IPSOS AFFLUENT INTELLIGENCE

SMART HOME TECHNOLOGY: NOT YOUR TYPICAL TECH

WHY SMART HOME?

At Ipsos Affluent Intelligence, our goal is to deliver data and insights that help our clients prepare for, adapt to and leverage change. For over 40 years, we've been fielding the premier survey of America's affluent market—and we've identified a segment of consumers with household incomes over $125K who are often the first to adopt new technologies. We call this group "Affluencers." These are the early adopters who blaze new paths—and the influencers who lead the rest of us forward. They spend more, adopt earlier and recommend often.

It goes without saying that price is less of a barrier for affluent consumers. They're able to afford the latest devices, and many are willing to experiment. They then share their discoveries with their networks, disseminating valuable information and advice. In this way, Affluents drive categories forward—and the Smart Home category is no exception.

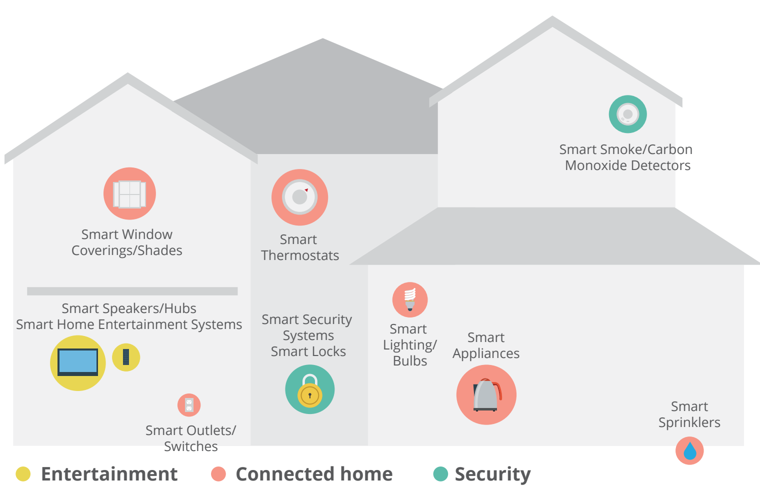
In Q4 2017, IAI recontacted 801 Affluent Survey respondents, along with 209 non-affluent consumers, on the subject of Smart Home technology. We chose to focus on this emerging category because it impacts so many brands and industries—and because we suspected Affluents were playing a critical role. The data have confirmed our suspicions. In the Smart Home world, Affluencers are doing now what everyone else will be doing next.

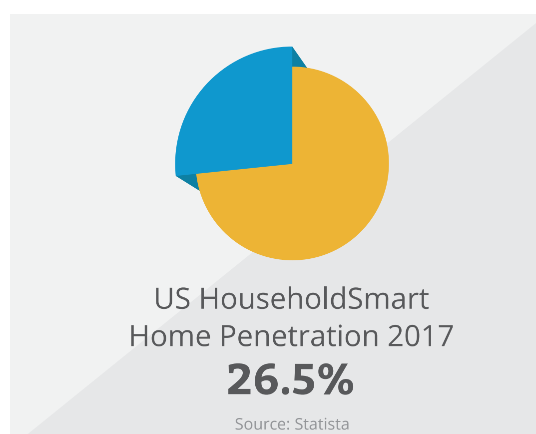
-Michael Baer, SVP Team Lead, Ipsos Affluent Intelligence, Michael.Baer@ipsos.com

HOMES ARE GETTING SMARTER

It started with smart thermostats and robo vacuum cleaners. Now Internet-connected devices are gradually making their way into every room of our homes. But the Smart Home "revolution" we've been anticipating since the Jetsons has yet to arrive. In 2017, penetration of Smart Home devices remains low. Until now, the barriers to purchase—from price to product quality to ease of use—have simply been too high for most consumers.

However, low cost, multi-use products such as smart speakers are beginning to bring more consumers into the Smart Home world, and there are signs that a tipping point may be just around the corner.





AFFLUENCERS ARE LEADING THE WAY

Affluent consumers are more likely than non-affluent consumers to own and/or plan to purchase Smart Home devices in the next three months. However the most influential consumers of Smart Home products are Affluencers.

Across the board, Affluencers spend more, have higher purchase intent and wield more influence. They drive most categories, and Smart Home is no exception.

WHO ARE AFFLUENCERS?

Affluencers spend 3.6x more than non-affluent consumers—and up to 10x more in the categories they influence. High purchase intent means Affluencers are in the market more often, and their knowledge of specific categories makes them experts to whom others turn for recommendations and advice. Affluencers describe themselves as "heavy spenders" (121 Index) and the numbers bear that out.

