

The Smart Home
Customer Experience:

Repairing the Broken Promise



Introduction

As another wave of Smart Home devices and services enter the market following CES 2016, the promise of a more connected, automated home continues to pique the interest of consumers. At the same time, the complexity of securely and properly installing, configuring and managing all of these new devices in the home has the potential to quickly dim the hopes of the most aspirational consumer. This disconnect between the brand promise and the actual customer experience threatens the adoption of Smart Homes beyond the base of early adopters. In fact, recent data from Argus Insights (<http://www.argusinsights.com/2015/12/30/sliding-into-smart-home-growth-continues-to-slow-through-september/>) shows that growth in consumer demand for connected home devices has been slowing over the past year, an indication that consumers are facing challenges.

To gain a better understanding of these challenges and explore possible solutions, Support.com surveyed more than 3,000 U.S. consumers. The survey looked at drivers and barriers of Smart Home usage and consumer behavior for both Smart Home owners and potential buyers. We examined key considerations across the entire customer experience: buying, installing and configuring Smart Home systems, as well as post-purchase needs for self-support and guided assistance from technology brands, device manufacturers, or service providers.

The Findings of the Survey Center Around Four Key Issues and the Following Insights:

- **Complexity:** The complexity of installing and configuring Smart Home systems is already frustrating users and causing hesitation in potential buyers.
- **Cost:** Despite the enhanced value to a home, the perceived cost of Smart Home systems is a deterrent for many consumers.
- **Self-service:** Smart Home owners and potential buyers want to be able to install and fix Smart Home devices and systems themselves, but potential buyers — who may be less technology-adept — still perceive the systems as too complex, and are concerned that they won't be able to fix issues on their own.
- **Support:** Because of the disparate nature of Smart Home devices available from multiple manufacturers and service providers, both owners and potential buyers are unsure where to turn for service and support.

The detailed findings within the report demonstrate that manufacturers and service providers need to look beyond the “cool factor” of new features, and focus on the consumer's experience of integrating products into the broader ecosystem of IoT devices in a Smart Home. Tweet us your insights and questions @support_com or email me personally at alex.poulos@support.com.

Thanks,

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Smart Home Owners and Potential Buyers: Who Are They?

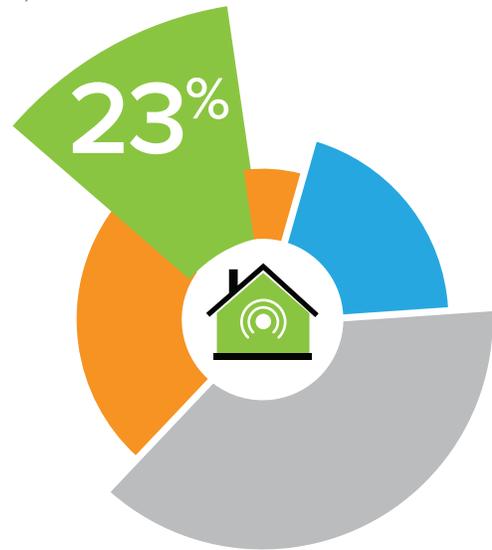
In exploring consumer attitudes about Smart Homes, this survey uncovered insights from both current owners of Smart Home devices and systems and potential buyers. To determine the mix of Smart Home owners vs. potential buyers, we asked respondents to think about all the smart devices in their homes that are connected over Wi-Fi, Bluetooth or another wireless network, and can be controlled remotely by a mobile app or via computer. These could include but are not limited to products and devices like lighting, heating, security systems, appliances and/or entertainment systems (excluding tablets, PCs/laptops).

Nearly a quarter of respondents (23%) indicated that they have a Smart Home system installed in their home.

The survey also inquired about the number of connected devices in respondent's home, to determine the level of connectivity in the home.

Smart Home Owners: Number of Connected Devices in their Home:

- 64% have 2-4 connected devices in their home
- 25% have 5-8 connected devices in their home
- 12% have 9 or more connected devices in their home



Understanding the Drivers and Barriers to Consumer Smart Home Adoption

There are a wide variety of benefits and challenges inherent in Smart Home systems and devices, for both Smart Home owners and potential buyers.

The Benefits of a “Smarter” Home

The most common installations for Smart Home owners are home entertainment systems (74%) and security systems (46%).

74% Home entertainment (connected stereos, TVs, gaming consoles, etc.)

46% Home safety and security (fire alarms, connected security systems, video monitoring, remote garage door access, etc.)

35% Energy and water controls (thermostats, water leak/turnoff controls)

28% Lighting (exterior/interior light/timer controls, remote window shade controls)

20% Connected appliances (kitchen or laundry appliances, etc.)



