Numerator

SMART HOME CATEGORY REPORT

Intellectual Properties

The Continued Rise of the Smart Home

December 2021

1 in 4 US households purchased Smart Home products in the past 12 months

26%

Household Penetration For Smart Home Categories

That's up from 21% for the same period in 2019.

Source: Numerator Insights. 12 Months Ending 11/30/2021. Smart Home Products n=57,518

4 in 10 Smart Home shoppers purchase multiple devices throughout the year

The average category buyer spent nearly $200 per year on Smart products.

Smart Home Purchasing Metrics - Total

Purchase Frequency	Repeat Rate	Average Household Spend
1.9	40.3%	$174.28

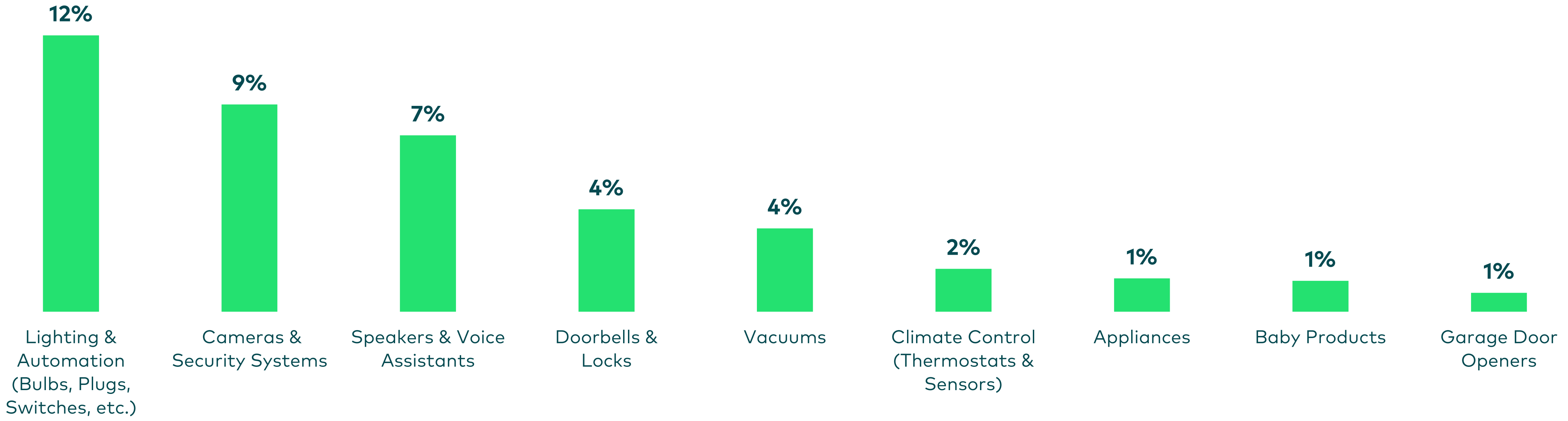
Source: Numerator Insights. 12 Months Ending 11/30/2021. Smart Home Products n=57,518

Lighting and security products were the most popular additions to US homes

As consumers continue spending more time at home, they're seeking greater convenience and peace of mind.

Top Smart Home Categories

% Households Buying



Source: Numerator Insights. 12 Months Ending 11/30/2021. Smart Home Products n=57,518

Numerator

Millennials & Gen X households are the most engaged Smart Home consumers

Engagement picks up as consumers move into homeownership life stages, then eventually tapers off.

Smart Home Purchasing Metrics

Total Smart Home

	Gen Z	Millennials	Gen X	Boomers+
Shopper Penetration	17.3%	**27.1%**	**28.1%**	22.3%
Repeat Rate	33.0%	40.6%	41.9%	38.5%
Purchase Frequency	1.6	1.9	2.0	1.8
Avg Household Spend	$122.12	**$169.50**	**$186.82**	$167.11

Source: Numerator Insights. 12 Months Ending 11/30/2021. Smart Home Products n=57,518

Directionally, leading categories were purchased similarly across generations

Gen Z households may not be as active in the industry yet, but can be brought along through convenient lighting products, and eventually, baby products.

