



Building the Connected Home of the Future

KEY INFLUENCERS AND BUSINESS ADVANTAGES

How do home builders determine which smart home decisions earn the greatest payback and home buyer delight? A recent national survey of home builders offers valuable perspective.



Overview

The sale of **smart home** technology is surging in the U.S. The Consumer Technology Association (CTA) expects smart home product sales to reach \$4.5 billion in 2019, representing 16% year over year growth. While many of these smart home products are being installed in existing homes, a substantial number are being installed by home builders into new home construction.

The addition of smart home technology in new home construction prompts several questions, including does smart home

technology help sell homes more quickly? Do smart home products offer builders a competitive advantage? Who influences the selection of smart home products?

This paper answers those questions and others, drawing its conclusions from an independent survey Hanley Wood conducted on behalf of Samsung Electronics Co., Ltd. from late May to early June 2019. The results offer an authoritative look at how home builders today are responding to the smart home question.

Executive Summary

2019 Smart Home Technology Usage and Attitudes Among Home Builders

Home builders work hard to anticipate and address the evolving needs of today's home buyer. This investigation reached three major findings that may assist home builders make more confident decisions about their go-to-market strategy for the connected home.

1. Builders reveal a smart home and connected technology offers a strategic advantage in selling homes today.
2. Home buyers exert the greatest influence in what smart home products home builders select.
3. Finally, lifestyle and making life easier are the biggest reasons homeowners demand smart home products.

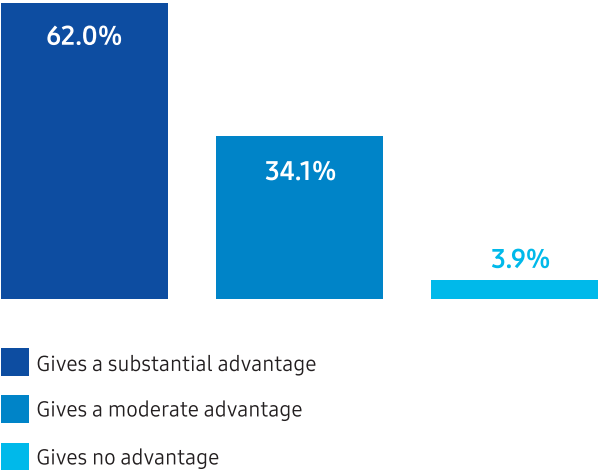
Key Findings

MAJOR FINDING NO. 1

Smart home and connected technology is a strategic home selling advantage.

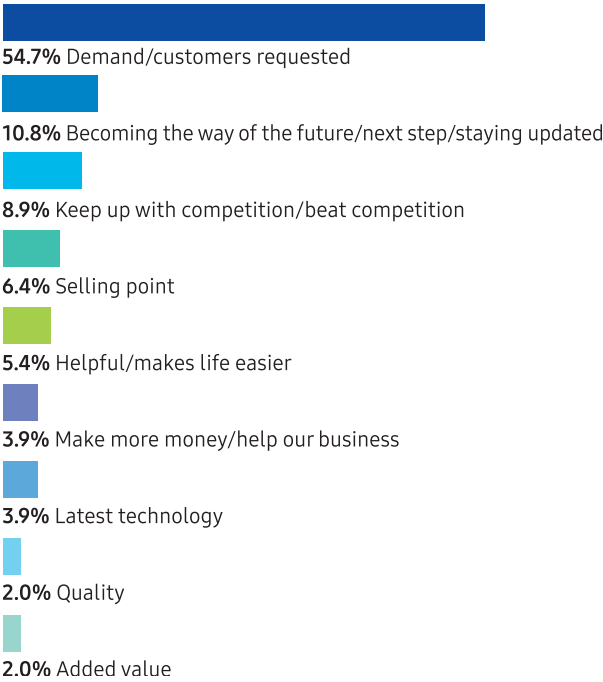
1. Do Smart Home Products Represent a Home-Selling Advantage?

Nearly 100% of all home builders (96.0%) **agree** that smart home products **offer a substantial or moderate home-selling advantage** over competing home builders.