- **Potential Smart Home buyers** are most interested in smart devices for safety and security (43%) and energy efficiency (58%), and in the convenience of having multiple devices connected in a system (47%).

58% Enhanced energy efficiency (lights automatically shut off if no one is in the room, smart thermostats)

47% Convenience: everything is connected to Wi-Fi and controlled through a single device (app on a mobile phone/tablet)

43% Safety and security (cameras, motion sensors, controlled via app)

37% Accessibility (automated lights, lock/unlock doors, etc.)

27% Investment (boost the resale value of my home)

Points of Satisfaction: Smart Home owners are most satisfied with the following

71% when each device works the way it is supposed to

60% when all connected devices work together easily

59% when there is an easy installation and setup of all the devices working together

57% being able to fix any issue themselves

48% easy upgrade for the connected devices and services

39% having a single company they can count on for customer service and support of all devices and systems

The Road to a Smarter Home is not without Obstacles

Too Expensive

Smart Home Owners: **42%** said that price was their greatest frustration when purchasing, installing and maintaining their Smart Home systems

Potential Buyers:

- **79%** say that the cost to buy, setup and maintain either an individual device or an entire Smart Home system would be the most frustrating aspect of owning a Smart Home system
- Two out of three (**67%**) say the price to buy, set-up and maintain a Smart Home system is preventing them from purchasing

Too Complex and Confusing to Set Up

- **31%** of Smart Home owners struggle with the complexity of setup, configuration and ongoing support for their devices
- **18%** of Smart Home owners said their biggest frustration is when all of the devices don't properly communicate and work together
- **43%** of potential Smart Home buyers are concerned about the complexity of installing and configuring Smart Home devices and systems

Not Secure Enough...

Smart Home Owners:

- 25% do not trust that device manufacturers are implementing sufficient security in Smart Home devices
- 41% want to resolve security or privacy issues on their own

Potential Buyers:

- 46% say that having more devices connected could create an increased security and privacy risk
- 37% do not trust that device manufacturers are implementing sufficient security in each of the connected devices

What We Learned:

While Smart Home systems and devices are relatively new to the market, consumers have a number of incentives to adopt the new technology. But interoperability, networking and security issues may threaten the potential of Smart Home adoption when consumers become discouraged during installation, use and periodic system maintenance.

Consumer Considerations for Buying, Installing and Maintaining Smart Home Devices

Consumers can choose from many different types of manufacturers, retailers and service providers when it comes to purchasing, installing and maintaining their Smart Home systems and devices, and no one path dominates consumer preferences.

Purchasing Preferences



Smart Home Owners:

Where are they purchasing their devices and systems?

37% purchased from the individual manufacturers and set up the connections between the devices (thermostats, appliances, etc.) on their own

35% purchased from a retailer (e.g. consumer electronics stores) that sold and installed all the connected devices for them

28% purchased from a single provider (e.g. broadband providers) that sold and installed all the connected devices



Potential Buyers:

Where would they prefer to purchase their devices and systems?

49% a single service provider (e.g. broadband providers) who would sell and install all the connected devices for them

28% a retailer (e.g. consumer electronics stores) who would sell and install all the connected devices for them

22% individual device manufacturers (e.g. of thermostats, appliances, etc.), and then the consumers themselves would set up the connections between the devices

Out of the Box Experience

- 28% of Smart Home owners were able to set up their systems within a day of opening the box
- 44% of potential buyers expect to set up their systems within a day of opening the box

Installation and Configuration

Smart Home Owners:

- 37% installed all their Smart Home devices on their own
- 24% hired a professional to come in and install all the devices and services
- 20% used a self-service app on a phone, tablet or on a website to guide installation
- 19% had guidance from a professional support person by phone or chat

Potential Buyers:

- 52% want a professional to come in and install all the devices and services
- 18% would use a self-service app on a phone, tablet or on a website to guide installation
- 16% feel they are capable of installing all Smart Home devices on their own
- 14% want to be guided by a professional support person by phone or chat

What We Learned

The complexity of the Smart Home means that potential buyers are more likely to leave installation and configuration to a professional. Only a very small percentage of potential buyers feel they would be capable of handling installation on their own. While this opens up the opportunity for providers to handle in-house professional installation, consumers are still price-sensitive and still prefer to set up these systems on their own and without an in-home visit. Brands should consider addressing the complexity by providing self-guided support, or easy remote access to professional support assistance for their customers.