Affluent Households Spend **2.6X** Non-Affluent Households

Affluencers Spend **3.6X** Non-Affluent Households

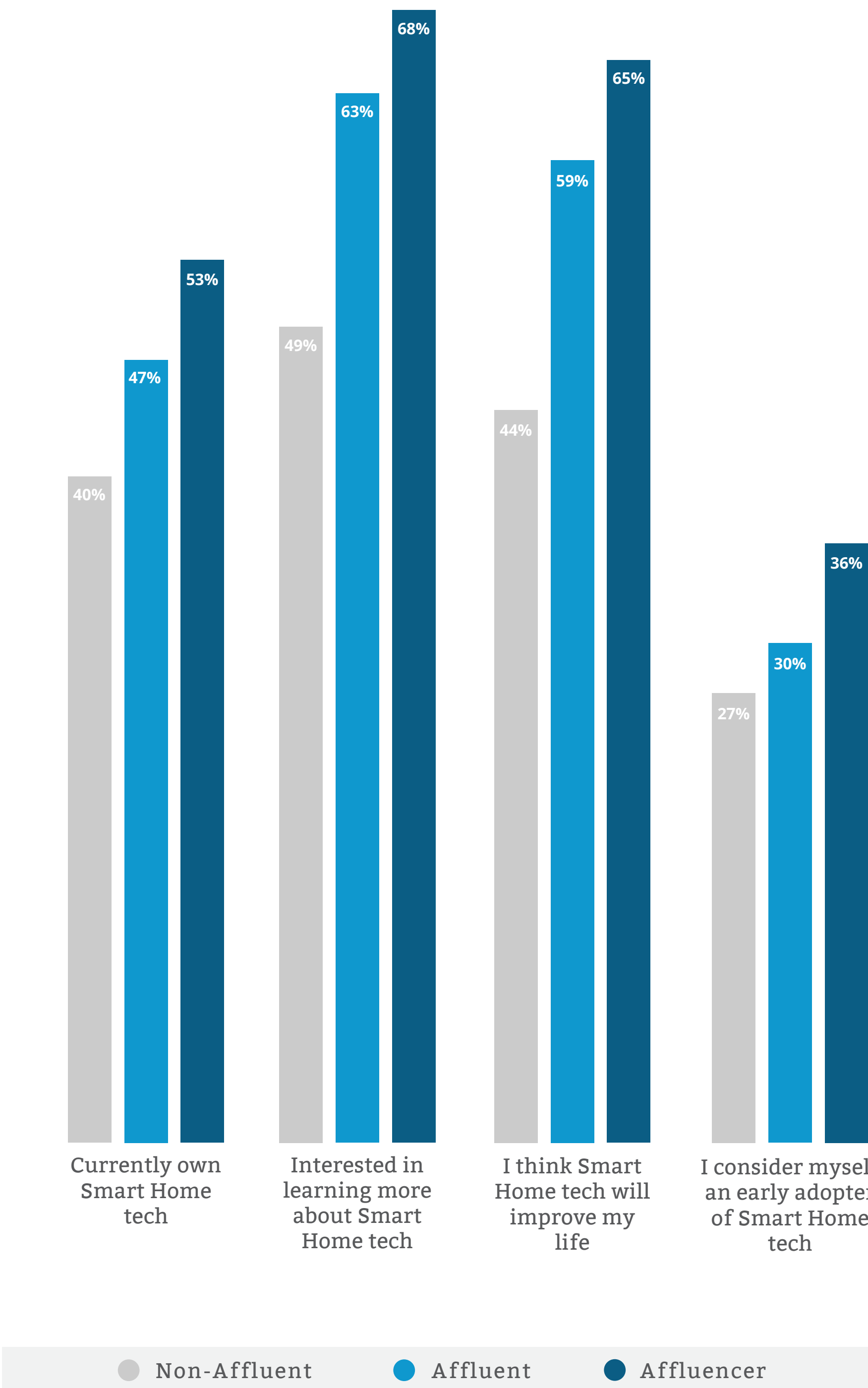
Affluencers Spend **40%** More Than Affluents

I consider myself an opinion leader
Affluent: **56%**
Affluencer: **65%**

I am the first to try new products or services
Affluent: **49%**
Affluencer: **57%**

I like to stand out from others
Affluent: **46%**
Affluencer: **53%**

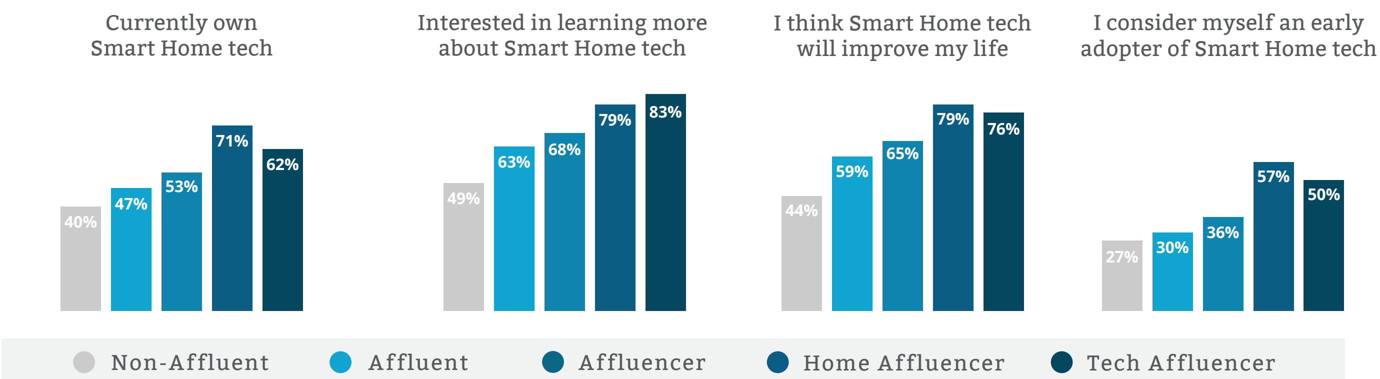
I like to offer advice to others
Affluent: **62%**
Affluencer: **71%**