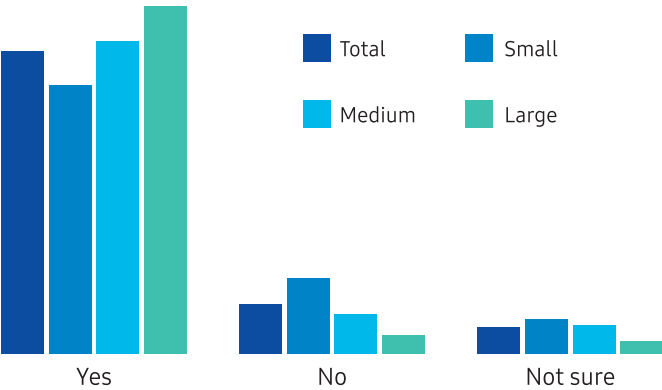
2. Why Do Home Builders Offer Smart Home Technology?

Researchers identified nine possible reasons to offer smart home technology, including competitive pressures, staying relevant and user convenience, among others. **Customer demand** outpaces all other factors by at least a 5:1 margin.



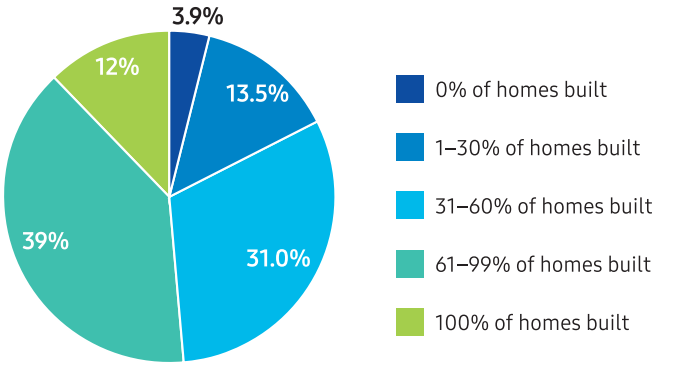
3. Will Offering Smart Home Products Help Sell Homes Faster?

Home builders answer with an **emphatic YES** across all builder size categories (79.9%), with nine out of 10 large/very large builders responding affirmatively.



4. What Percent of Homes Do Home Builders Install Smart Home Products?

More than half (51%) of home builders say they install smart home products in **at least 60%** of the home they build, with 12% saying the products are installed in every home they build.

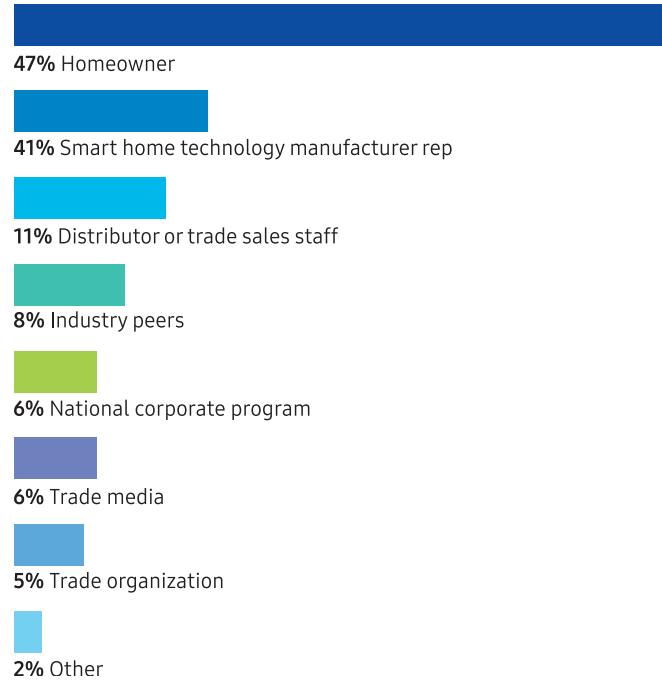


MAJOR FINDING NO. 2

Home buyers strongly influence the selection of smart home products.