Self-Support and Guided Assistance

With the complexity of Smart Home systems, consumers need the confidence that their system is installed and operating securely and effectively. Some consumers will reach out to customer service and support for assistance, but many still express a desire to install and fix Smart Home systems on their own. Many potential buyers (43%) are concerned they wouldn't know which company (e.g. Internet service provider, wireless equipment manufacturer or smart device manufacturer) would be responsible for support.

Concerns about Customer Service and Support

Concern	Smart Home Owner	Potential Owner
Not being able to fix issues on my own	61%	49%
If devices aren't working, knowing which part is broken	42%	46%
Different devices becoming outdated or no longer compatible with others	37%	34%
Which company (e.g. Internet service provider, wireless equipment manufacturer or smart device manufacturer) is responsible for supporting and helping them out	32%	43%
Services (e.g. home security systems) or products being inoperable for an extended period of time	28%	28%

Which is the Best Path to Support?

Service & Support Option	Smart Home Owners	Potential Buyers
Single provider (e.g. broadband provider) that can handle service and support for every product that is connected	40%	53%
Individual device manufacturer (e.g. thermostat, appliance, etc. for device-specific support)	36%	24%
Retailer (e.g. consumer electronics store) that sells and installs all the connected devices and can provide support for all devices	24%	24%

DIY and Self-Service

Smart Home Owners:

- 61% want to fix issues on their own and become frustrated if they can't
- 57% installed, connected and set-up all the devices and services themselves to save money on installation

Potential Buyers:

- 39% would rather install, connect and set-up all the devices and services on their own and save the money
- 22% would not buy a Smart Home system because they perceive it would be too complicated to install and set up on their own

Support Models

Smart Home Owners:

- 24% paid a one-time fee to have a professional to come and install all the devices and services
- 19% paid a subscription fee for installation and ongoing maintenance

Potential Buyers:

- 43% would pay a one-time fee to have a professional come and install all the devices and services
- 17% would pay a subscription fee for installation and ongoing maintenance

What We Learned:

Customer service and support does not come in one flavor. It is clear that across Smart Home owners and potential buyers there is a wide spectrum of support needs, from professional installation services to self-guided installation and support. Device manufacturers, retailers and service providers need to offer an array of support options for different customers throughout all stages of ownership, and consider how their needs will change as device usability and services evolve.

Conclusion

The Smart Home survey uncovered clear preferences and attitudes from both owners and potential buyers, specifically around complexity, cost and the process of purchasing and installing Smart Home systems. Both owners and potential buyers agree on the issue of price, with 42% of Smart Home owners saying that the Smart Home cost is the most frustrating aspect of owning connected systems or devices. Two out of three (67%) potential buyers say the cost to buy, set-up and maintain a Smart Home system is the number one barrier to purchasing Smart Home devices or systems.

Complexity is an issue for both owners and potential buyers, but more daunting for the buyers. Because of the perceived complexity of Smart Homes, potential buyers are reluctant to handle set up and installation on their own: 52% want a professional to handle installation. With 37% of Smart Home owners saying that they installed their Smart Home devices on their own, this indicates that early adopters may have more confidence in dealing with the complexity of Smart Homes.

These differences shed light on the challenges that device manufacturers and service providers have when it comes from shifting the market from early adopters to the mainstream buyer.

The disconnect between the brand promise and the actual customer experience is threatening the rate of Smart Home adoption. To increase consumer adoption of Smart Home devices, technology brands and service providers need to consider the entire experience throughout each phase of the customer journey. Companies need to make it explicitly clear to their customers who is responsible for resolving issues and how to obtain support. Brands need to tailor their Smart Home support solutions to the customers' needs and preferences.

Key Takeaways:

- **As companies continue to launch new Smart Home technology and solutions, the entire customer experience must be catered to.**
- **Due to the complexity of Smart Home devices, manufacturers will need to redefine the role that “tech support” plays in the overall experience and, ultimately, the success of their products in the market.**
- **Service providers need to resolve the issues that the early adopters were willing to tolerate, and create a positive customer experience from purchase through installation and setup, all the way to maintenance and device upgrade.**
- **Brands must understand what their customers want and apply the right service and support strategies to differentiate themselves in a rapidly growing market, which will allow them to raise adoption rates for their products and increase customer loyalty and advocacy.**

In late November 2015, Support.com surveyed more than 3,000 U.S. consumers aged 18-60 on their experience with Smart Home devices and systems. Twenty-three percent indicated they currently have a Smart Home system (defined in the survey as a home equipped with lighting, heating, security systems, appliances and/or entertainment systems that are connected over Wi-Fi, Bluetooth or other wireless networks, and that can be controlled remotely by a mobile device app or computer). This survey was completed online and was completely anonymous.

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