techuk Connected Home report 2022

GfK Smart Home Study in the UK

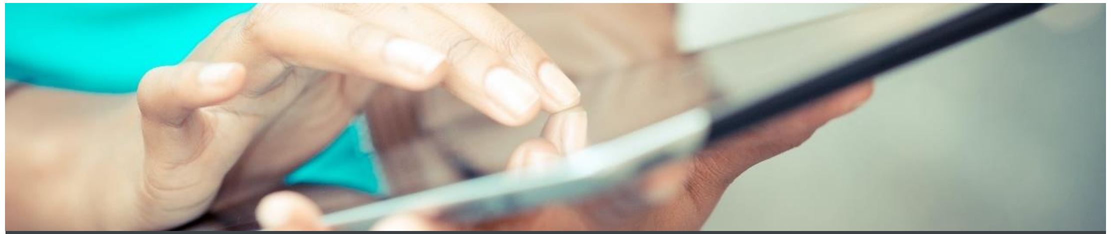
Trevor Godman, Key Account Director, GfK

Nov 2022

For the last seven years, GfK has conducted a survey to gauge consumer interest in smart home

Now the sixth year of collaboration with **tech^UK^**

Where does the data come from?



Consumer survey

- Nationally representative sample of 1,000 UK adults
- Questionnaire administered online
- Fieldwork conducted between 04 April and 22 April 2022

Asking consumers about their awareness, interest and ownership of a selection of smart home products – **relies on consumer understanding of technology**

GfK Market Intelligence

- Based on point-of-sale data provided by retailers showing sales through consumer channels
- Aligned to the ‘connected’ part of traditional device categories …
- … and the channels through which they are conventionally sold

Driven by technical definitions - devices which can be controlled or monitored externally by a mobile device or via voice control

Survey coverage

Product list for 2022

Smart Domestic Appliances

- Smart Kettle/ Smart Coffee maker
- Smart Refrigerator
- Smart Washing Machine
- Smart Oven/Hobs

Smart Entertainment

- Smart Speakers (e.g. Google Home/ Amazon Echo)
- Smart TV

Smart Energy & Lighting

- Smart Thermostat
- Smart Plugs
- Energy management service/app
- Smart Lighting (smart lamps)

Smart Health Monitors

- Smart monitor for specific health conditions
- Smart Fitness & Activity tracker
- Smart connected Scales
- Smart connected Toothbrush

Smart Security & Control

- Smart / connected Alarm system
- Motion camera sensors for external doors/windows
- Internal cameras for baby, pets or security
- Smart Access control (digital keys)
- Smart Doorbell
- Smart Detectors (for smoke and gas leak)

Crisis is the new normal

Familiarity has been consistent over the last few years, as 4 in 5 people have some knowledge on smart homes

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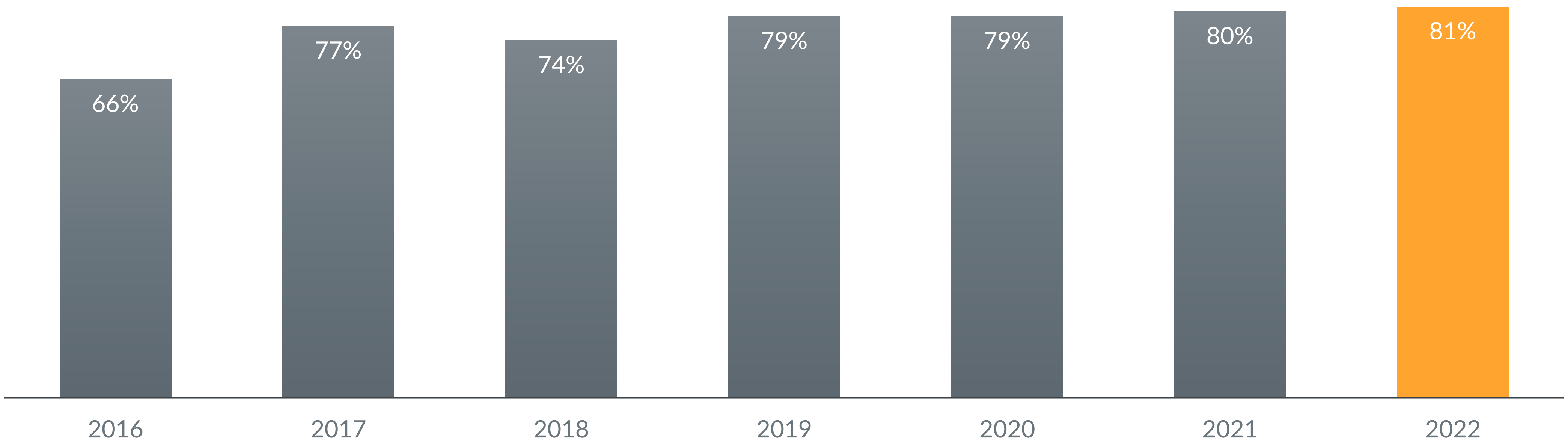
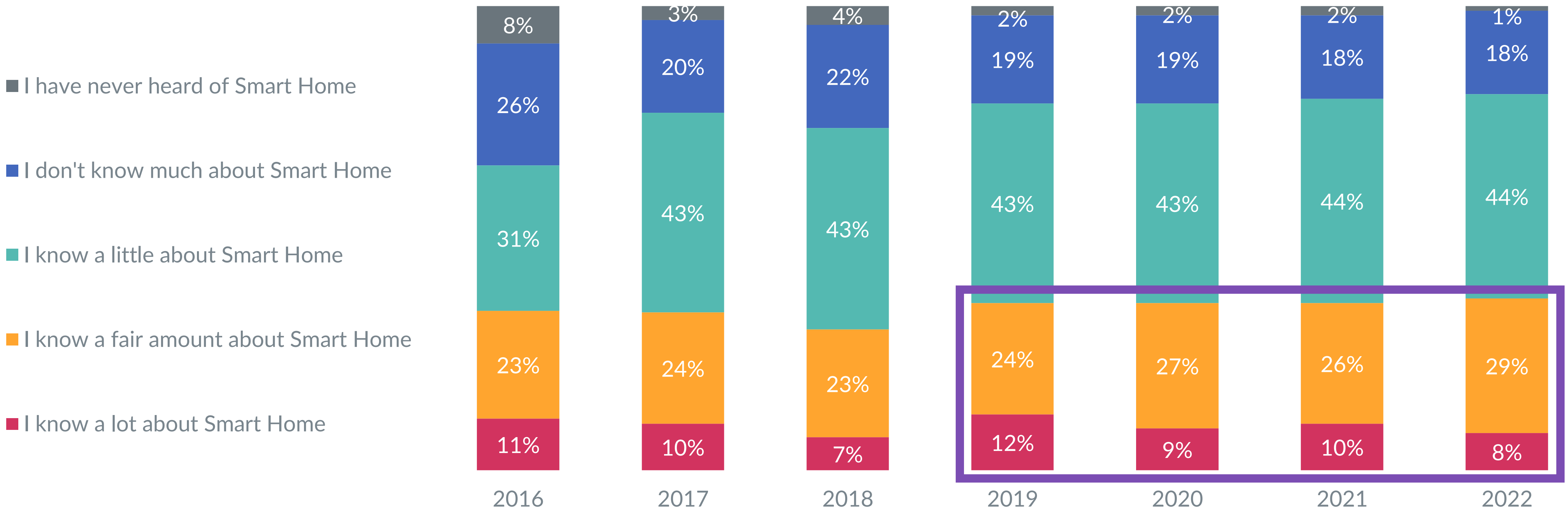
Familiarity with 'smart home'

Those who have some knowledge of smart home (know a lot / a fair amount / a little)



Base: C01. Please indicate how familiar you are with the technology and trends that are known by the following terms. Base: All respondents: 1001 in 2022, 1000 in 2021, 1002 in 2020, 1000 in 2019, 1000 in 2018, 1002 in 2017, 1031 in 2016 , 'Have some knowledge'=Code 'I know a lot' or 'I know a fair amount' or 'I know a little'

More than a third of consumers feel they know a lot/a fair amount about smart home technology – consistent from 2019 onwards



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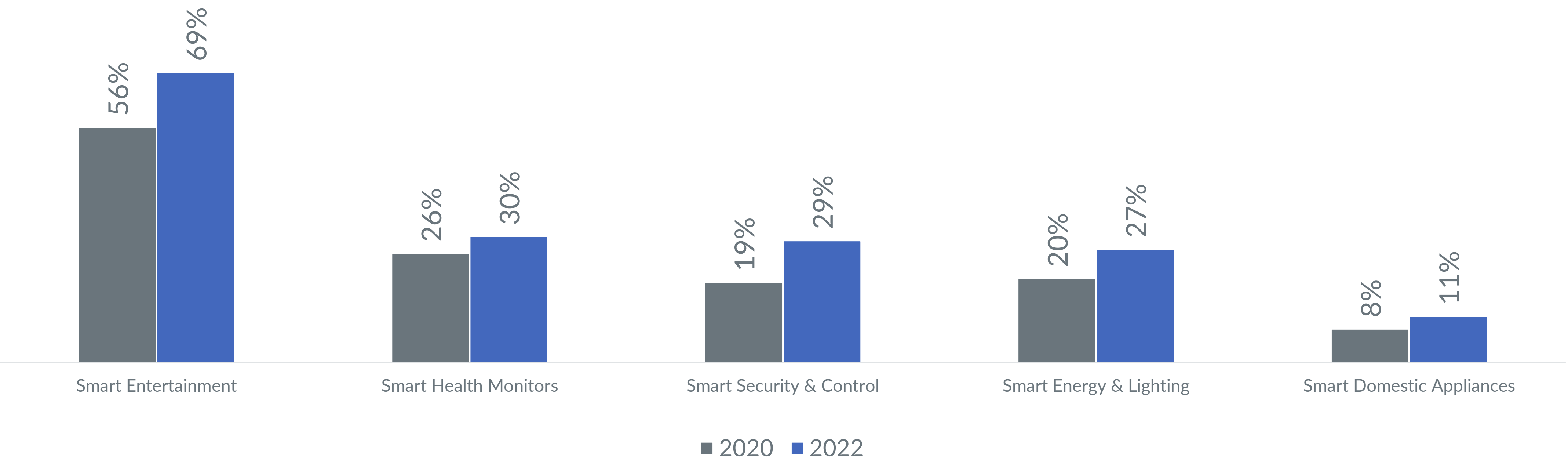
All segments within connected home have seen healthy growth since the start of the Covid pandemic