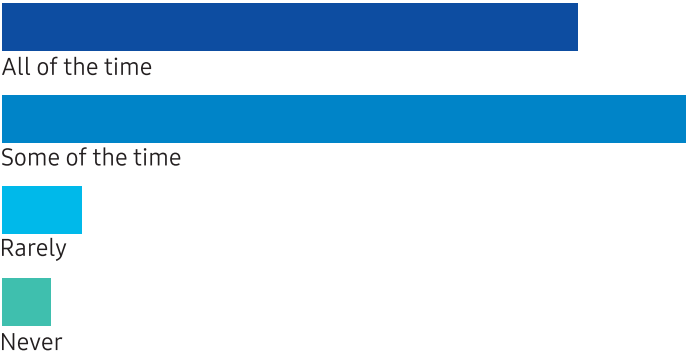
1. Who Influences Smart Home Product Selection?

Researchers identified seven potential centers of specification influence. **Home buyers** heavily influence the home builder's purchase decision on smart home products.



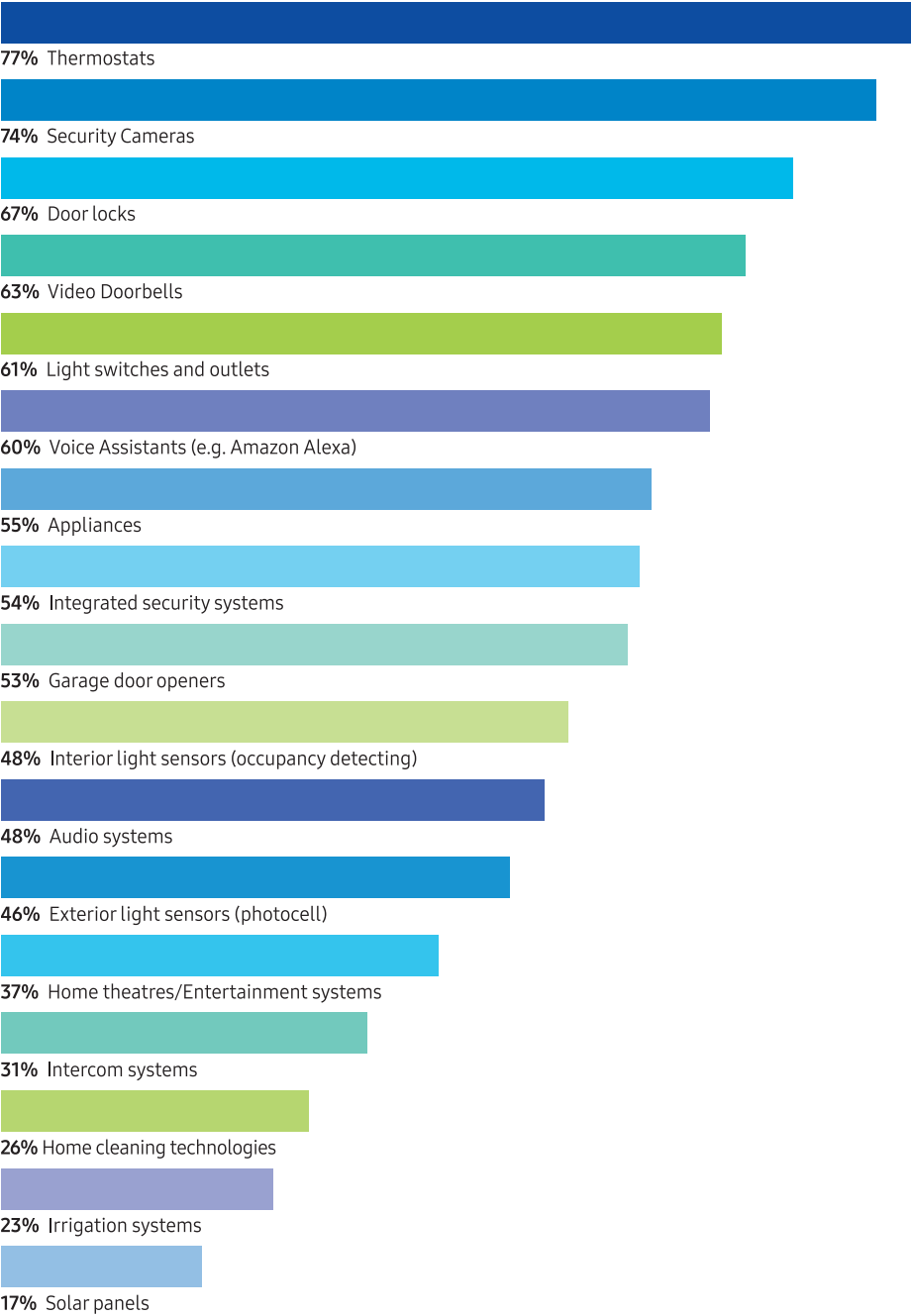
2. How Frequently Do Home Buyers Request Smart Home Products?