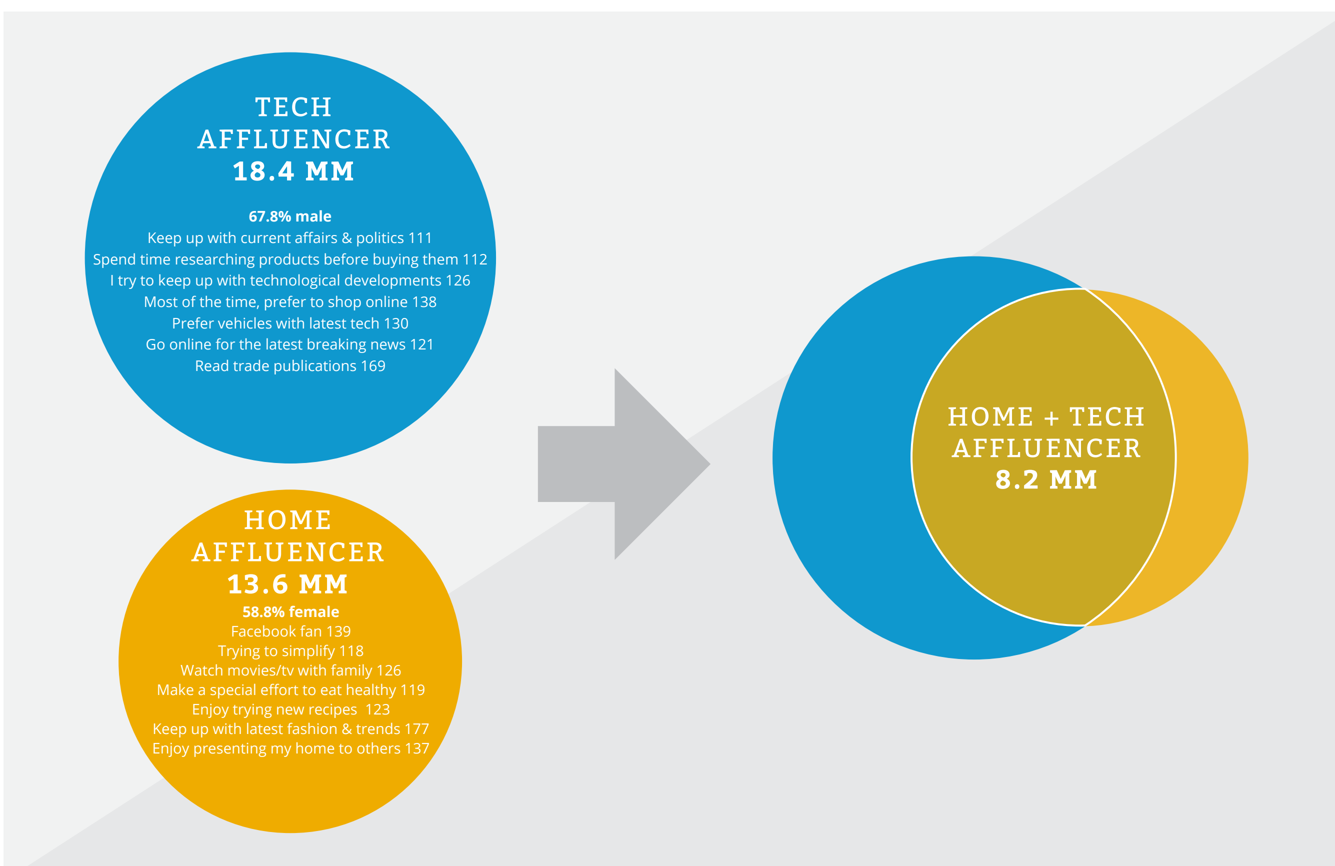


THE MARRIAGE OF SMART AND HOME

Smart Home is truly the merger of different worlds. The two most important groups in the Smart Home category are Tech Affluencers and Home Affluencers. On the surface, these may seem like two groups with little in common. However, there's a sizable overlap between the two Affluencer segments—and it's within this overlap that we find the core audience that is currently driving the category.

There are well over 8 million Home + Tech affluencers. They have the financial freedom and tech savvy to experiment with new products. They are early adopters of Smart Home devices who are eager to share their expertise with others.



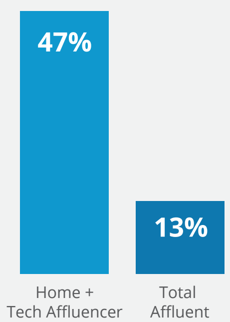


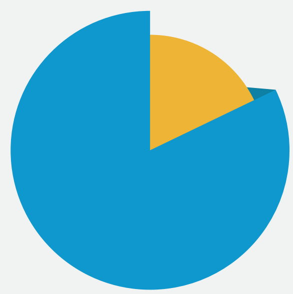
HOME + TECH AFFLUENCERS

Home + Tech Affluencers personify the merger of smart and home. They skew younger than other affluents. 86% are either Millennials or Gen-X and many have careers in tech-adjacent fields. They're successful and driven and tech is the air they breathe—but they aren't stereotypical "tech guys." Home is where their hearts are. These are people with young families and kids on the way. They look forward to movie night and love cooking for family and friends. They purchase Smart Home products to improve their family's lives and the workings of their home.

