



# Middle Market: Lowering Barriers to the Smart Home

DEVELOPED FOR: **SKYBELL**<sup>®</sup>



# The Middle Market

In 2024, the smart home market entered a new phase of development: the middle market. The profile of the smart home adopter today looks different than even just a few years ago. The “Super User” who buys technology immediately and owns five or more smart home devices is no longer the center of the story. The “Early Majority” tech adopters with a simple smart home are now the largest segment of the market.

**Smart home solutions continue to shift toward the middle market**, with more and more households buying single devices for the first time.

At the same time, many systems and devices are designed for those with high incomes and strong tech-affinity. Companies in the smart home space must understand what today’s customer values and rethink product development, pricing, messaging, and support strategies to best serve Early and Late Majority consumers.

In this white paper, Parks Associates profiles the new smart home user and assesses the unique needs of this market segment. The research provides strategies to grow the market by addressing barriers to entry: affordability, complexity, value, and privacy /data security.

## Smart Home Expands to Middle Market

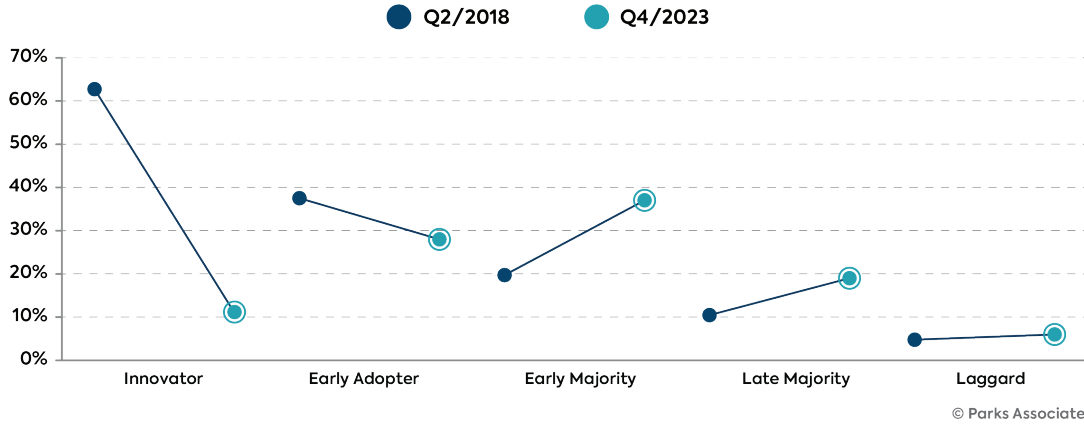
Historically, most smart home product buyers identified as Innovators or Early Adopters — meaning they like technology and regularly use it in their lives. As recently as Q4 2021, 56% of all smart home device owners identified as Innovators or Early Adopters. But these Super Users are no longer the center of the story.

Today, just 39% of smart home device owners fall in these two segments, indicating more mainstream US consumers are adopting smart home devices.

These “Early Majority” tech adopters with a simple smart home now make up the largest segment of the market. This buying group has different needs. They will prioritize pragmatic benefits over impressive technology features or complex value propositions.

29% of recent smart home device buyers are Newbies (owning just 1-2 smart home devices). That equates to 15% of all US internet households or more than 17 million households.

### Tech Affinity, Among Smart Home Device Owners



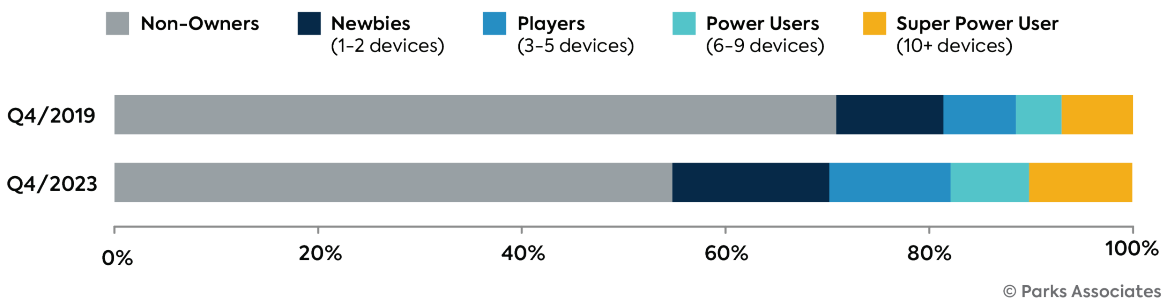
## Crossing the Chasm

The Early Majority segment—a concept from Geoffrey Moore’s Crossing the Chasm, which describes a critical mass in technology adoption—now represents 37% of all smart home adopter households. In addition, more and more consumers who have never had a smart home device own one. As a result of more new households taking their first few smart home devices, the average number of smart home devices per owning household fell from 8.0 to 6.5. Parks Associates has been tracking this metric using the same method since 2016, and this is the first decline.