Home buyers drive connected home product demand with over 80% of home builders saying their customers request smart home products some or all of the time. More than 40% of home builders say home buyers **always request** smart home products, with nearly all other home builders reporting home buyers request the products at least some of the time. Less than 10% of home builders indicate the request is seldom or never made by home buyers.



3. What Smart Home Products are Most-Requested by Homebuyers?

Researchers questioned home builders’ frequency of request across 17 smart home products. **Smart thermostats, security cameras** and **door locks** are the top three product choices by homebuyers, with a wide assortment of products bunched close behind, like smart doorbells and light switches.

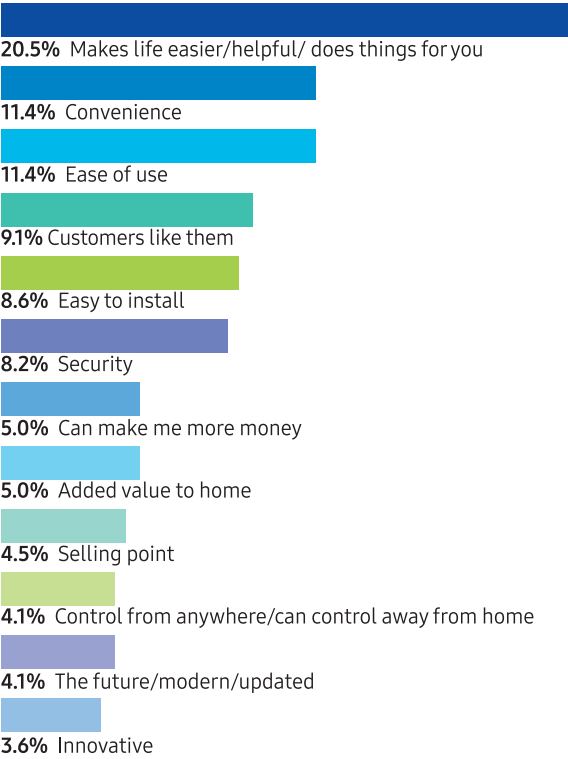


MAJOR FINDING NO. 3

Lifestyle and making life easier are the biggest reasons homeowners demand smart home technology.

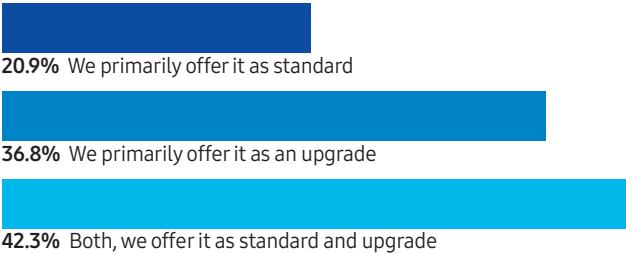
1. Why are Smart Home Products Installed?

Researchers identified 12 features home builders believe motivate home buyers to request smart home technology. Taken as a group, the top three motivators indicate **lifestyle issues** outrank security, installation ease and builder profitability, among other motivations.