Claimed ownership of smart / connected market segments

'I already own or use it'



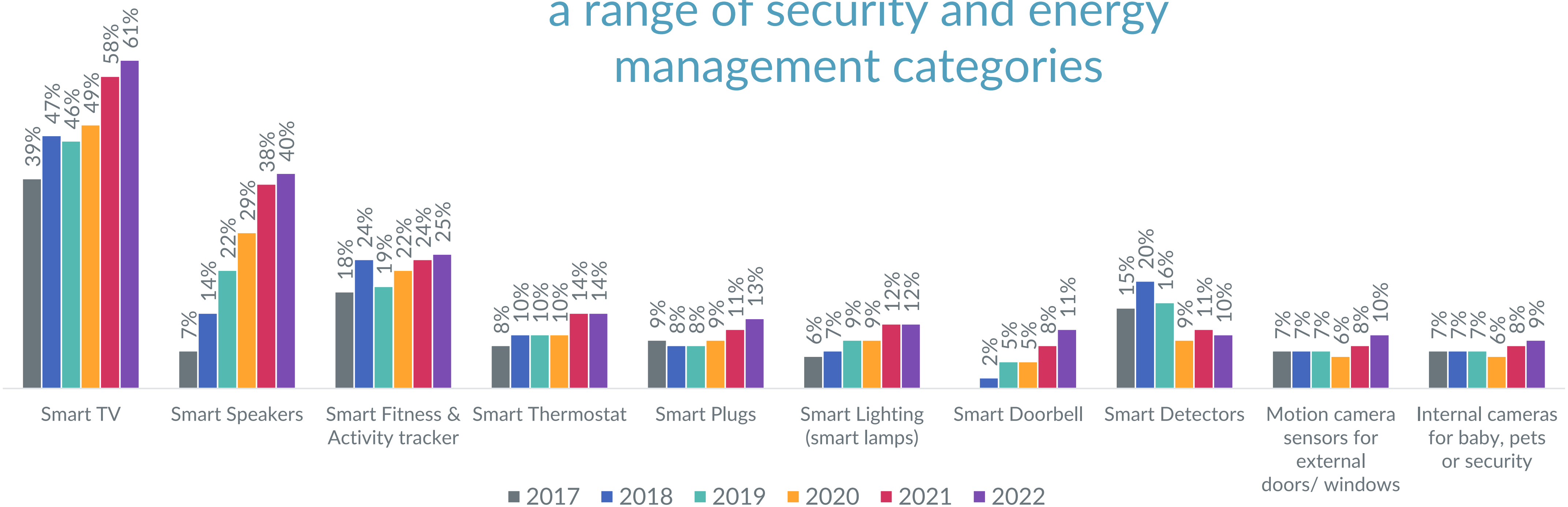
Base: D02. Do you currently use or are you interested in using any of the following Smart Home products or services within your household? Base: All respondents: 1001 in 2022, 1000 in 2021, 1002 in 2020, 1000 in 2019, 1000 in 2018 'I already own or use it'

Ownership of smart speakers has increased fivefold in the last five years; smart TV's and doorbells remain on an upward trajectory

Claimed ownership of smart / connected products – top 10 products

'I already own or use it'

... and ownership has picked up across a range of security and energy management categories



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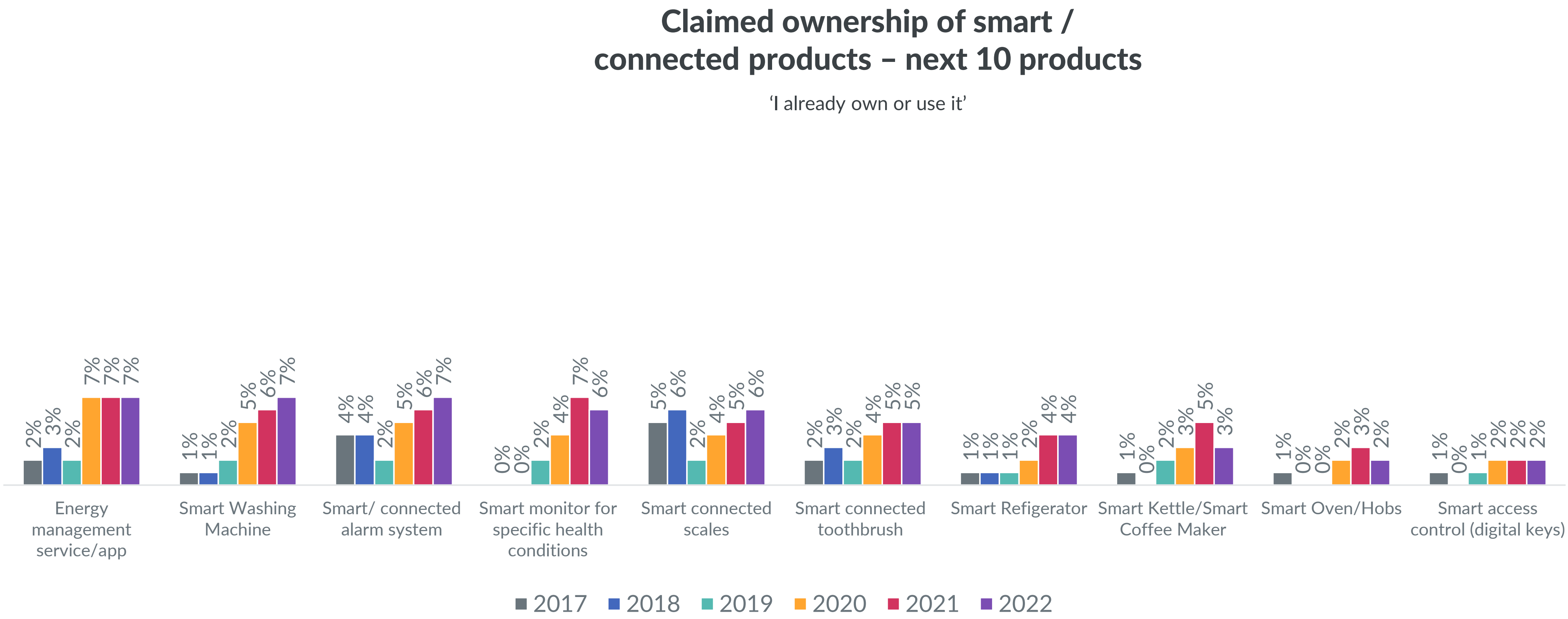
Modest growth across a number of other categories, including kitchen appliances