The connected home industry is entering a new phase where marketing and design efforts can be redirected toward a mainstream user, with the Early Majority continuing to increase and a significant number of Super Users as well. A shift toward middle market may finally be under way.

**Companies in the smart home ecosystem must adjust their marketing and product design strategies to account for the transition from Early Adopters to the Early Majority. This shift is critical for crossing the chasm.**

### Number of Smart Home Devices Owned





# Who Is the New Smart Home User?

Consumers who are new to the smart home market are far closer to the mainstream consumer than to the early smart home adopter, who is often a product champion. For example, 30% of “Newbies” (those who own 1-2 smart home devices) have a security system, the exact same adoption level for all US internet households. By comparison, 71% of “Super Power Users” own a security system.

The industry needs to focus on the benefits and messaging that will inspire these middle-market buyers to acquire their next 3-5 smart home devices. They are underserved in security services, which is a universally appealing value proposition, but messages must be more inclusive, focusing on the practical benefits and ease of integration into everyday life to appeal to this wider audience.

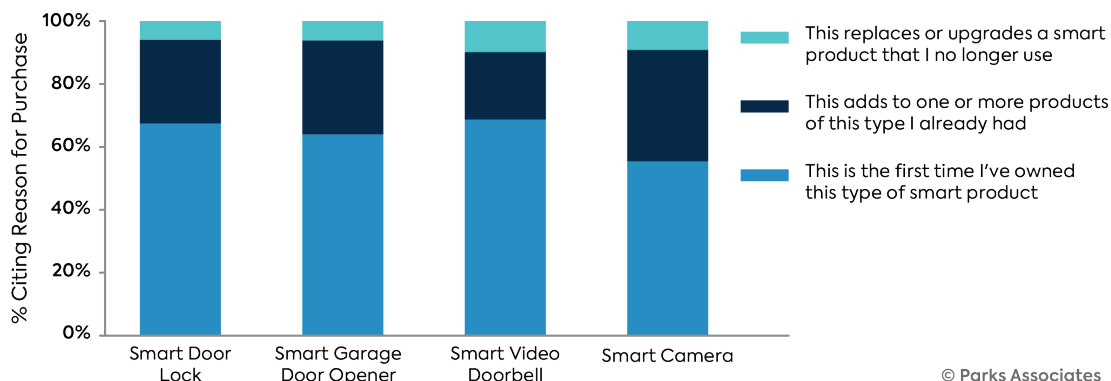
## First-Time Buyers: Appealing Benefits and Routines

Like other buyer segments, new users are most likely to start with a video device. Among all smart home device categories, video doorbells are the highest adopted, with 22% of all US internet households owning at least one by year-end 2023. Smart cameras are the second-best adopted category at 20% adoption. Furthermore, most recent purchases were made by buyers new to the category.

Consumers’ purchase intentions indicate video devices will continue to lead the way, starting at the front door. Video devices present an easily understandable value proposition, with their safety and security benefits widely appreciated.