% Spend by Category and Generation

Category	Gen Z % of HHs	Millennials % of HHs	Gen X % of HHs	Boomers+ % of HHs
Lighting & Automation	42%	42%	44%	41%
Cameras & Security	28%	29%	28%	25%
Speakers	22%	25%	28%	28%
Doorbells & Locks	13%	15%	15%	14%
Vacuums	12%	13%	13%	12%
Baby & Wellness	6%	7%	4%	3%
Climate Control	3%	6%	6%	7%
Appliances	2%	4%	4%	5%
Garage Control	2%	3%	3%	3%

Source: Numerator Insights. 12 Months Ending 11/30/2021. Smart Home Products n=57,518

Pandemic-driven purchasing.

The early days of the pandemic accelerated the Smart Home industry significantly by bringing new buyers into the category.

Numerator

Penetration, trips, and sales all rose considerably once consumers were stuck at home

Smart Home Purchase Metrics
3/1/20 – 9/30/20 (Period Coinciding with COVID Lockdowns)

HH PENETRATION	TOTAL TRIPS	TOTAL SALES
120	**120**	**109**
Index vs. Prior Year	Index vs. Prior Year	Index vs. Prior Year

Source: Numerator Insights. 3/1/20-9/30/20. Smart Home Products n=31,444

COVID lockdowns brought a massive influx of new Smart product buyers

Low-income and multicultural households are generally less engaged in the category, but COVID drove a disproportionate amount of purchasing.

56%

of Smart Home Shoppers between 3/1/20 and 9/30/2020 were **NEW*** to the Category

*New buyers defined as not having purchased Smart Home products in the previous 52 weeks

Who were these new Smart Home Shoppers?

New Smart Home Shoppers Indexed to Existing Buyers

AGE
25-34
HHs: 19%; Index: 117

INCOME
Under $40k
HHs: 26%, Index: 160

ETHNICITY
Black | Hispanic
HHs: 13% | 15%; Index: 125 | 128

HOUSEHOLD SIZE
5+ People
HHs: 22%, Index: 122

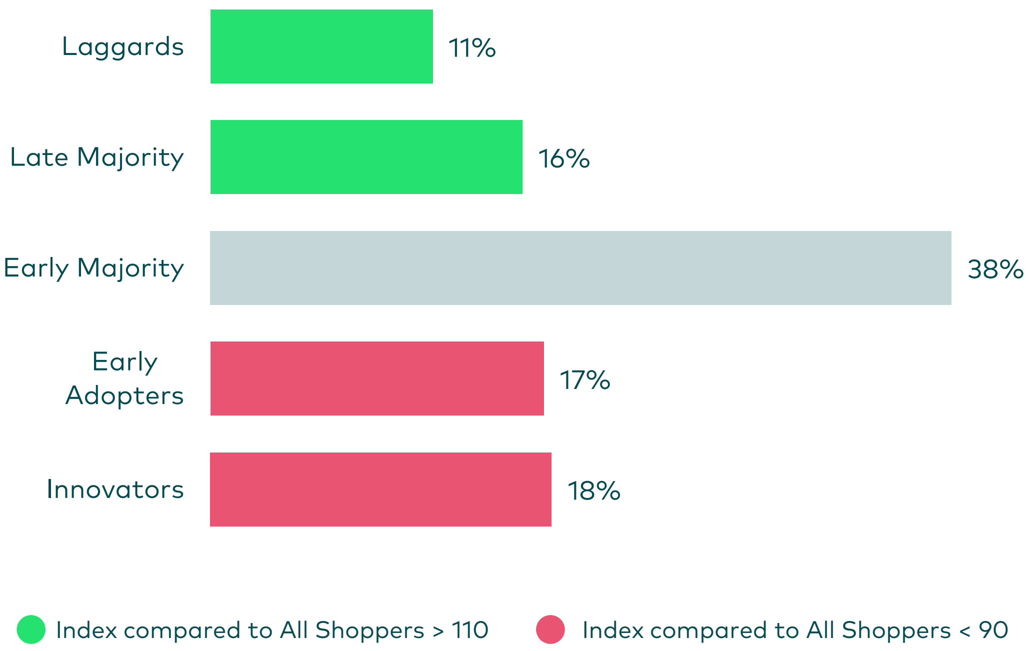
CHILDREN UNDER 17
Yes
HHs: 39%, Index: 106