SPENDING

Spent >$10K in Past 12 Months on Computers, Electronics and Home Entertainment

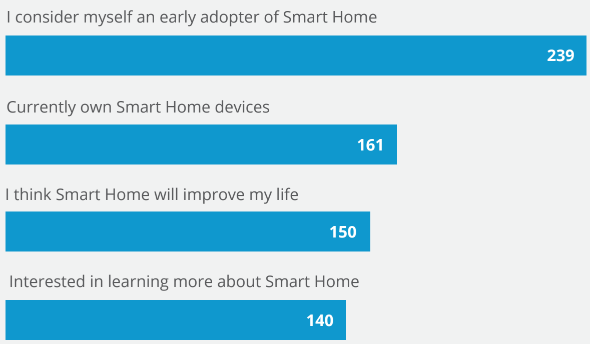




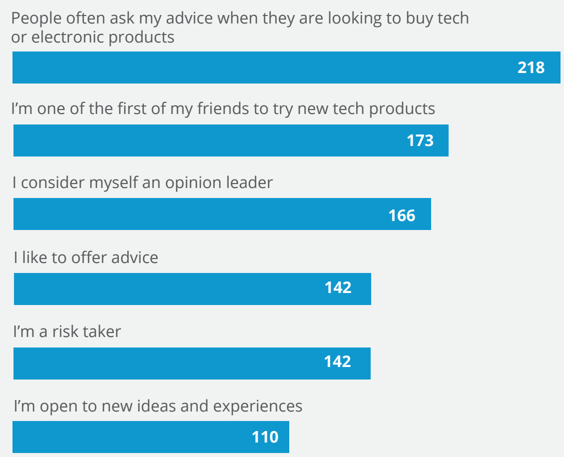
85%

Own & are Very Likely to Purchase Smart Home in Next 12 Months

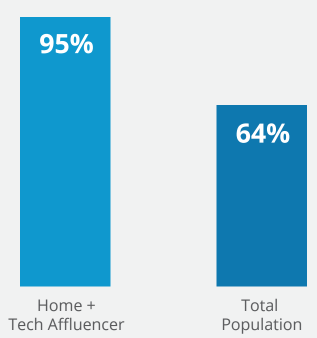
Smart Home Ownership and Attitudes: Indices



General Attitudes: Indices

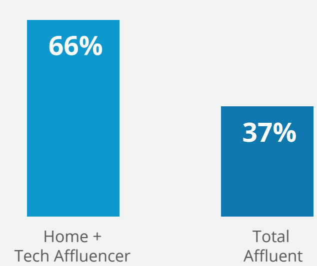


Own a Home



(US Census, 2017)

Spent >$5K on their House in the Past Year



DEMOS

Median Age: **34.7**
Median Income: **$182K**
46% Millennial, **40%** Gen X
56% Male, **44%** Female

SMART HOME

Index:
Early Adopter: **239**
People Ask their Advice: **218**
Spent >$5k on House in Past Year: **181**

CAREER

Index:
Architect/Engineer: **200**
Investment Banker: **520**
Doctor/Dentist: **213**
Software Developer: **187**
Strives to get Top of Career: **145**

FAMILY

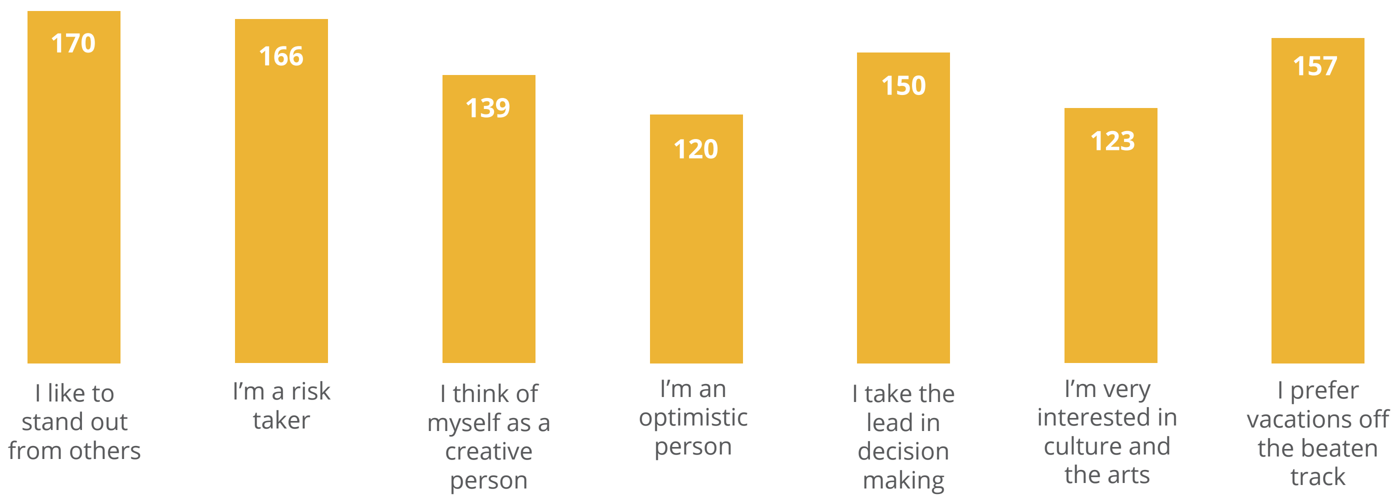
Index:
One+ Kids: **172**
Three Kids: **326**
Planning a Baby: **257**
Family is Top Priority: **107**