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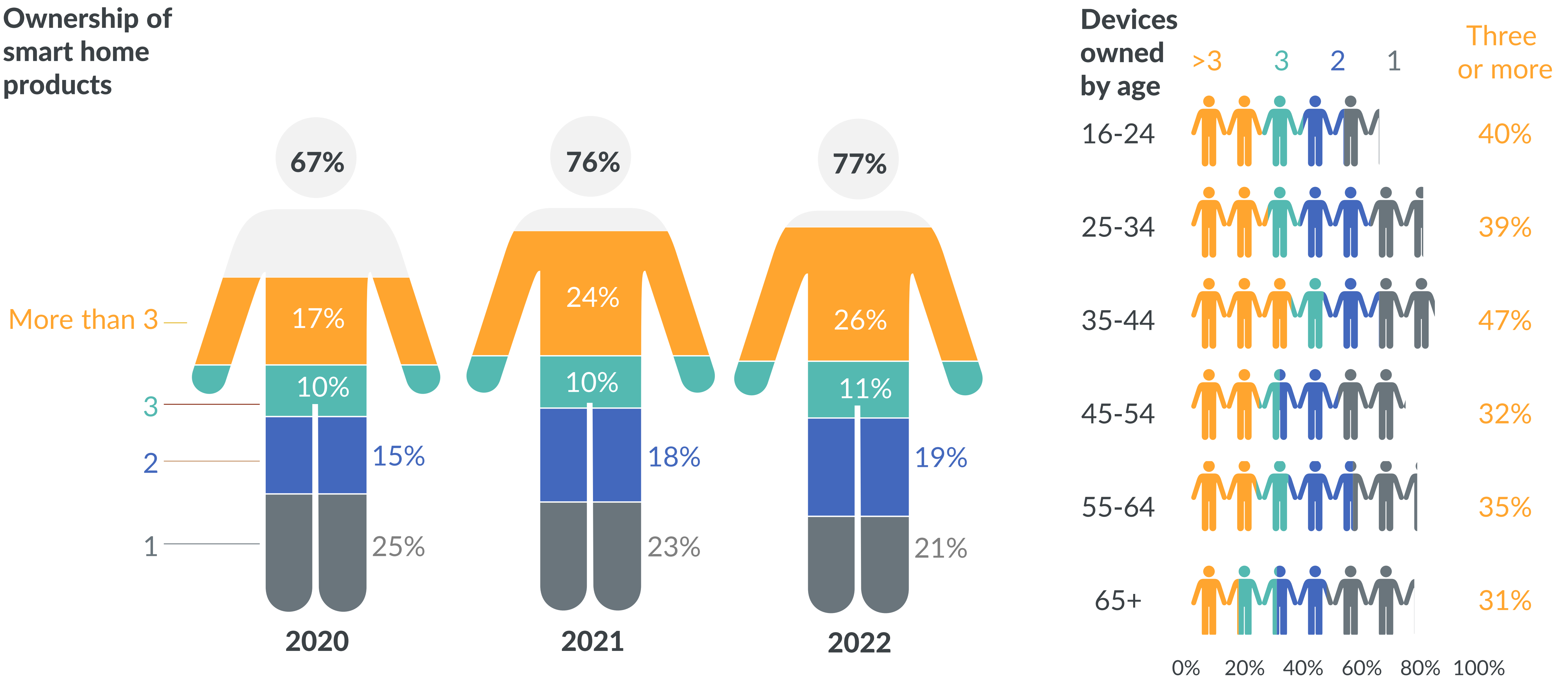
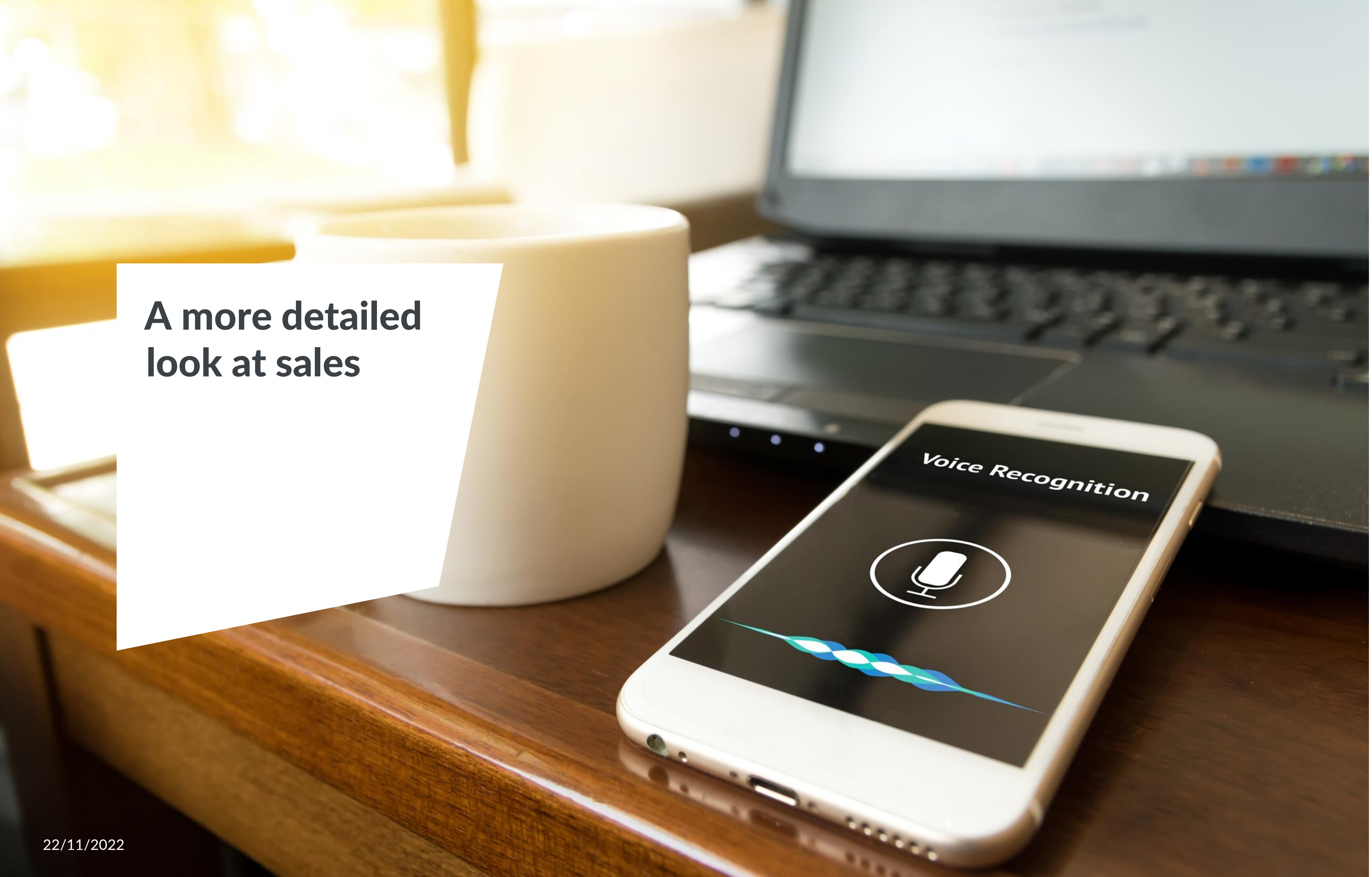
3 in 4 consumers own at least one smart home product; highest among 25-45s



D02. Do you currently use or are you interested in using any of the following smart home products or services within your household? Base: All respondents: 1001 in 2022,1000 in 2021, 1002 in 2020

A more detailed look at sales



GfK's retail panels show 20m smart home devices sold in the year to Mar-22 ...

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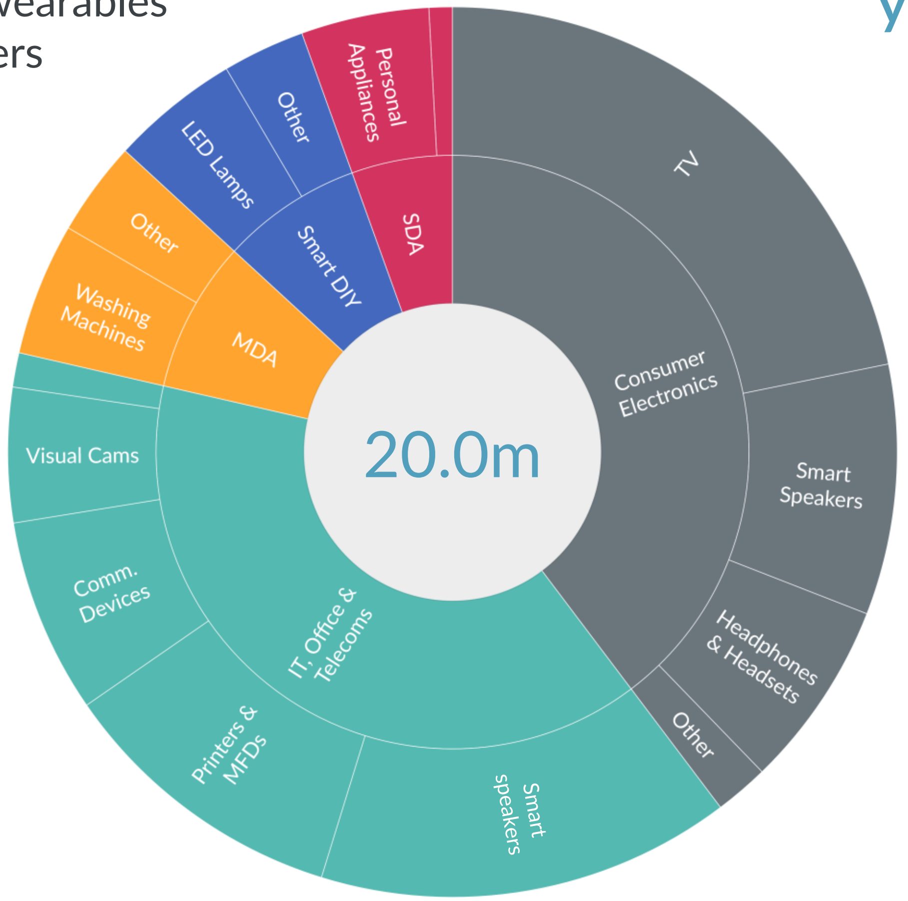
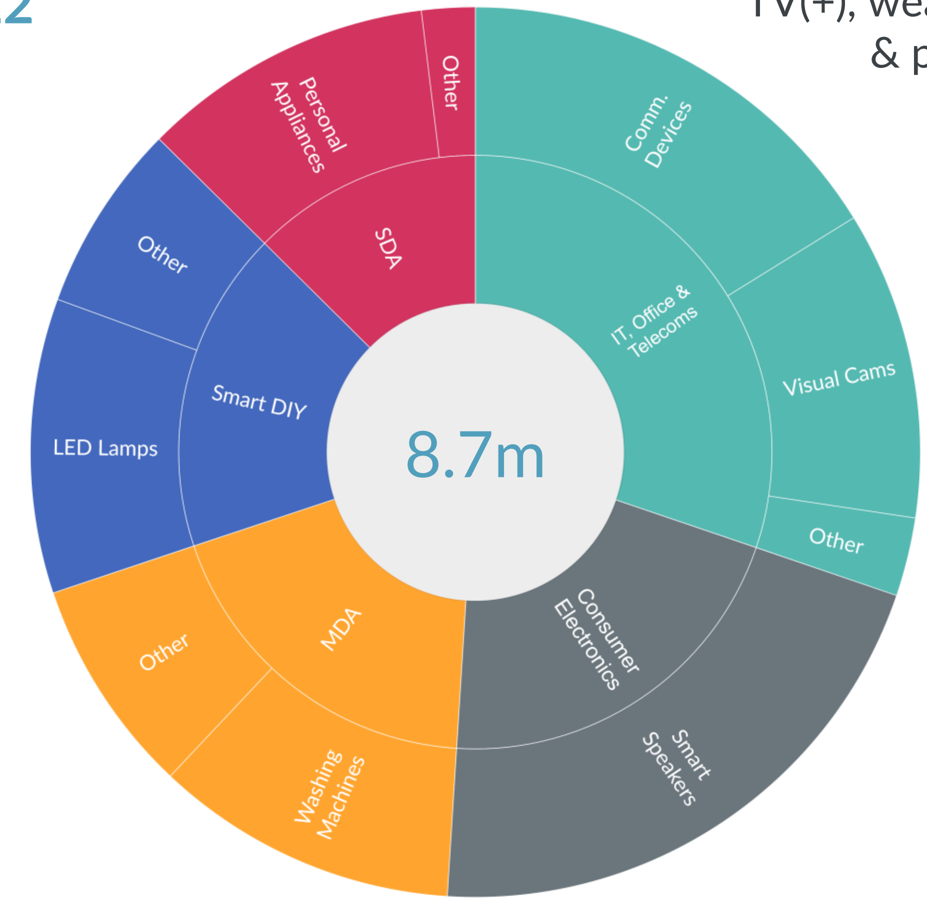
Unit sales in year to Mar-22