URBANICITY
Rural
HHs: 28%, Index: 114

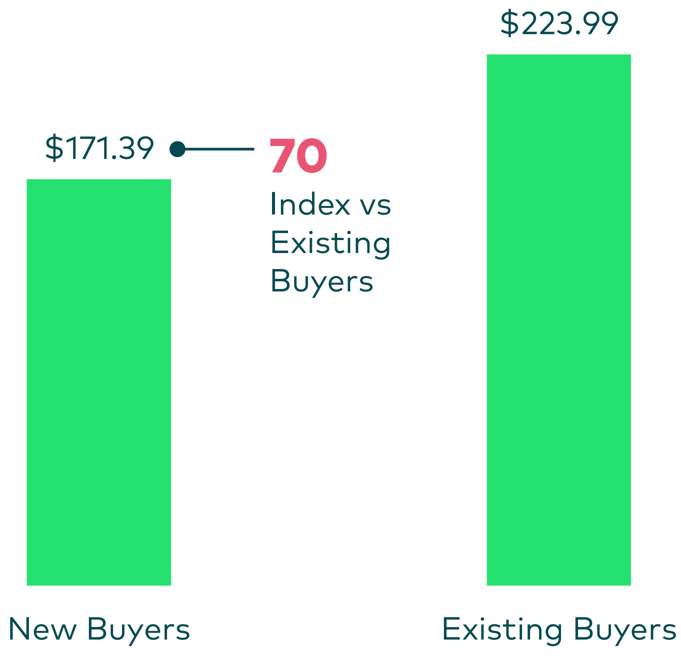
Source: Numerator Insights. 3/1/20-9/30/20. Smart Home Products n=31,444

New category buyers were tech laggards and haven't kept up with existing buyers since the first few months of the pandemic…

Technology Adoption
Media



Average HH Spend on Smart Products
Post First 6 Months of COVID



Source: Numerator Insights. 10/1/20-9/30/21. New Smart Home Buyers n=27,292

New shoppers entered the Smart space through categories that are most widely recognized and offer a high volume of touchpoints– speakers & lighting

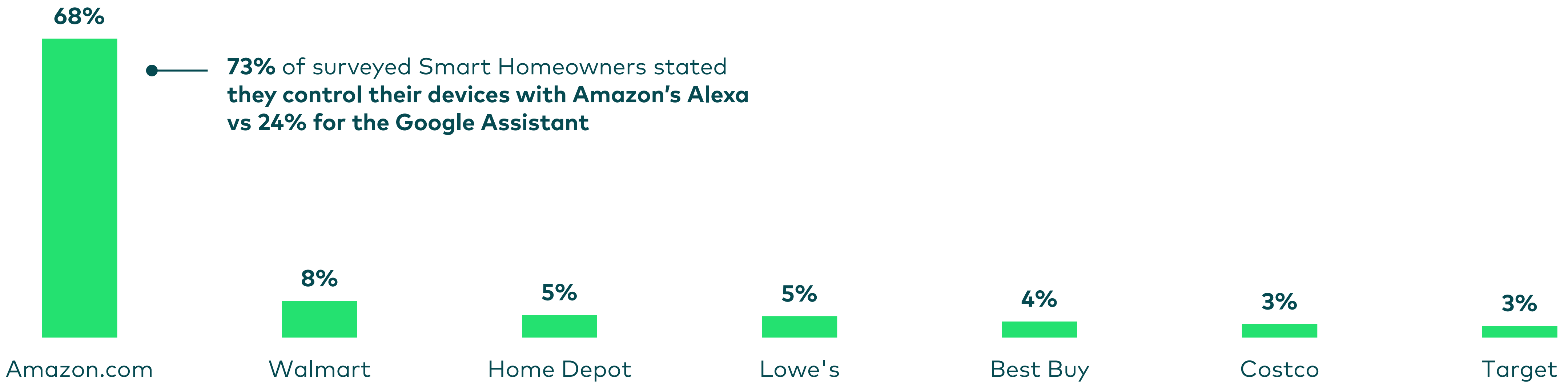
Top 5 Entry Points in Smart Home Industry
Share of Households Between 3/1/20-9/30/20