HEART & HOME

Index:
I Regularly Take On Do-it-Yourself Projects in my Home: **149**
The Kitchen is the Center of my Home: **126**
I Enjoy Cooking for Family and Friends: **119**
Stylish Design is Important to me When Deciding Which Products to Buy: **133**
I'm Always Looking For New Ways to Improve My Home: **128**
I Enjoy Trying New Recipes: **135**

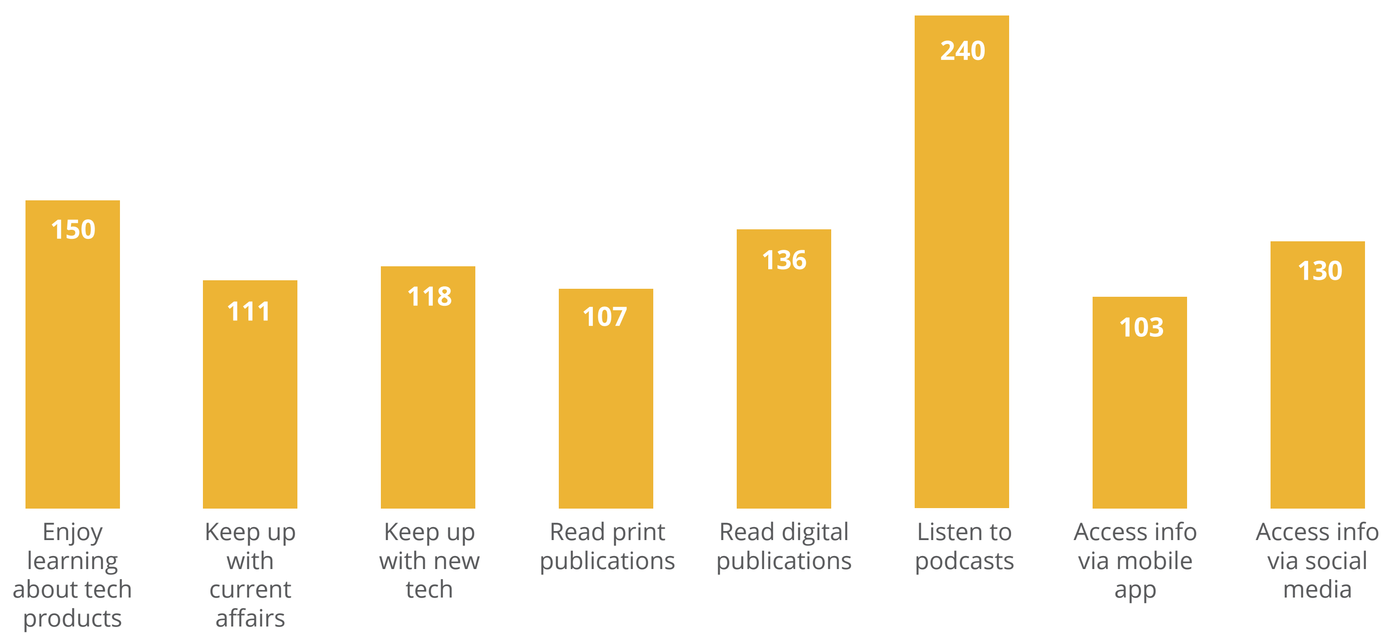
ATTITUDES AND OUTLOOK DEFINE THEM

Although they skew Millennial and Gen-X, Home + Tech Affluencers are more defined by their attitudes than their age or generation. No matter their age, these are risk-takers and explorers. They consider themselves creative people, and they're interested in the culture and arts.



THEY'RE HEAVY CONSUMERS OF INFORMATION

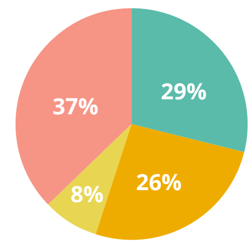
Home + Tech Affluencers are interested in the Smart Home category and eager to learn more. They are enthusiastic readers, listeners and viewers who over-index for every medium. When it comes to social media, they're not just consumers of information, they're active producers of content as well.