Including TV(+), wearables & printers



Excluding TV(+), wearables & printers



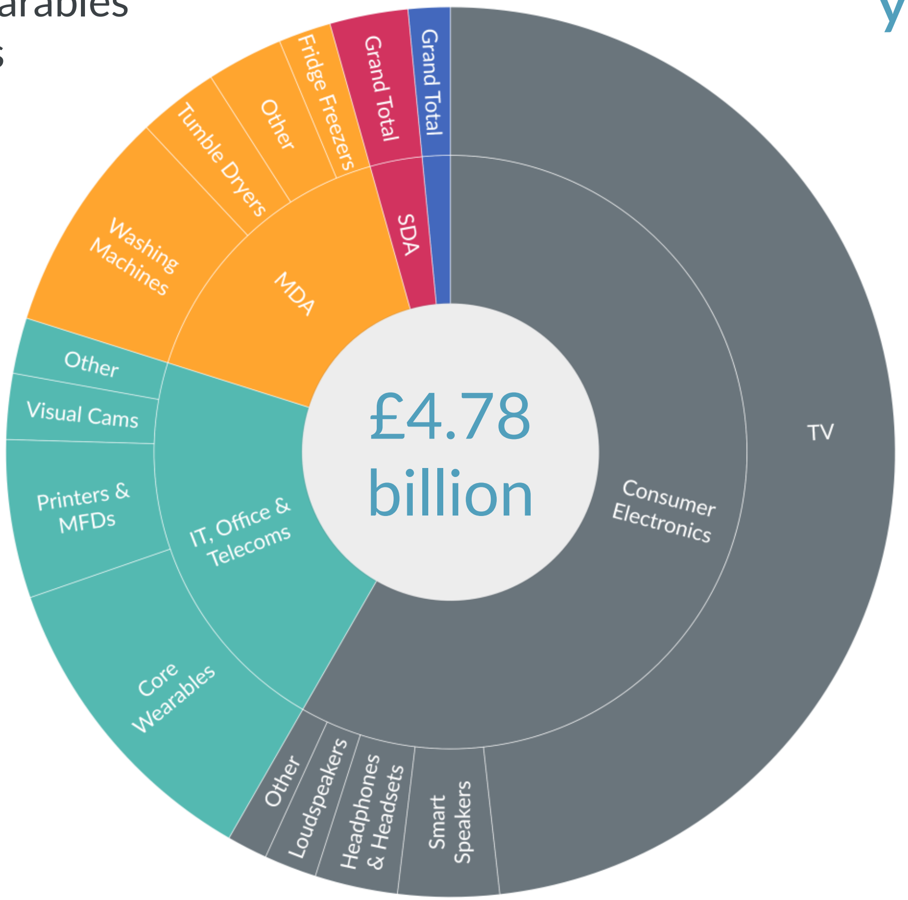
 Source: GfK point of sales tracking (B2C channels)

GfK point of sale data

... with value approaching £5billion, dominated by TVs and other higher-ticket devices

Sales value in year to Mar-22

Including TV(+), wearables & printers



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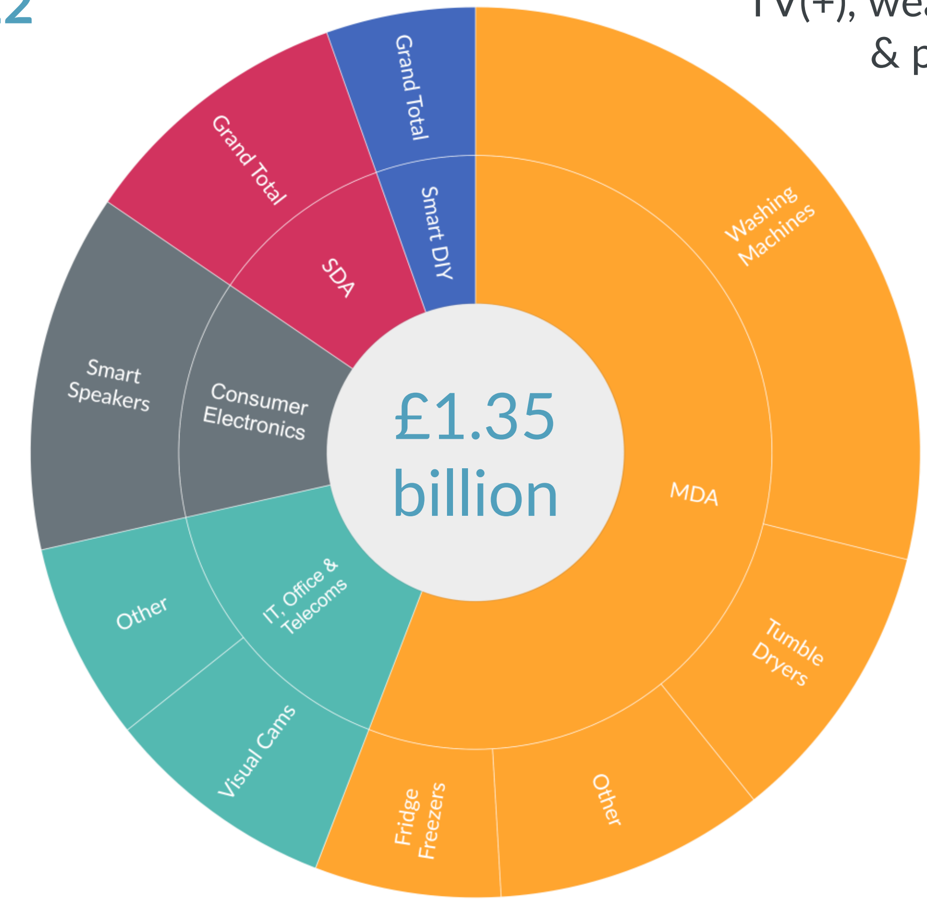
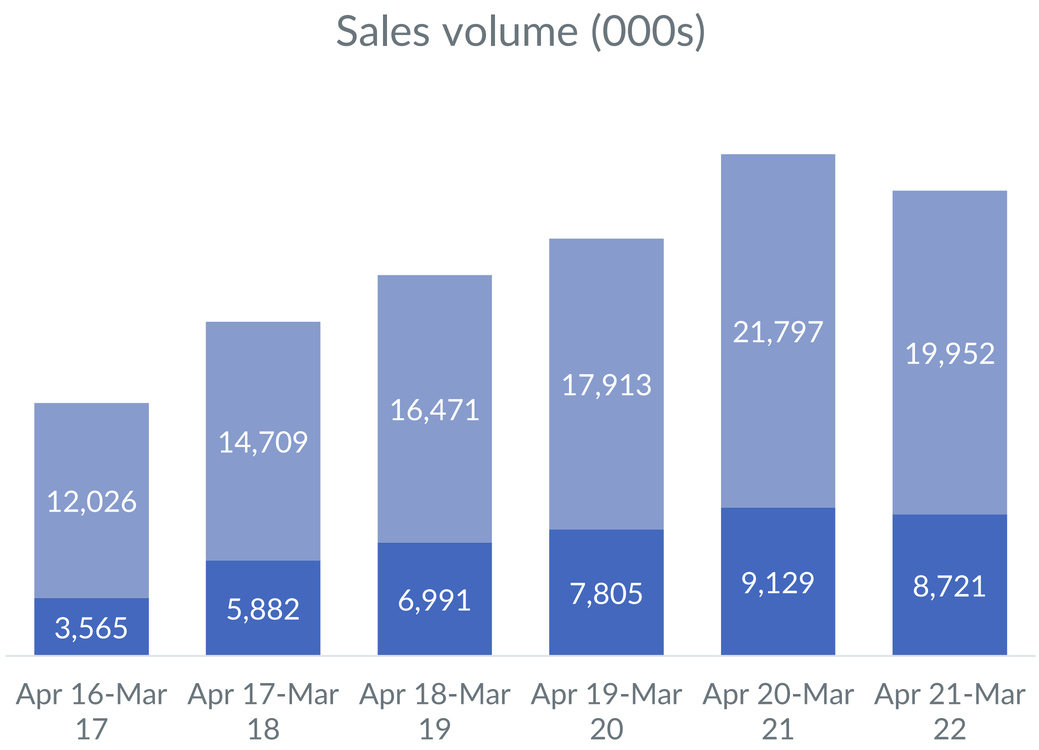