Speakers & Displays	Lighting & Automation	Cameras & Security Systems	Doorbells & Locks	Vacuums
26%	26%	19%	10%	7%

Source: Numerator Insights. 3/1/20-9/30/20. Point of Entry Smart Home Buyers n=27,292

Amazon's command of Smart Home entry trips suggests shoppers likely opted for Echo devices and Alexa's assistance over Google's Nest devices

Top Retailers for Smart Home Market Entry
% of Entry Trips into Smart Home Categories



73% of surveyed Smart Homeowners stated **they control their devices with Amazon's Alexa vs 24% for the Google Assistant**

Source: Numerator Insights. 3/1/20-9/30/20. Point of Entry Smart Home Buyers n=27,292

After the initial COVID purchase, POE shoppers purchased additional speakers, Lighting products and Cameras & Security Systems– and didn't stray too far from Amazon

Post Period Smart Home Purchasing Among POE Shoppers

Top Product and Store Combinations

Product Purchase Sequence	% of POE Shoppers
Speakers	9%
Lighting & Automation	9%
Cameras & Security Systems	8%
Doorbells & Locks	3%
Vacuums	3%
Appliances	3%
Lighting & Automation -> Lighting & Automation -> Lighting & Automation	3%
Lighting & Automation -> Lighting & Automation	2%
Baby & Wellness Products	2%
Climate Control	2%

Store Purchase Sequence	% of POE Shoppers
Amazon.com	26%
Amazon.com -> Amazon.com -> Amazon.com	22%
Amazon.com -> Amazon.com	13%
Walmart	5%
Home Depot	3%
Lowe's	3%
Best Buy	2%
Costco	1%
Target	1%
Amazon.com -> Walmart	1%

Source: Numerator Insights. 26 Weeks Post Analysis Period Spanning 3/1/20-9/30/20

Smart device usage and sentiment.

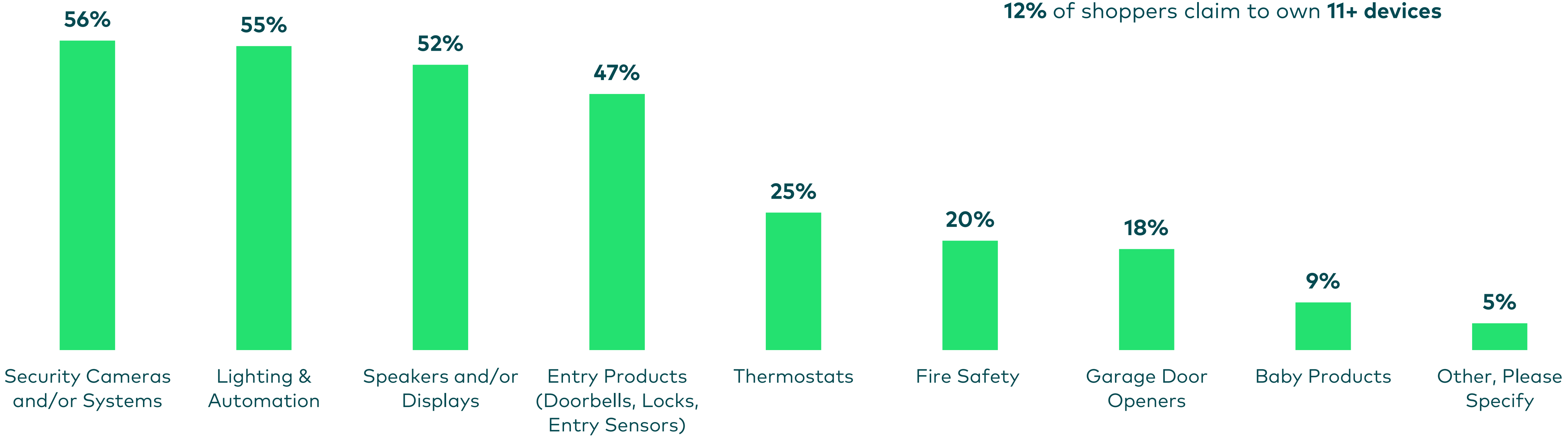
More than half of all US consumers are now "Smart Homeowners" and they're getting a lot of utility from their Smart companions.