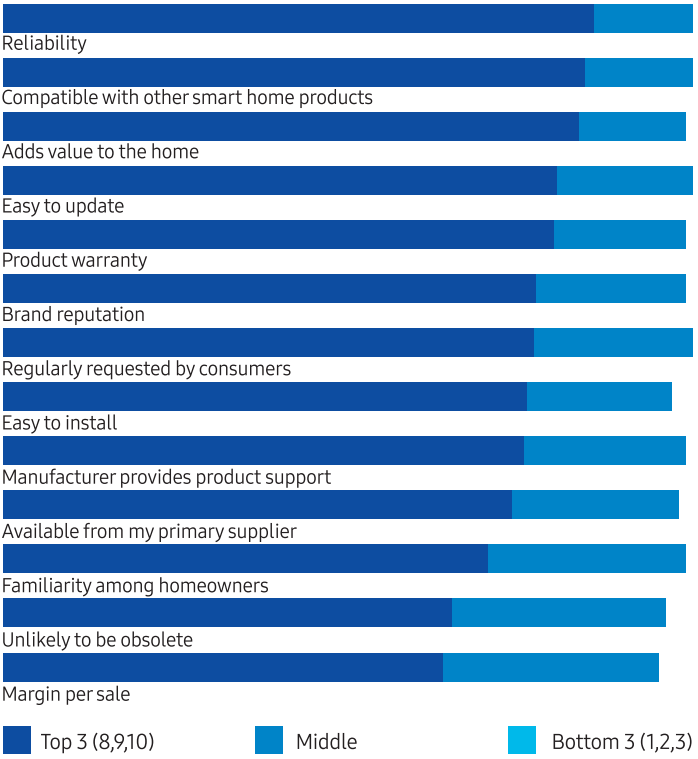
3. Are Smart Home Products Standard or Upgraded Features?

About one in five home builders bundle smart home products as a **standard feature**, while most still regard the technology as an upgrade option. Most luxury home builders still regard smart home products as an upgradeable item, with just 30.4% offering the technology in a standard package.



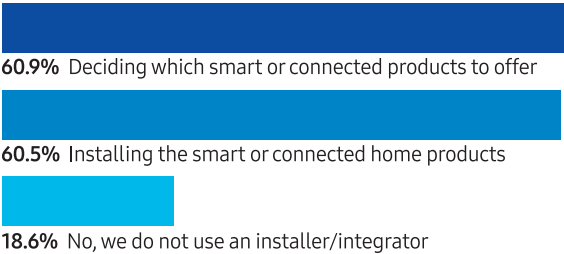
2. What Are the Most Important Features of Smart Home Products?

Researchers identified 13 features home builders cited most important in smart home products. Not surprisingly, **reliability** and **compatibility** tops the list. Home builders look for products that minimize callbacks, which help preserve margins and reputation.



4. Do Home Builders Use a Smart Home Integrator or Installer?

Most home builders **rely on integrators and installers** to advise (60.9%) or install the smart home products (60.5%). Fewer than 20% of home builders do not sub-out any work to installers or integrators.





Conclusion

This survey affirms what most home builders already know: Smart home products are here to stay. Although builders may debate the best way to position homes for increasingly tech-savvy buyers, there's no question that maintaining relevancy is a major priority.

Building professionals will be wise to devise and implement long-term strategies to anticipate and respond to their buyers' increasingly sophisticated technology demands. It's a safe bet the smart thermostat or door lock of 2019 may be displaced within five years by smart technologies scarcely imagined today. That's a level of uncertainty no home builder should have to face on their own.

Home builders will want to align themselves with world-class technology partners that have earned wide respect from today's homebuyers. Take time to identify technology partners that have proven themselves for product reliability and compatibility, the keystones required to mitigate callbacks in a fluid, fast-changing technology marketplace.

Appendix

Survey Methodology

All interviews were conducted online from May 23 to June 3, 2019. All respondents were screened and confirmed:

- U.S. residents
- Over the age of 20
- Building homes for at least three years
- New home construction makes up at least 50% of their revenue
- At least 50% of their homes are single family
- At least 50% of the respondents influence product and supply purchases
- At least 50% of the respondents influence appliance purchases
- Respondents represented small builders (1–15 homes, 27%), medium (16–30 homes, 18%), large (31–100 homes, 30%), and very large (more than 100 homes, 25%)
- Average interview length: 18 minutes