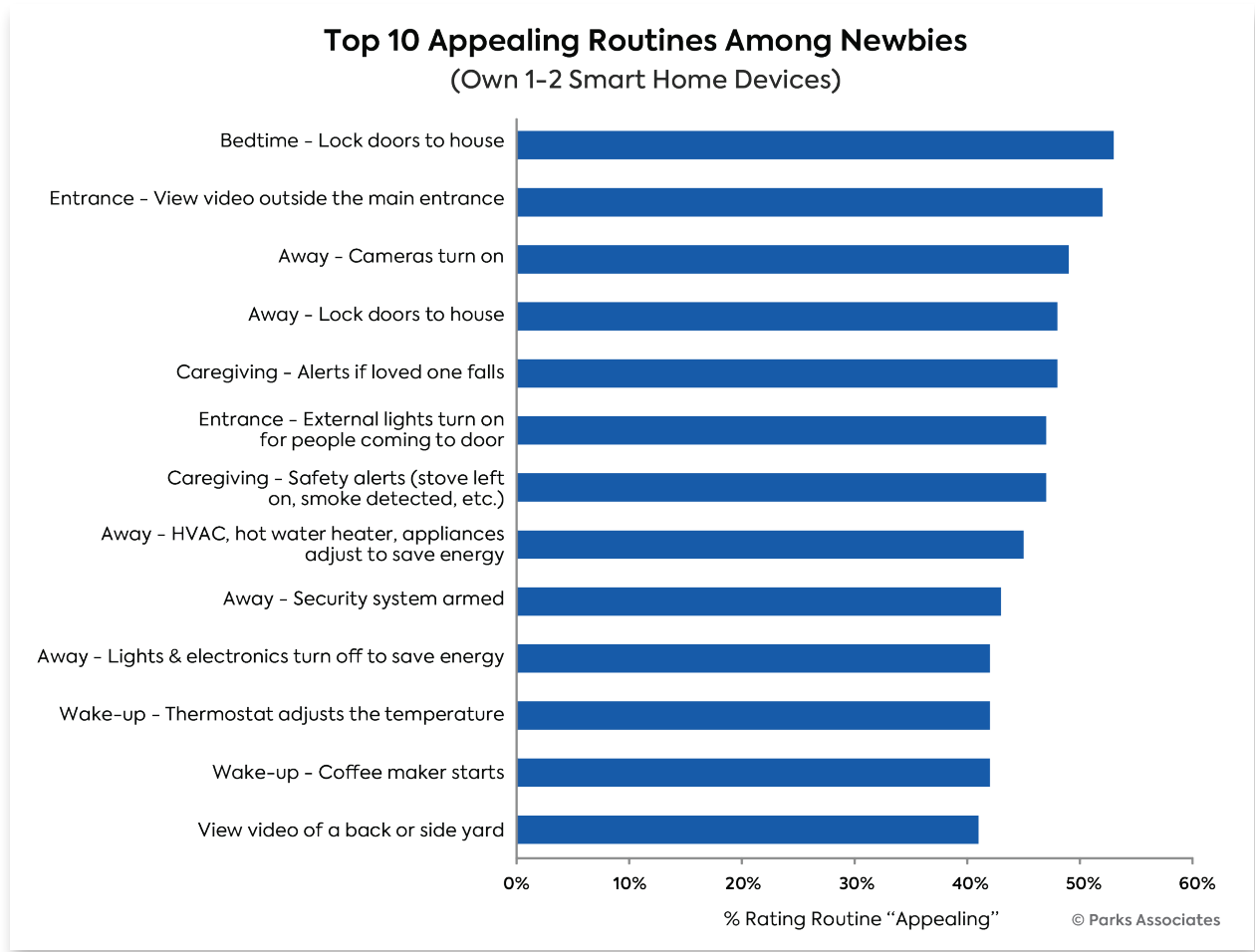
For purchases made in the 2023, 67% of smart door locks, 69% of smart video doorbells, and 55% of smart cameras were bought by first-time owners.

### Smart Home Devices Purchase: First Time vs. Repeat Purchase



Testing of unique benefits of smart home products and integrations, video also leads, with access control and safety use cases. Parks Associates tested 97 unique smart home routines, finding the most appealing smart home routines include comfort, productivity, and safety/security use cases, with scenarios such as automated locks, lights, and temperature adjustments outpacing entertainment-focused routines. This is especially true among Newbies, who foremost value safety and security scenarios for themselves, their family members, and their home.

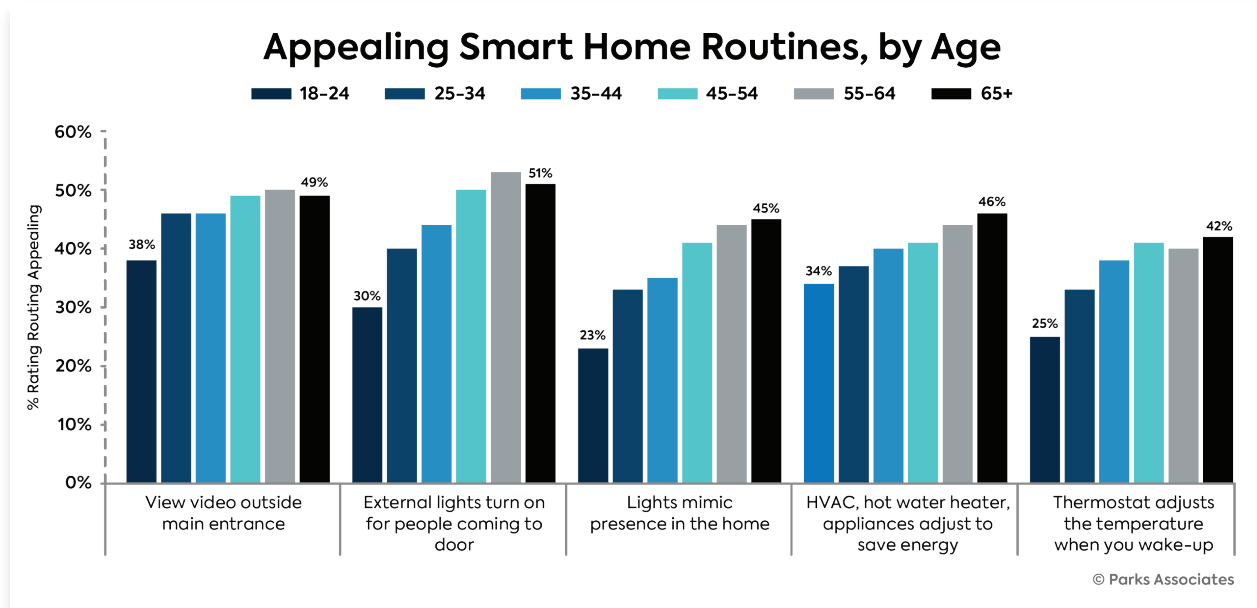
Products enabling these benefits are available at a wide range of prices, with several different form factors for different locations and use cases around the home: doorbell, camera, and floodlight. This combination of variety and familiarity offers a comfortable and affordable starting point for all consumers, regardless of socioeconomic status, to start and then expand their smart home.