Half of all US homes claim to own a variety of Smart Home products

Smart Product Ownership Rates

% of Survey Respondents

53% of shoppers claim to own **2-5 Smart devices**
22% of shoppers claim to own **6-10 devices**
12% of shoppers claim to own **11+ devices**

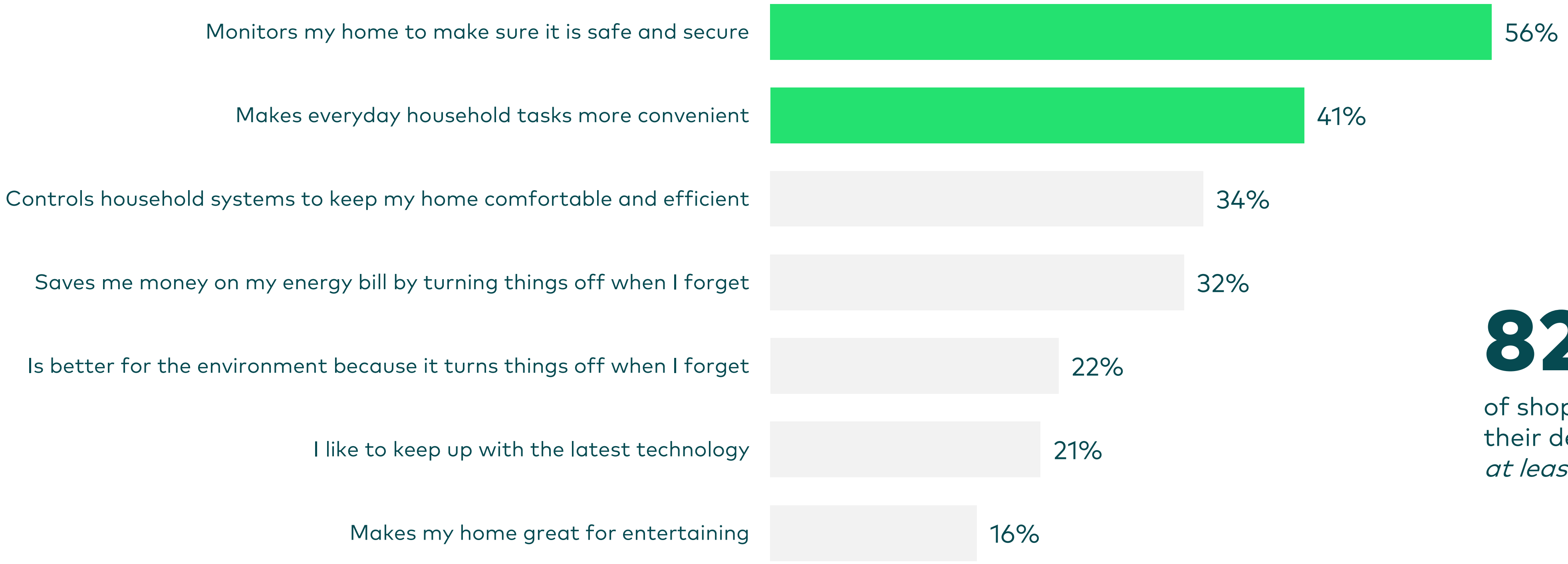


Source: Numerator Smart Home Instant Survey. Smart Home Shopper n=206 over 3-day period ending 12/12/21

Safety & convenience are driving factors behind most Smart Home purchases

And usage frequency suggests shoppers are finding a great deal of utility in their Smart devices.