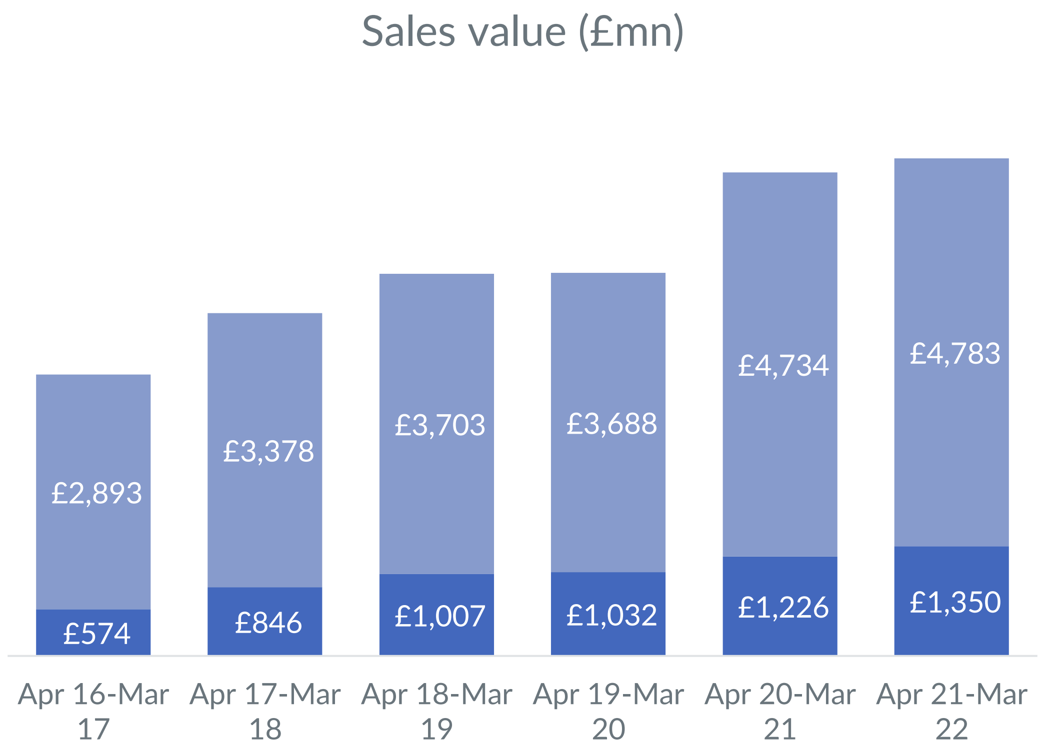
Source: GfK point of sales tracking (B2C channels)

GfK point of sale data

Unit sales have dipped post-Covid, but value is still in growth and the long-term trend remains positive



Total volume down ~8% year-on-year, but up 11% on the year to Mar-20.
Narrower definition down ~4% vs. Mar-21, and up 12% on Mar-20.



Total value up 1% year-on-year and up 30% on the year to Mar-20.
Narrower definition grew 10% vs. Mar-21, and up 31% on Mar-20.

 Source: GfK point of sales tracking (B2C channels) - Panelmarket

GfK point of sale data

The peak is definitely over for smart speakers, but many other smart home categories show strong long-term growth

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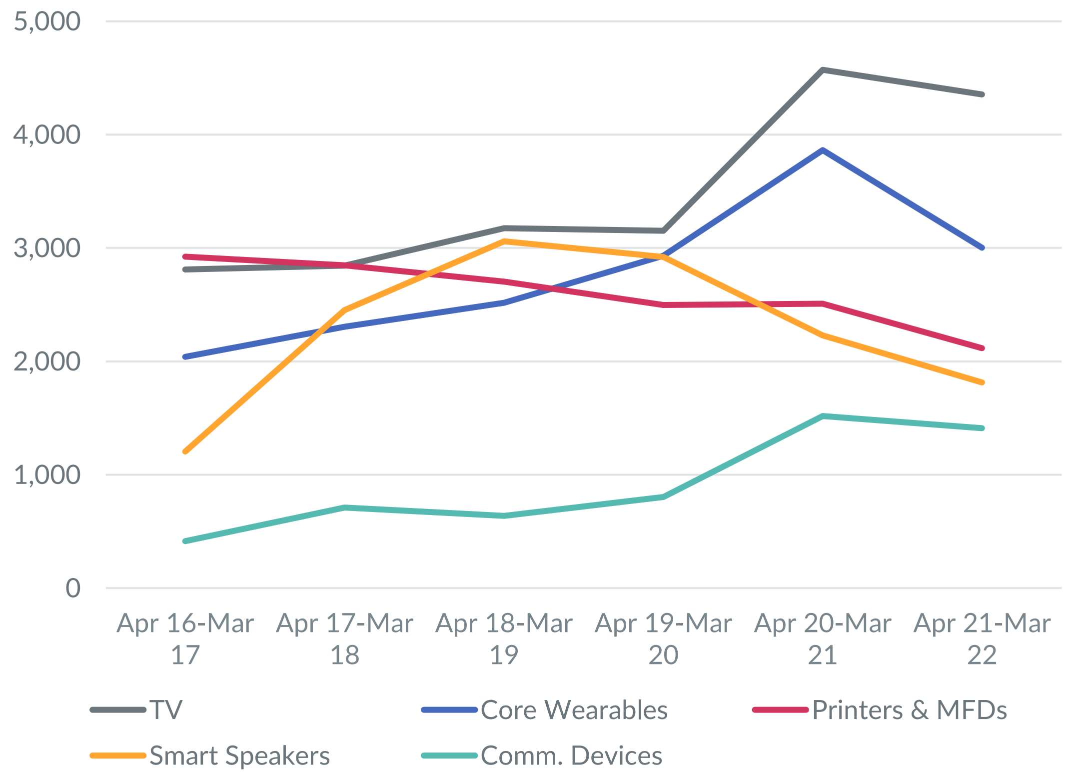
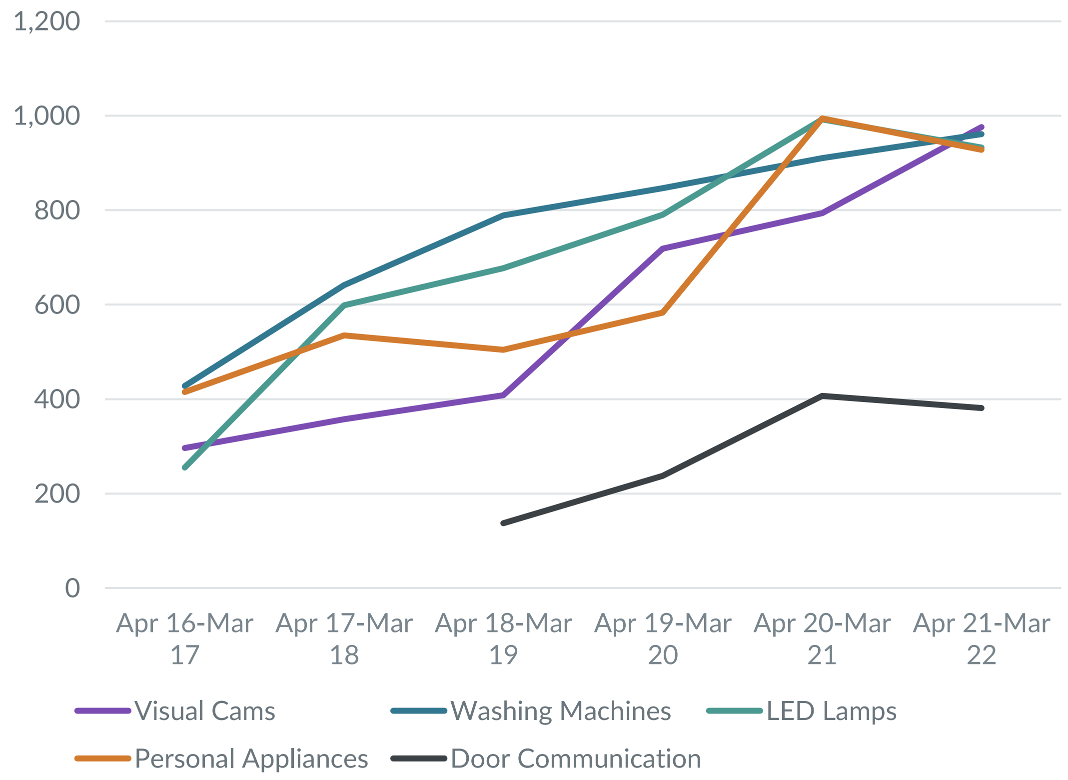
Unit sales (000s)