## Embracing Older Consumers

While younger consumers command the most attention from emerging technology providers, more than 50 million US consumers aged 65+ are among the later adopters of technology, presenting an enormous opportunity for market growth.

Older consumers show stronger interest than young consumers in several smart home routines, including viewing video outside of their main entrance, automated external lights and HVAC/hot water heaters that adjust to save money based on home/away scenarios. These older consumers are underserved but have significant buying power. Utilities and lighting and thermostat players that target these buyers would capture new sales, with the potential to expand their service portfolio.



Family caregivers are a similarly important market. Currently about 11 million currently provide care for a loved one, and 15 million anticipate providing care for an elderly loved one within the next five years.

These caregivers are in the “sandwich generation,” between the ages of 45 and 64, and roughly a third provide care both for children at home and for an aging parent or other loved one. These caregivers adopt new technology by necessity, and they view tech as helpful in managing the care of their family.

Consumers are far more interested in caregiving features than current usage indicates. Just 7% of smart home device owners use their devices to care for loved ones currently, but 77% are interested in a caregiving use case tested.

**48% of Newbies are interested in receiving alerts if a loved one has fallen; 47% are interested in caregiving alerts of possible dangers to a loved one (e.g., stove left on, smoke detected, etc.)**

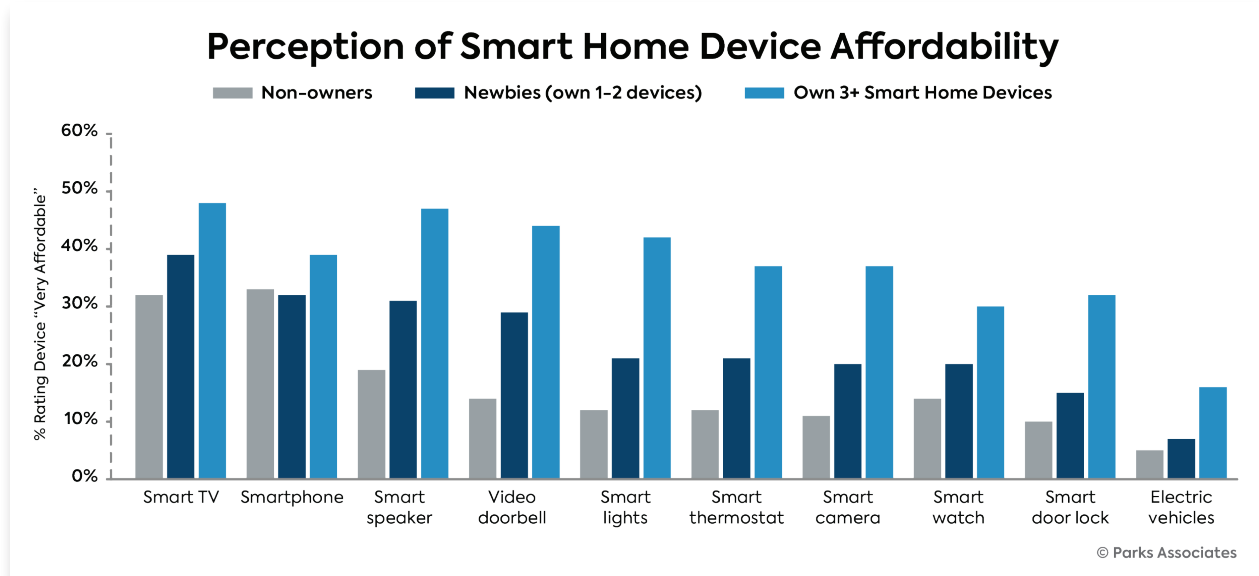
The top preferred elements in DIY caregiving packages offer safety and security functionality. Fire/ smoke detection is the top desired feature of an independent living package, along with fall detection. Both speak to anxiety about their loved ones' ability to be helped in severe emergency situations. Smart smoke/CO detector manufacturers may generate additional sales by bundling their products together with PERS (Personal Emergency Response System) offerings.