Motivation for Purchasing a "Smart" Version of Home Products



82%

of shoppers claim to use their devices' Smart features *at least* most of the time!

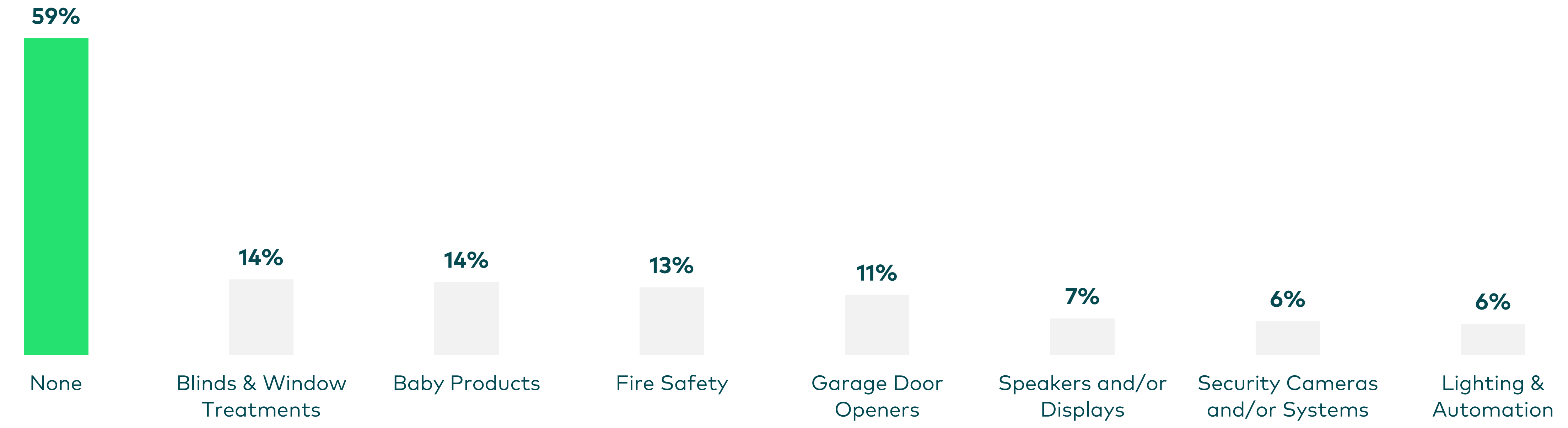
Source: Numerator Smart Home Instant Survey. Smart Home Shopper n=206 over 3-day period ending 12/12/21

Lack of buyer's remorse signals a healthy industry that should continue to grow

However, consumers may not see the same level of utility in Smart blinds and baby products as they do in other products.

Smart Home Purchase Regrets and Future Apprehension

Which of the following Smart-enabled products do shoppers regret buying or expect to avoid?