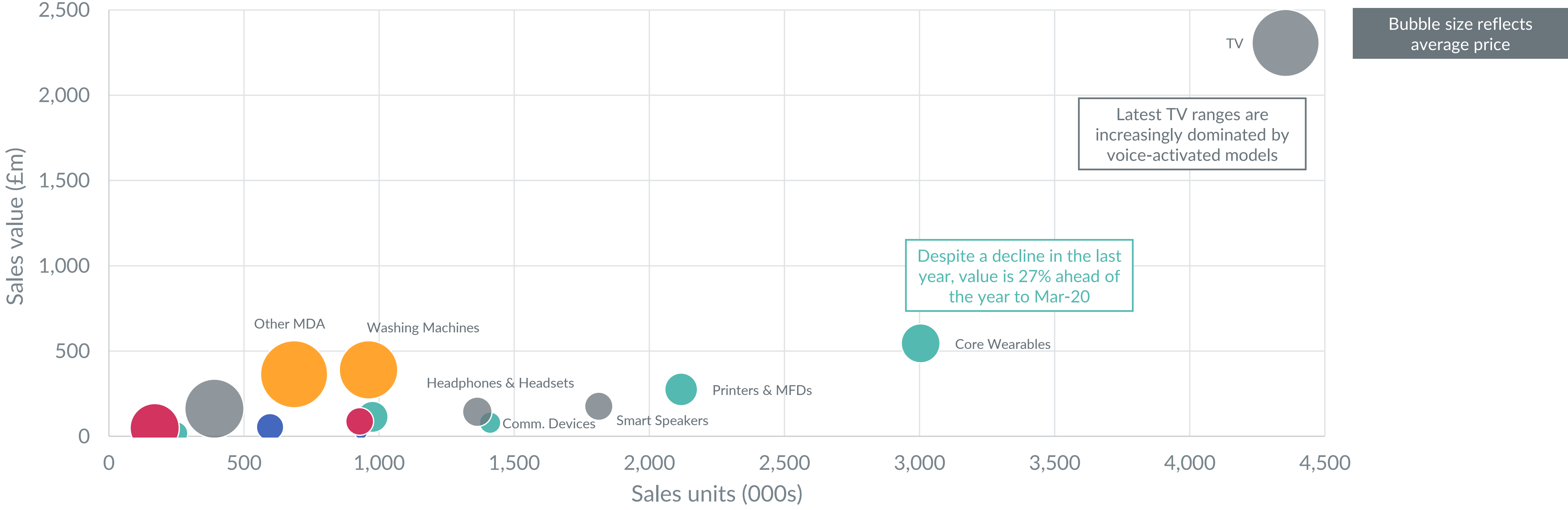




Source: GfK point of sales tracking (B2C channels) – Panelmarket

GfK point of sale data

TVs and wearables account for almost 40% of volume and 60% of value

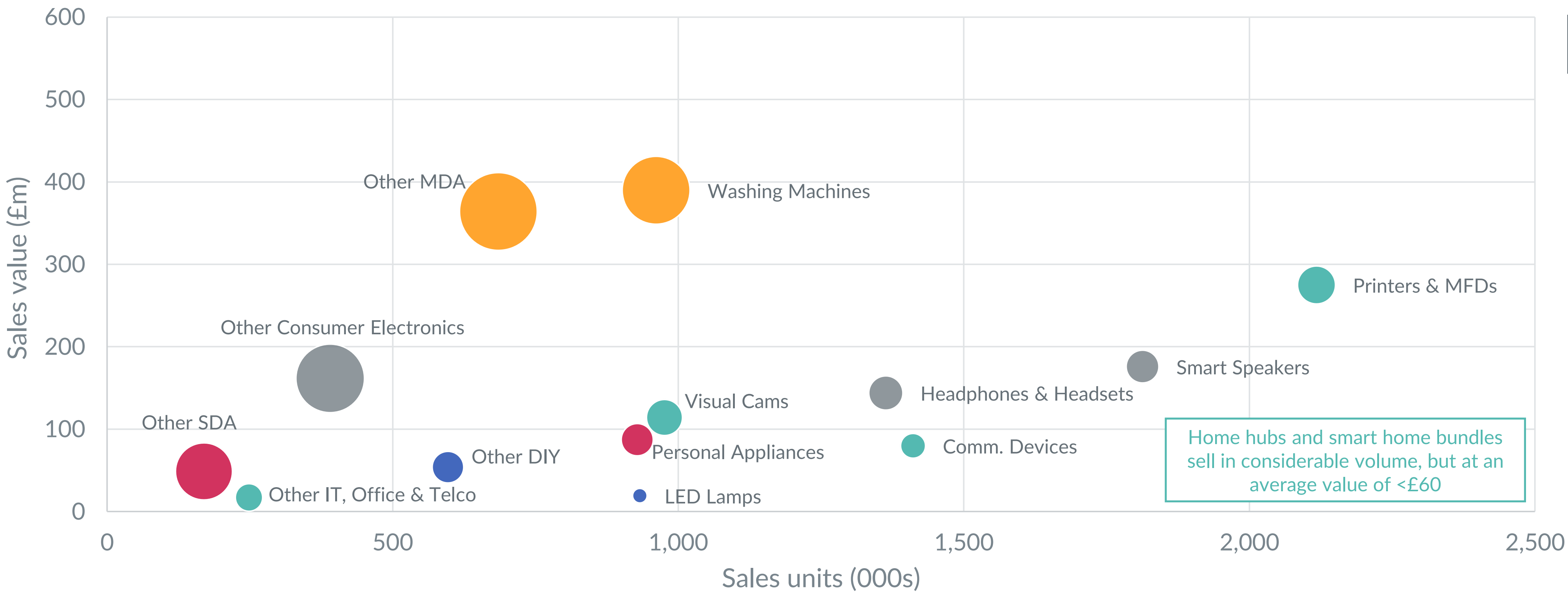


Source: GfK point of sales tracking (B2C channels) – Panelmarket Apr-21 to Mar-22

GfK point of sale data

Kitchen appliances drive significant value; security and home management tend to be lower value

Bubble size reflects average price



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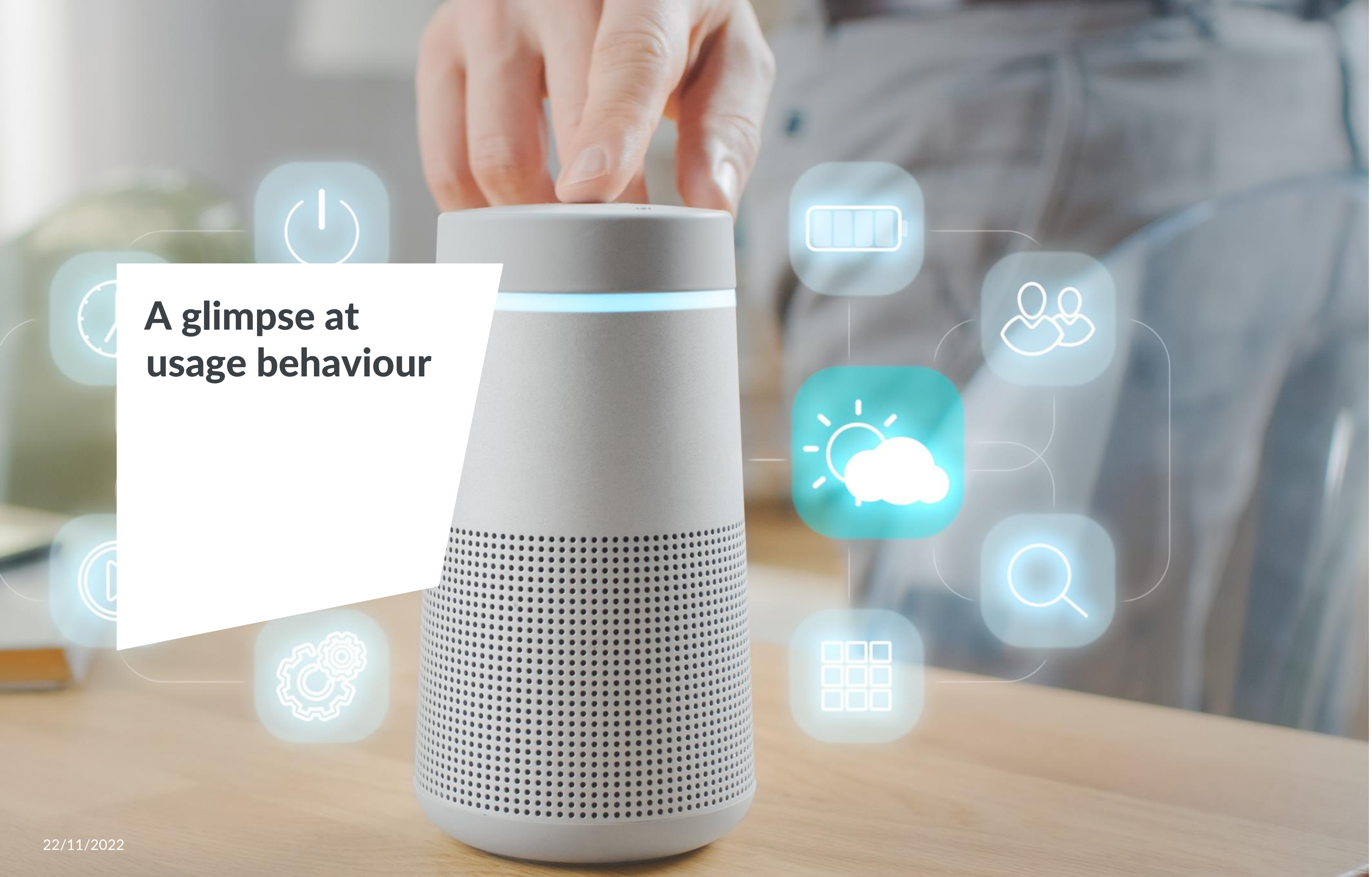
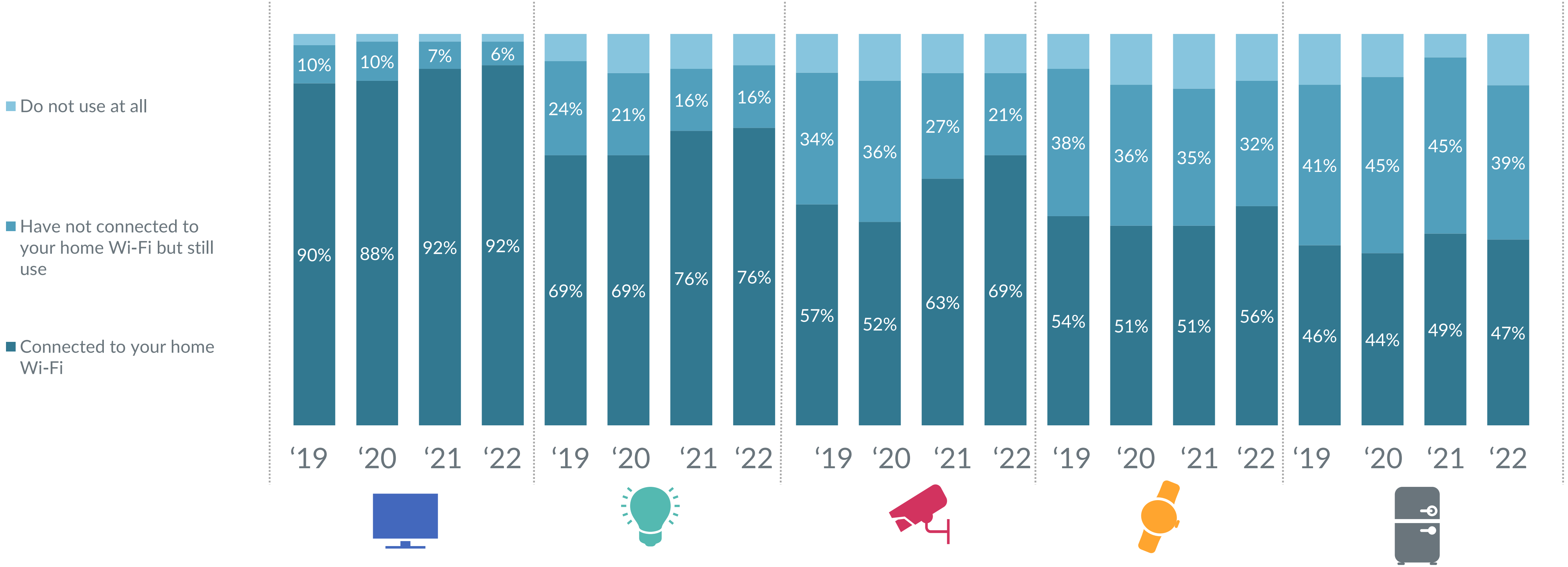
GfK point of sale data