## Barriers to Purchase

Costs, lack of clear benefits, unclear value proposition, and lack of trust are the perennial top issues keeping more households from buying smart home tech.

In recent years, smart home device prices have dropped, and across categories, low-cost options are available. Compared with Non-owners, new smart home device buyers are more likely to see smart home devices as affordable, but not nearly as affordable as those already established with a smart home collection of 3 or more devices.

Emphasizing user-friendly interfaces, affordability, and the tangible improvements and convenience these technologies bring can help consumers understand and appreciate the value provided.

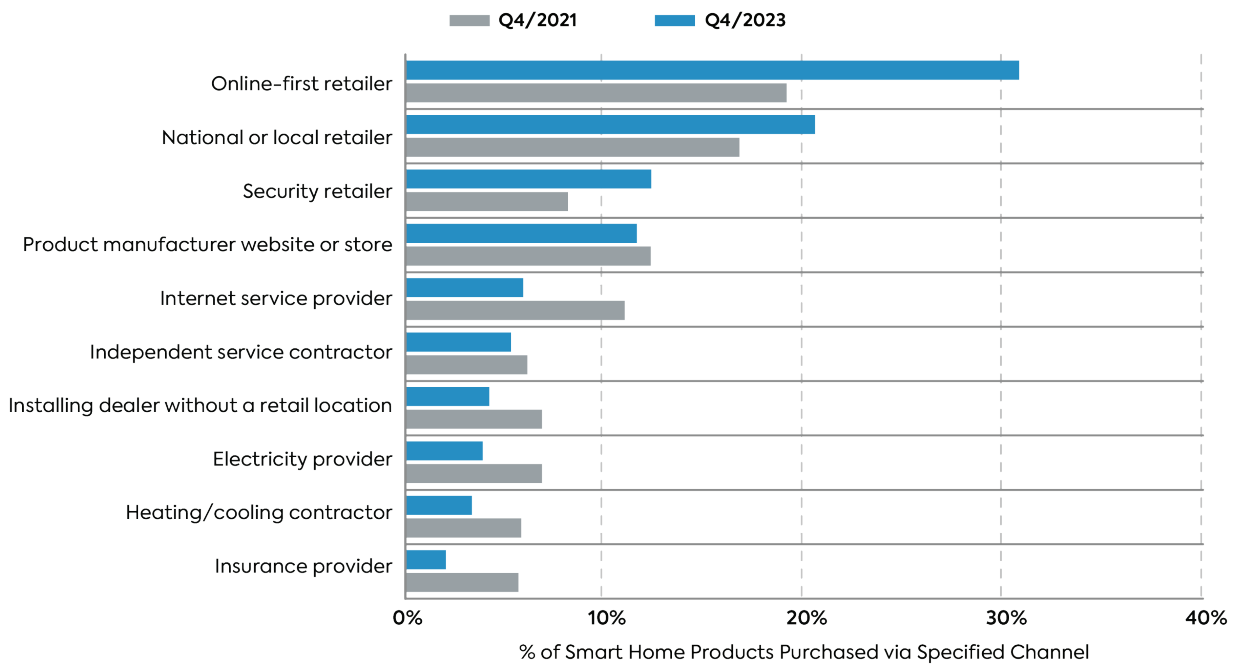


# Reaching Middle Market: Channel Partnerships and Integrations

There is clear consumer demand for integrated and customizable smart home experiences, with significant emphasis on security and energy management. Communicating smart home benefits can be a challenge since online retail is the dominant channel for smart home and security device purchases, where it can be difficult to communicate the different benefits and configurations of a device.

And, compared with other consumer technologies, the paths to market are fragmented with distribution through many industry players, including security providers, utilities, custom installers, and skilled trades. The many brands, product categories, and channel players working across the connected home means that product providers must invest in partnerships to reach the middle market.