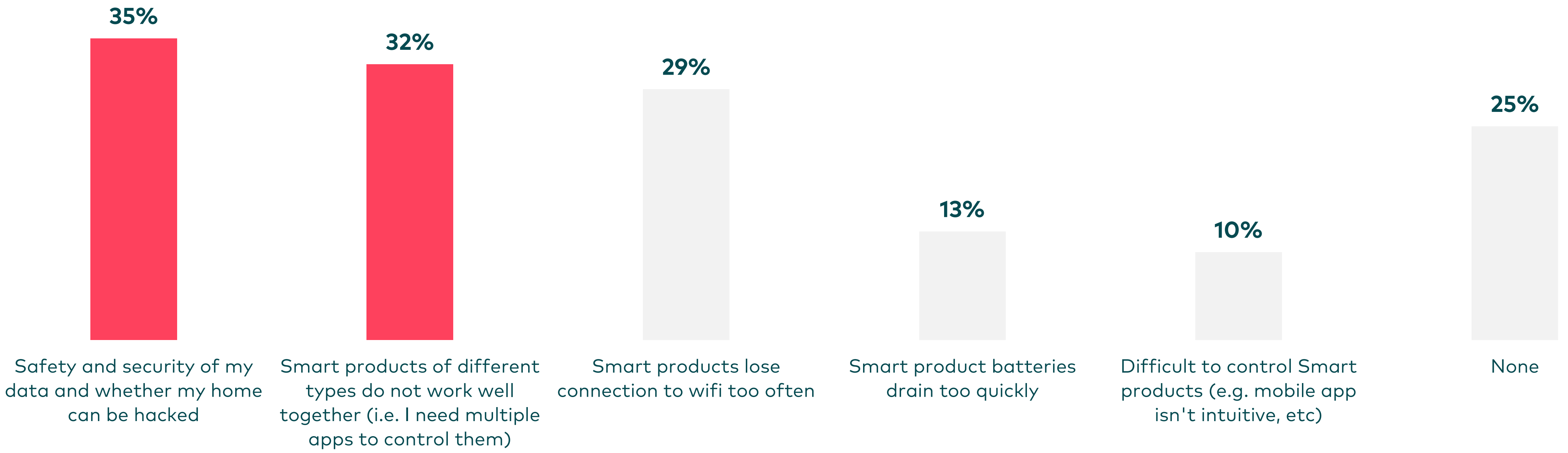


Source: Numerator Smart Home Instant Survey. Smart Home Shopper n=206 over 3-day period ending 12/12/21

Data security and device interoperability are the primary concerns when it comes to future Smart Home purchases

Biggest Smart Home Concerns and Frustrations

% of Survey Respondents



Source: Numerator Smart Home Instant Survey. Smart Home Shopper n=206 over 3-day period ending 12/12/21

Numerator

Improved interoperability is at the top of the wish list for Smart Home shoppers, and brands & retailers are likely missing opportunities due to lack of awareness

Shopper Feedback For Future Smart Home Innovation

These would require further product innovation…

“ I wish I could ask Alexa to manage new smart products setup vs having to use apps that can be difficult to use

“ One app to control all my devices without having to switch between apps or services

“ I wish everything was interconnected

“ One app that works with a variety of products and brands

“ A device that shuts down all non-essential electronics in my home without having to do it individually

These require better messaging to improve awareness…

“ I would really like to see light bulbs that turn on using voice commands

“ Would love to be able to check to see if lights were left on and turn them off via phone or app

“ A Smart coffee maker that can have my coffee ready when I walk into the kitchen in the morning

“ I would like to see heating features to help control the heat

“ A smart garage door that I can control from anywhere

Source: Numerator Smart Home Instant Survey. Smart Home Shopper n=206 over 3-day period ending 12/12/21

Takeaways

Smart Home products continue to take over US households, as 1 in 4 purchased devices in the past year and ownership rates surpassed 50 percent in several categories.

Millennials and Gen X shoppers are the most engaged in the industry, but Gen Z and Boomers+ are active participants, too.

Brands and retailers can accelerate Gen Z adoption through lighting and baby products as **they begin to start families and purchase homes.**

The pandemic led to a surge in Smart Home sales as shoppers looked to **add convenience and security features to their homes** during lockdown.

New category buyers that may have been wary of Smart Home products prior to the pandemic entered the category in droves, **but their spending levels didn't keep up with existing buyers after the initial surge.**

The point of entry for new category buyers was either speakers or lighting, categories that are **heavily advertised and offer ample opportunities for engagement.**

Feelings of security and added convenience were the top drivers for Smart products purchase and shoppers use Smart features as much as they can.

Data security and issues with interoperability are shoppers' key reasons for not purchasing more Smart Home products.

Brands and retailers can continue to broaden the appeal of Smart devices by addressing interoperability head-on and educating shoppers on key product features. **A low-friction setup process and a solid understanding of product benefits can significantly enhance the Smart Home experience.**

There's More to Know.

For custom insights in your own brand or category reach out today

Numerator

hello@numerator.com