A glimpse at usage behaviour



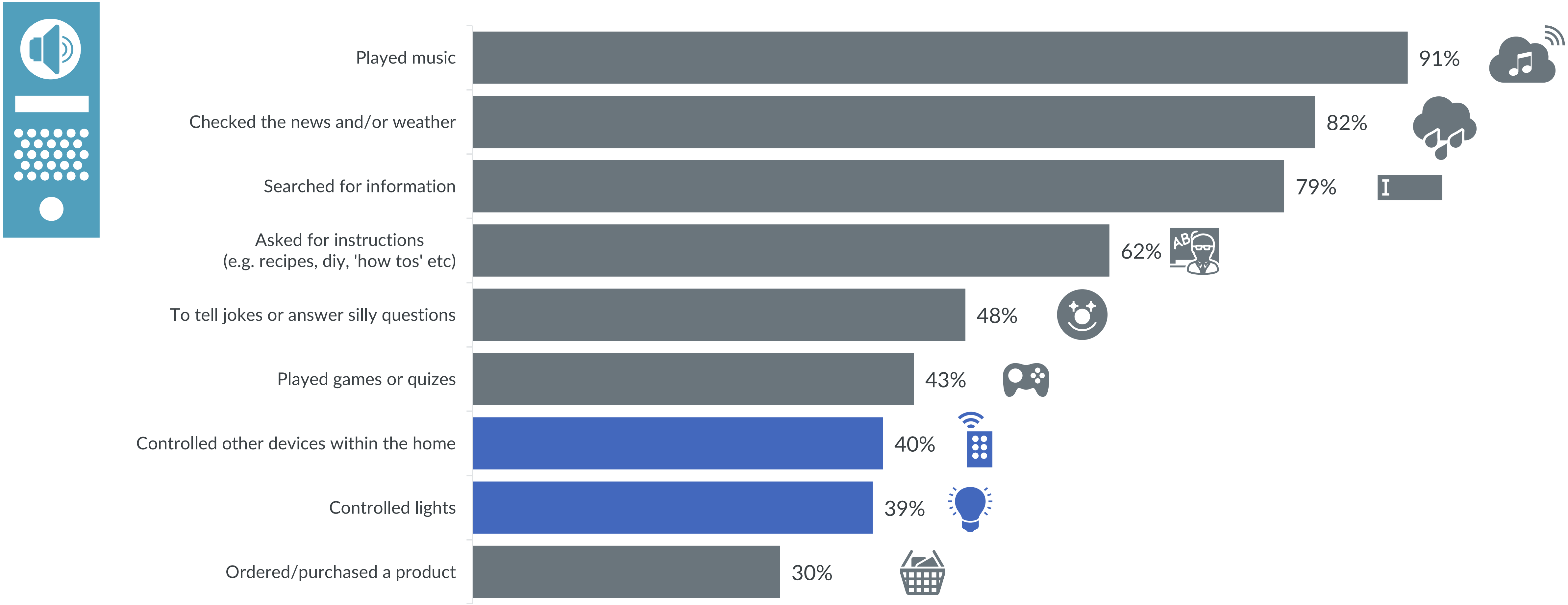
This year has seen a further increase in smart products being connected to wifi, most notably for health/wearables and security



Base: D08. Which of the devices have you... Connected to your home Wi-Fi, Have not connected to your home Wi-Fi but still use, Do not use at all.
2019 Smart Domestic Appliances =184, Smart Entertainment = 681, Smart Energy = 341, Smart Health = 369, Smart Security = 404
2020 Smart Domestic Appliances =127, Smart Entertainment = 784, Smart Energy = 347, Smart Health = 341, Smart Security = 330
2021 Smart Domestic Appliances =112, Smart Entertainment = 669, Smart Energy = 277, Smart Health = 293, Smart Security = 226
2022 Smart Domestic Appliances =105, Smart Entertainment = 706, Smart Energy = 277 , Smart Health = 295 , Smart Security = 283

Smart Speakers are mostly utilized for entertainment, news, and information than to connect to other smart home products

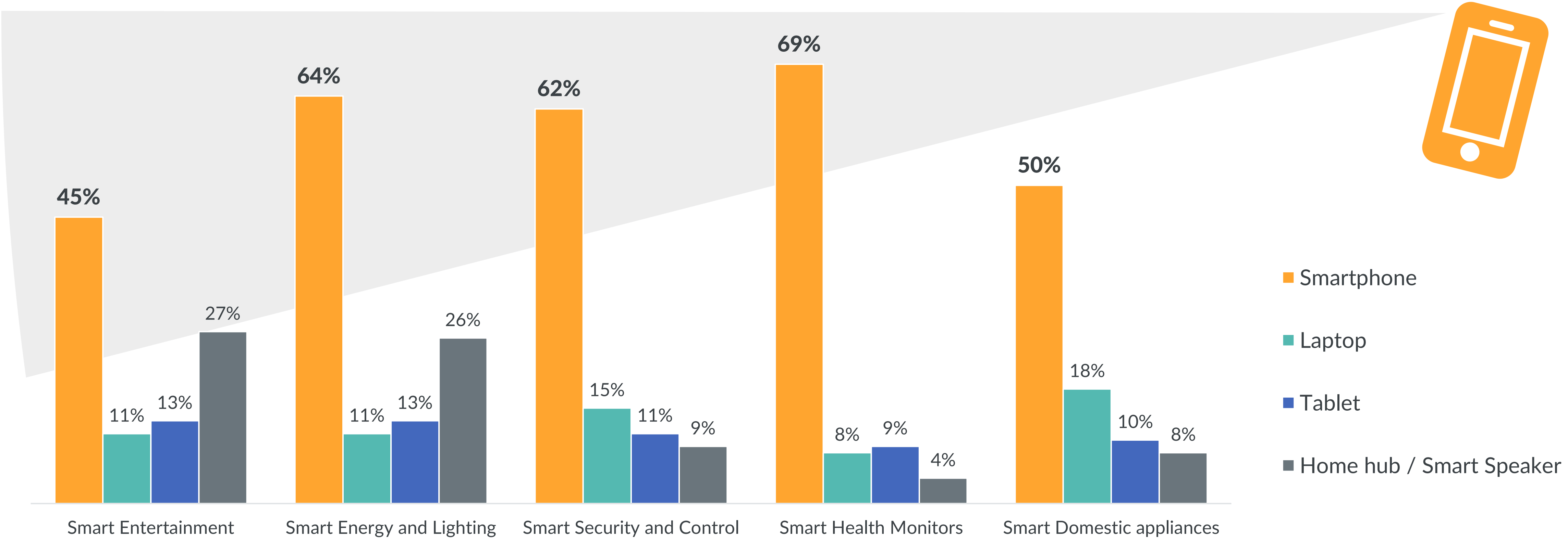
Usage of Smart Speakers in the home?



Base: D12 Which of the following best describes how you use your smart speaker? 409 in 2022,

Smartphones are the optimal choice for controlling other smart devices with smart speakers and home hubs secondary

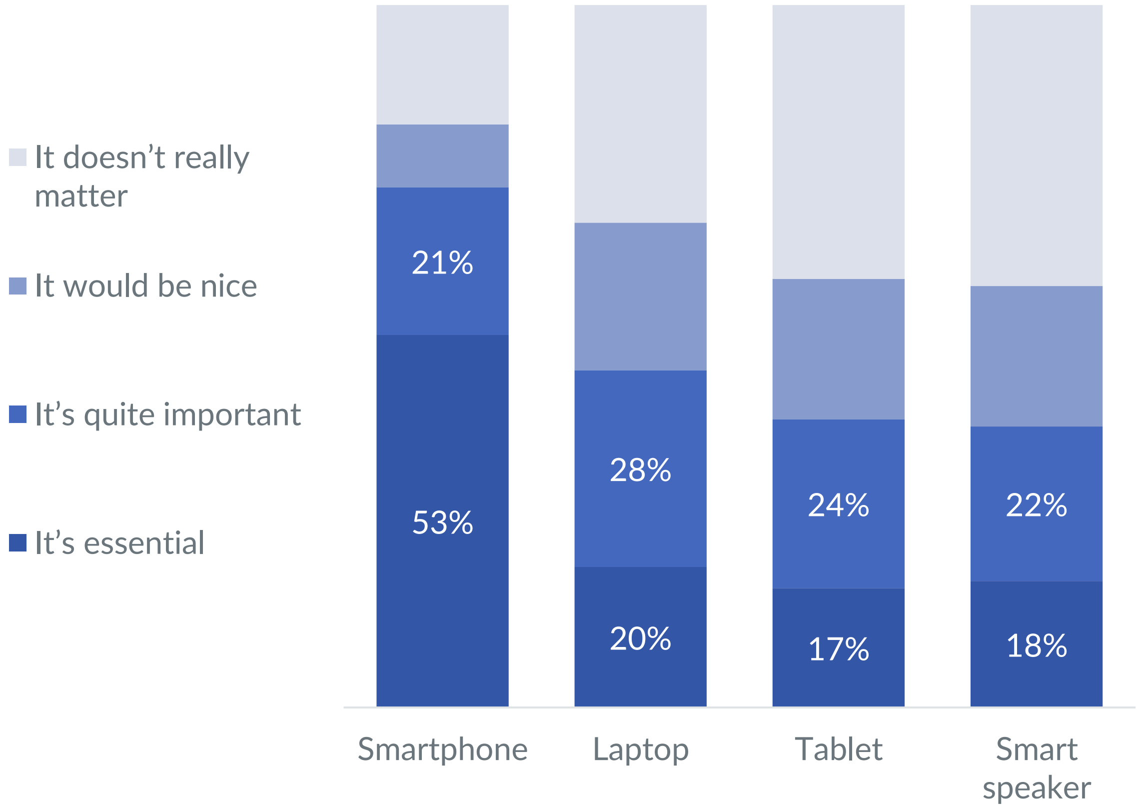
How are people controlling their smart devices?