## Smart Home Product Purchase Channel





## Partnerships and Bundles Help Expand Reach

Partnerships and bundled offerings are key strategies for expanding the reach of smart home technologies. In today's digital age, people expect technology to be integrated into their daily experiences, enhancing convenience, efficiency, and personalization across all aspects of life, and the quality of that experience with these solutions will impact future purchases.

- **ISPs and Mobile Providers:** Internet service providers (ISPs) are built to reach the middle market. High-speed connections are the foundation for current and future services across multiple markets, with households often turning to their ISP for support during device setup or connectivity issues. The US will have 129.6 million internet households in 2029, more than 92% of all households. The majority of households get their router through their ISP, meaning the ISP can see – and in some ways control – the devices connected to the router. This makes home internet providers – including the mobile carriers who increasingly offer home internet services – key players in the future of the smart home.
- **Security Providers:** Pro-install remains an important channel for device acquisition. Security providers have been able to grow their position in the last 18 months as the third top channel for smart home device acquisition. Currently 30% of residential security dealers offer self-installable systems, in response to consumer demand for options, including DIY. Offering middle market consumers a choice in how they acquire and install their devices is important to broadening access and adoption.

The US will have 129.6 million internet households in 2029, more than 92% of all households.

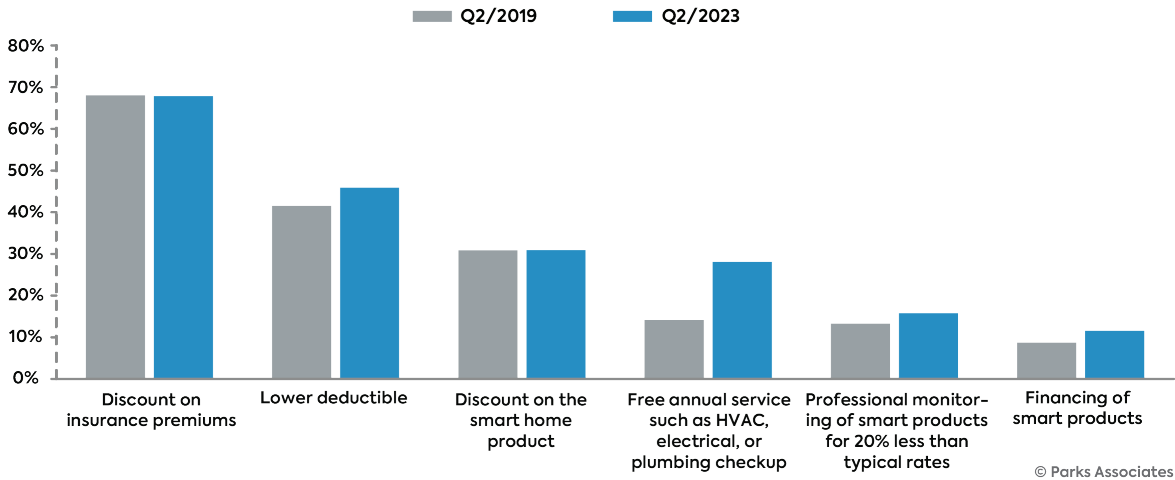


**65% of Internet Households are confident that their insurance providers protect their personal data.**

- **Energy Providers:** Partnerships are transforming energy management capabilities and saving customers money. Thermostat adoption continues to increase, and their importance for utility players in demand response programs cannot be overstated. The middle market consumer actively seeks practicality and value, and smart home experiences that can actively save consumers money will be enticing to these new smart home users. Plus, as EV adoption grows quickly in some markets like California, consumers will need help in coordinating their major energy consuming devices like the HVAC system, major appliances, the hot water heater, pool pumps, with EV chargers to optimize energy bills and be responsive to the needs of the grid. New partnerships between energy providers and these devices will continue to drive adoption.
- **Insurers:** Insurance partnerships are a key underutilized channel for device acquisition, and detecting fires and gas leaks are top use cases for insurance-provided devices. Consumers also report high levels of trust in their insurance provider—more than half of insured households are willing to share data from their smart devices and systems with insurance providers for no incentive.

An increasing number of smart home and residential security brands are partnering with insurance companies. The partnership between insurance companies and smart home players is more than just a collaboration; it's a strategic move that aligns with both industries' goals and business strategies. Insurance providers want to onboard policyholders with smart home benefits and reduce their risk profile while smart home brands can find new customers. Policy discounts and lower deductibles are powerful incentives to drive smart home adoption.

