – the first fully automated floor cleaning robot

Marketing and advertising

- Amazon uses testimonials to market Alexa Emergency Assist to parents
- Google uses nostalgia and humor to target Xennials
- Samsung enlists a bevy of celebrities to showcase how their products help "power their passions"

Opportunities

THE MARKET

Market context

- Despite a rocky 2023, the consumer market is doing well

Market drivers

- Consumers spent themselves to a soft landing, avoid a recession
 - Graph 34: quarterly real GDP growth, 2020-23
- Consumer costs are trending downward too
 - Graph 35: headline CPI, core CPI, and shelter CPI, 2022-24
- Leaving consumers optimistic about their financial outlook
 - Graph 36: opinions on financial future, 2024
- Single-family building is turning around, a good sign for smart home tech
 - Graph 37: housing starts, 2022-23

APPENDIX

- Consumer research methodology
- Generations
- Abbreviations and terms

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