SEGMENTING SMART HOME BY PURCHASE INTENT

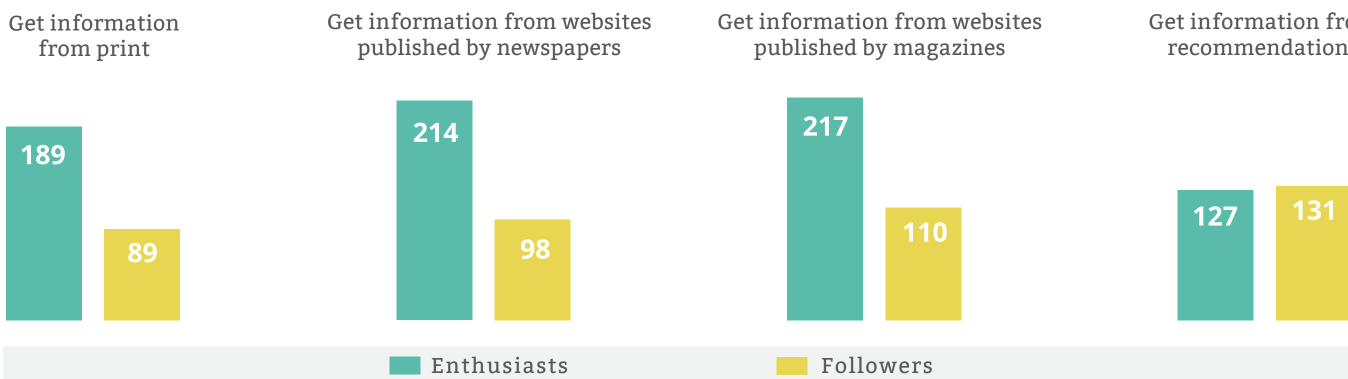
It's instructive to segment our respondents into four basic buyer groups. Enthusiasts are owners of Smart Home devices who plan to purchase another soon. (85% of Home + Tech Affluencers are Enthusiasts.) Dabblers own at least one device, but aren't in the market for another at the moment. Followers don't currently own but plan to purchase in the next few months, while Resistors currently have little interest in owning or purchasing.

Enthusiasts	Dabblers	Followers	Resistors
Own and Plan to Purchase	**Own, Don't Plan to Purchase**	**Don't Own, Plan to Purchase**	**Don't Own or Plan to Purchase**
Engagement: Very High	Engagement: Low	Engagement: High	Engagement: Very Low
Male 59%, Female 41%	Male 47%, Female 53%	Male 57%, Female 43%	Male 48%, Female 42%
42% Millennial, 38% Gen-X	36% Gen-X, 31% Boomer	25% Millennial, 51% Gen-X	33% Gen-X, 35% Boomer
$297K median HHI	$220K median HHI	$230K median HHI	$259K median HHI
60% 1+ children	36% 1+ children	39% 1+ children	30% 1+ children



THE ENTHUSIAST-FOLLOWER DYNAMIC

We see clear evidence of the Diffusion Theory at work in the Smart Home category. Enthusiasts, who show interest and expertise in the category, are active consumers of Smart Home information. They're eager readers—and recommenders. Followers, on the other hand, are doing less of their own research and relying more on recommendations.



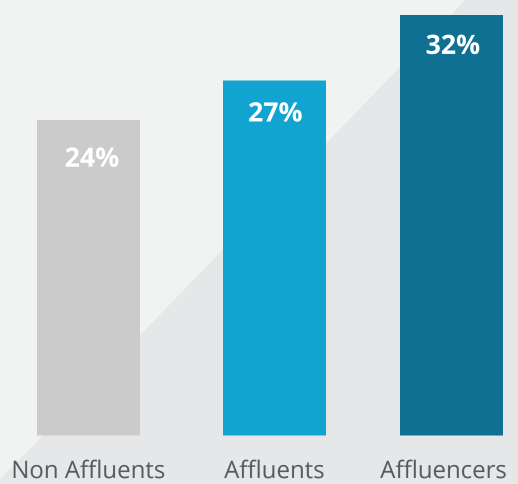
THE DABBLERS AND RESISTORS

Over two-thirds of affluents qualify as Smart Home Dabblers or Resistors. Dabblers own a Smart Home product, but don't intend to purchase another in the near future. Perhaps they bought a specific device for a specific purpose and don't see a need for other products. Perhaps they were given a device as a gift. Whatever the reason, their interest in the category is almost as low as that of the Resistors—people who do not currently own Smart Home products and do not plan to purchase any in the near future.

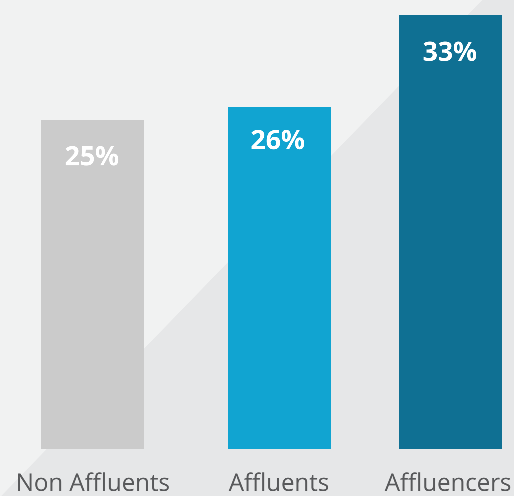
SMART SPEAKERS AS GATEWAY PRODUCTS

At the moment, smart speakers (such as Amazon Echo or Google Home) appear to be the most democratic of Smart Home products, with similar adoption across non-affluent and affluent groups. Price point and difficulty of use are less of a factor with these products, and consequently they appear to be bringing more people to the category. Ownership and purchase intent are higher for smart speakers than for any other Smart Home product.