## Preferred Incentives for Acquiring Smart Home Devices



# SKYBELL®

## THE SST PLATFORM

SkyBell's Safety, Security, and Trust (SST) Platform ushers in a new era of accessible home security tailored for the middle market, ensuring proven technology is within reach for a broader demographic. This initiative is specifically designed to accelerate the path to sales for trusted channel partners, fortifying their market presence amidst a competitive landscape.

To pave the way for a swift market entry, SkyBell handles inventory management and installation processes, thereby simplifying the logistics for partners. The SST Platform is not just a product—it's a promise of a secure, intelligent home ecosystem that also enables customers to upgrade to a full-fledged security system when they are ready.

SkyBell distinguishes itself with a unique model that prioritizes the middle market through simplicity, interoperability and comprehensive intellectual property protections. These elements are critical in fostering a secure environment that not only guards against physical threats but also protects the users digital information.

This innovative approach provides SkyBell's partners with a competitive edge, and a turnkey solution to adapt to new markets with confidence.

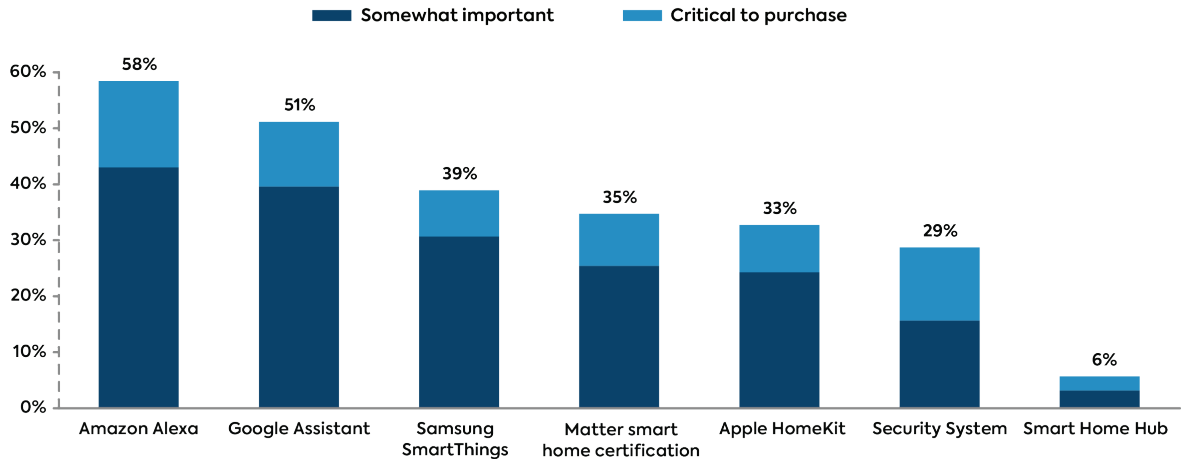
Learn more at: [SkyBell.com/MiddleMarket](https://SkyBell.com/MiddleMarket)



## Working Together: The Importance of Interoperability

Consumers often buy smart home devices for specific purposes at different times. Control of those devices is then fragmented. About one-fifth of device owners are using three or more platforms to control their smart home devices. By contrast, nearly all (90%) smart home device owners say they want a single unified app to control their devices. Enabling simple integrations among disparate devices and brands will be key to retaining and increasing adoption among middle market consumers.

### Future Purchase and Ecosystem Integration Considerations Among Intenders



With the Matter standard, consumers will have a choice of control applications that can communicate with all Matter-enabled devices. This means that Alexa can control Google/Nest devices or Siri can control Amazon/Ring/Blink devices. This reduces some of the interoperability challenges that cause frustration among smart home users but also sets up a new competition about which brands will be the master home control app/assistants.

Besides Matter, initiatives for unified device control and data sharing and security include the Home Connectivity Alliance (HCA). Supported by seventeen member brands, the HCA focuses on interoperability and energy management across appliances, HVAC systems and other devices within the connected home ecosystem. Participating brands share things like appliance power usage to empower consumers with valuable energy usage insights and enable utilities and energy providers to better call upon these appliances when they need to shed load on the grid.

Companies need to be thinking about the real integration and interoperability needs of smart home device users. Currently, 18% of US internet households own six or more smart home devices. They would need a hub and more sophisticated controls to get the most out of their product investments. The end goal is to get the middle market to this stage of ownership, and an integrated experience will be a necessity to achieve this growth with these consumers.



# Next Phase of Growth

The connected home industry is entering a new phase where companies need to redirect their marketing and design efforts toward mainstream users. The Early Majority is entering the smart home ecosystem, which to this point has catered more to Innovators and Early Adopters. Understanding this segment and how best to serve them helps smart home device providers bridge the gap between current conditions and a future, more expansive market.

## Lowering Barriers to Entry

Industry players can further move the needle towards mass-market adoption of smart home devices by lowering the barriers to entry through seven key strategies:

1. **Lower the Cost:** affordability is the biggest gating factor; provide affordable options to broaden your addressable market.
2. **Give Choice in Installation:** DIY options are affordable, but some consumers will need help. Provide choice, including options that wrap installation cost into monthly subscription costs.
3. **Highlight Practical Value, Not the Tech:** the mid-market consumer wants value and may be intimidated by the technology.
4. **Partner with Other Service Providers:** channels to market are fragmented; partnerships in smart home are a necessity to expand reach.
5. **Achieve Interoperability:** don't put the onus on the customer to figure out device integrations – play well with others.
6. **Provide Rock-Solid Support:** middle market consumers won't tolerate devices that don't work; avoid device returns with proactive support.
7. **Earn and Maintain Consumer Trust:** there is nothing more important than customers' trust, particularly with connected products that collect personal data.

## Messaging to the Early Majority

Finally, the smart home messaging must be tailored for the middle market. When deciding to buy, the Early Majority customer looks for evidence that a product is already accepted and successful. Testimonials, case studies, and endorsements from trusted sources become crucial. The product's reliability and the company's customer service and support are crucial factors. To reach the early majority, companies need to expand their marketing channels beyond niche forums or platforms used by innovators and early adopters, including mainstream media, broader social media campaigns, and partnerships with established brands in related fields.

The industry can build familiarity and trust by focusing marketing materials on the ability of these products to enhance home environments and improve safety and comfort. This strategic shift is crucial for tapping into the larger market potential and ensuring the continued growth of smart home technology adoption.

## About Parks Associates

**PARKS  
ASSOCIATES**

[www.parksassociates.com](http://www.parksassociates.com)  
info@parksassociates.com  
972.490.1113

Parks Associates, a woman-founded and certified business, is an internationally recognized market research and consulting company specializing in emerging consumer technology products and services. Founded in 1986, Parks Associates creates research capital for companies ranging from Fortune 500 to small start-ups through market reports, primary studies, consumer research, custom research, workshops, executive conferences, and annual service subscriptions.

The company's expertise includes new media, digital entertainment and gaming, home networks, internet and television services, digital health, mobile applications and services, consumer apps, advanced advertising, consumer electronics, energy management, and home control systems and security.

## About SkyBell

**SKYBELL®**

[www.skybell.com](http://www.skybell.com)

SkyBell specializes in modern, intuitive video doorbell home security solutions that allow users to remain connected to their front porch from anywhere. Our offerings include HD video streaming, smart motion detection, and One-Touch Home 9-1-1 through a partnership with RapidSOS for enhanced safety. SkyBell aims to provide top-tier security at an affordable price, focusing on user-friendly and reliable products. Our devices underscored by our industry leading robust patent portfolio are a testament to over ten years of trusted service in millions of homes, emphasizing safety, security, and ease for families.

## About the Authors



**Jennifer Kent, Vice President, Research, Parks Associates**

Jennifer manages the research department and Parks Associates' process for producing high-quality, relevant, and meaningful research. Jennifer also leads and advises on syndicated and custom research projects across all connected consumer verticals and guides questionnaire development for Parks Associates' extensive consumer analytics survey program. Jennifer is a certified focus group moderator, with training from the Burke Institute.



**Tam Williams, Research Analyst, Parks Associates**

Tam serves as a resource primarily to the Marketing and Research Teams, contributing to press releases, content marketing, event speaker logistics, marketing research, and many other projects.

With undergraduate and graduate degrees in business and theology, respectively, Tam's ongoing experience involves freelance writing and editing projects across multiple industries. University of America in Washington, DC.

### ATTRIBUTION

Authored by Jennifer Kent and Tam Williams. Published by Parks Associates. © Parks Associates, Addison, Texas 75001. All rights reserved. No part of this book may be reproduced, in any form or by any means, without permission in writing from the publisher. Printed in the United States of America.

### DISCLAIMER

Parks Associates has made every reasonable effort to ensure that all information in this report is correct. We assume no responsibility for any inadvertent errors.

# RESEARCH & ANALYSIS

for Emerging Consumer Technologies

With over 35 years of experience, Parks Associates is committed to helping our clients with reliable and insightful consumer and industry research.



Smart Home Devices and Platforms



Digital Media and Platforms



Home Networks



Digital Health



Support Services



Entertainment & Video Services



Consumer Electronics



Energy Management



Home Control Systems



Home Security