Currently Own



Plan to Purchase Next 3 Months



Number of Speakers Among Owners

	Non Affluents	Affluents	Affluencers
One	43%	49%	45%
Two	39%	33%	34%
Three	18%	18%	20%

Top Rooms for Smart Speakers

Living Room/Den

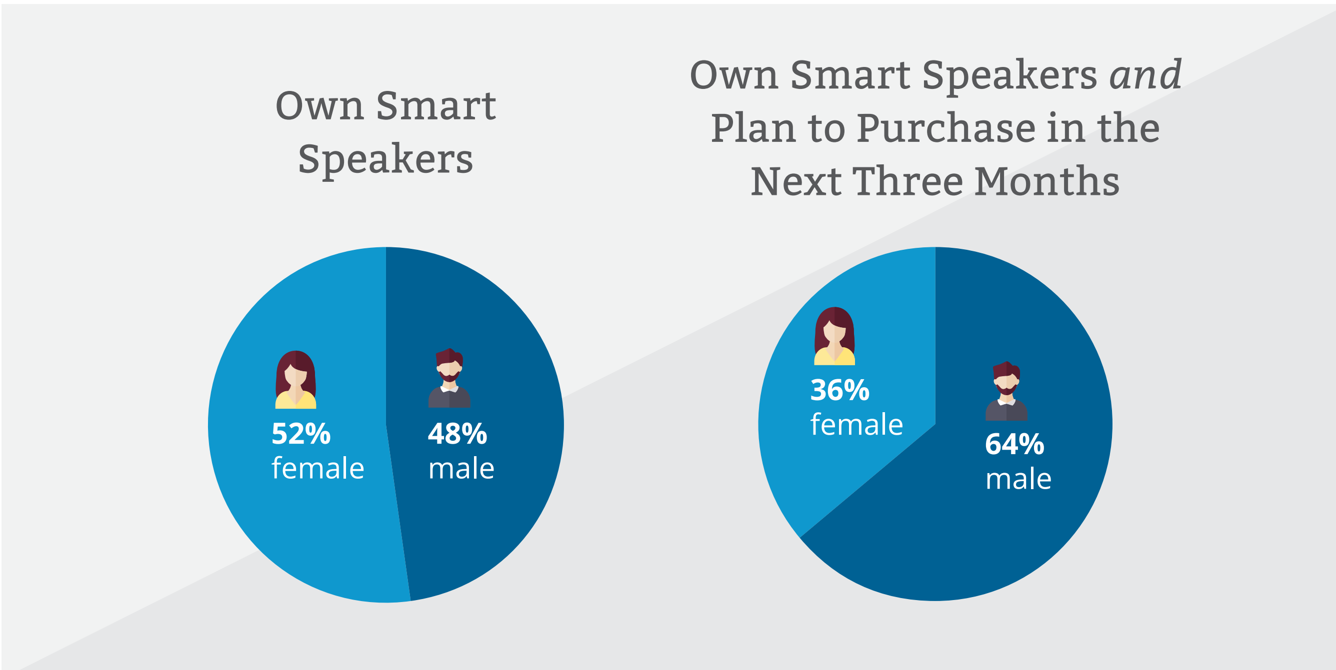
Master Bedroom

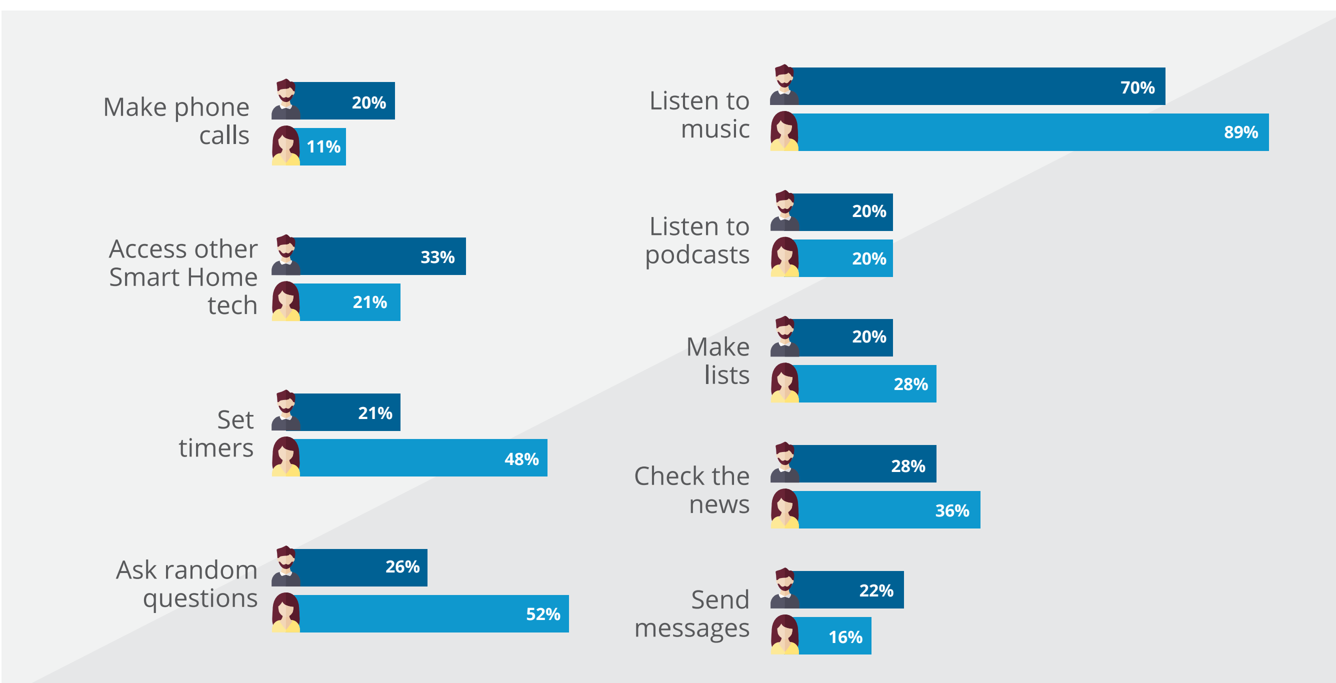
Kitchen

Home Office

GENDER DIFFERENCES IN SMART SPEAKER USAGE

Reported usage shows marked differences among males and females. Women report using smart speakers for household tasks and entertainment, while more men report using them to connect other Smart Home devices. This may account for the overrepresentation of men as smart speaker Enthusiasts—despite the fact that more women own smart speakers. Men may be buying additional units to connect to hubs and Smart Home systems.



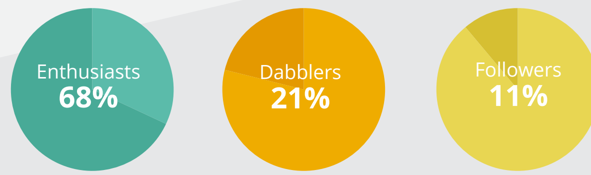


EMERGING SUBCATEGORIES

As more people enter the Smart Home category, we will see subcategories emerge around groups of products with similar benefits and audiences. Even in these early days, different profiles are beginning to develop for consumers of Security, Entertainment and Connected Home products.

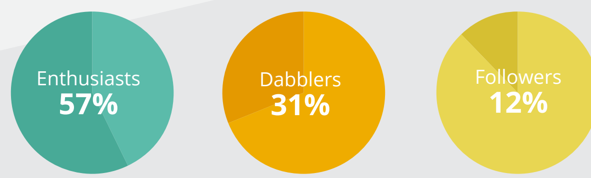
Those who own Security devices are the most likely to be Smart Home Enthusiasts. Home ownership is a prerequisite, and they skew Gen-X (41%). They are early adopters (Index: 144), risk takers (Index: 133) and opinion leaders (Index: 127). 51% also happened to be Travel Affluencers.

SECURITY



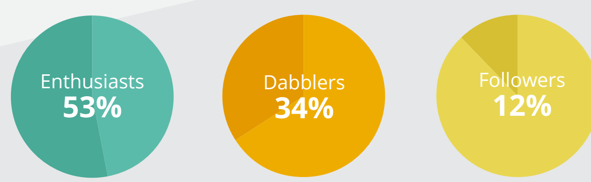
Those who own Connected Home appliances tend to be more practical and time-conscious. They're physically fit (Index: 114), active and on the go (Index: 114), almost always doing more than one thing at a time (Index: 106).

CONNECTED HOME



Those who own Entertainment Smart Home devices are more likely to be Millennial (Index: 127) and average across all psychographic measures. They're less interested in recommendations and less likely to consider themselves opinion leaders.

ENTERTAINMENT



IN SUMMARY

Home + Tech Affluencers are driving the Smart Home category. They're not just consumers, they're advocates and educators as well.

Encouraging Home + Tech Affluencers / Enthusiasts to recommend the devices they use will bring Followers. In the short term, growth may come from multiple purchases rather than penetration.

ABOUT IPSOS AFFLUENT SURVEY USA

The Ipsos Affluent Survey USA is the longest-running and most widely-used study of affluents in America. Ipsos Affluent Intelligence began The Affluent Survey over 40 years ago because we understood that affluents are one of the most powerful and influential target audiences across all industries, driving revenue, adoption of new technologies and experiences, and influencing purchases among their peers and network.

Affluents control the lion's share of U.S. household net worth and outspend non-affluents in virtually every category. Consequently, marketers of everything from automobiles to watches, technology to media, and entertainment to travel rely on capturing both the share of wallet and share of mind of this critically important group.

For the purposes of this White Paper, the definition of affluents is adults aged 18 and over, living in households with at least $125,000 in annual household income. Data presented here are from the Fall 2017 Ipsos Affluent Survey USA, which consists of online interviews of 22,449 interviews projecting to 58 million affluents in America.

ABOUT IPSOS CONNECT

Ipsos Affluent Intelligence is housed within Ipsos Connect, the market research specialization within Ipsos built to reach, engage and more actively understand today's digitally-driven consumer in the fast moving media, content and technology space. We work with leading companies in technology, entertainment and all sectors of media—TV, online, print, mobile, outdoor, radio—helping owners and advertisers to better understand different audiences, the content they consume, the channels they use to consume it and the technology they employ to discover, share and access this content.

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