D09. Which devices do you use to control these smart products? 2022 Smart Domestic Appliances =105, Smart Entertainment = 706, Smart Energy = 277, Smart Health = 295, Smart Security = 283

Smartphone connectivity is the clear priority for consumers

How do consumers want to connect new smart home devices?



- Three quarters say connecting to a smartphone is essential or quite important, with other devices much less important for most.
- For those with >3 smart home devices, 76% say connecting to a smartphone is essential, with 38% saying the same for smart speaker (ahead of laptop and tablet).

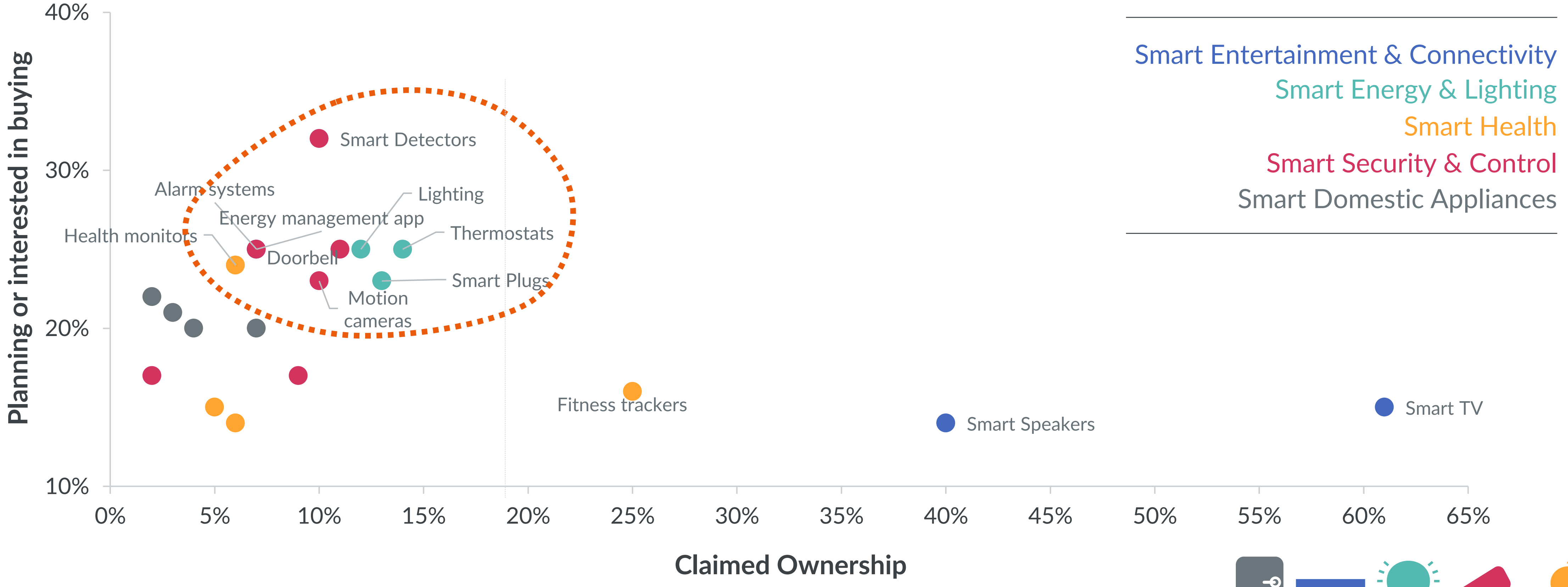
A look to the future

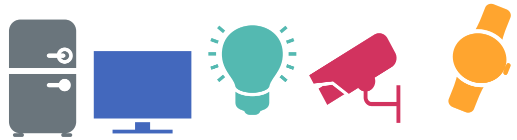
Consumers have an interest in purchasing smart security and control

...with many claiming ownership for smart TV, smart speakers, and fitness trackers

B2B2C relationships may be key to activating this openness among consumers.

Current ownership vs. categories which people say they are interested in buying:





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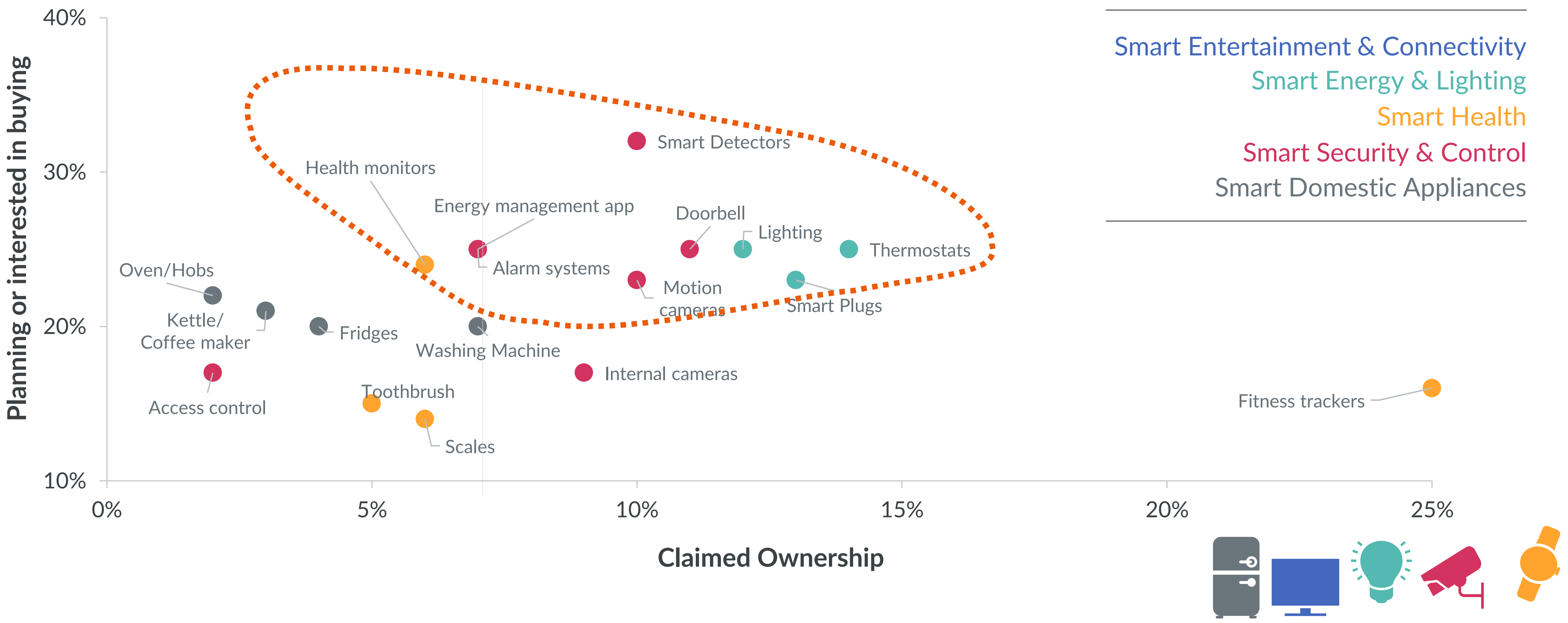
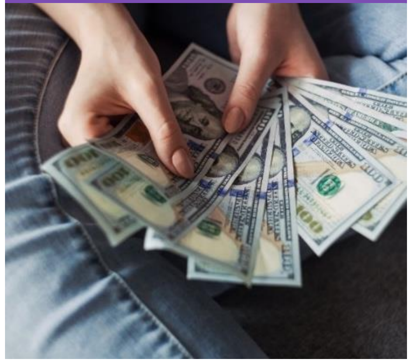


D02. Do you currently use or are you interested in using any of the following smart home products or services within your household? Base: All respondents: 1001 in 2022

Barriers to smart home adoption lead by price, privacy and security concerns, but lack of understanding also prominent

PRICE



57%

I think the cost to purchase products in this category would be too high

PRIVACY

46%

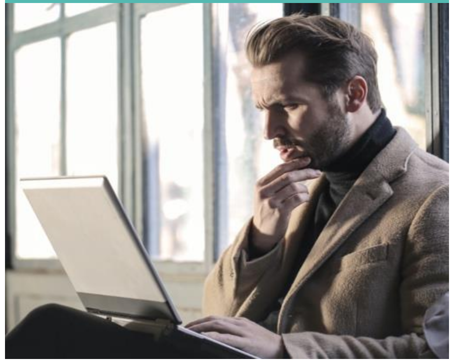
I would be concerned about personal privacy

APATHY

42%

I don't know enough about this category

AWARENESS



28%

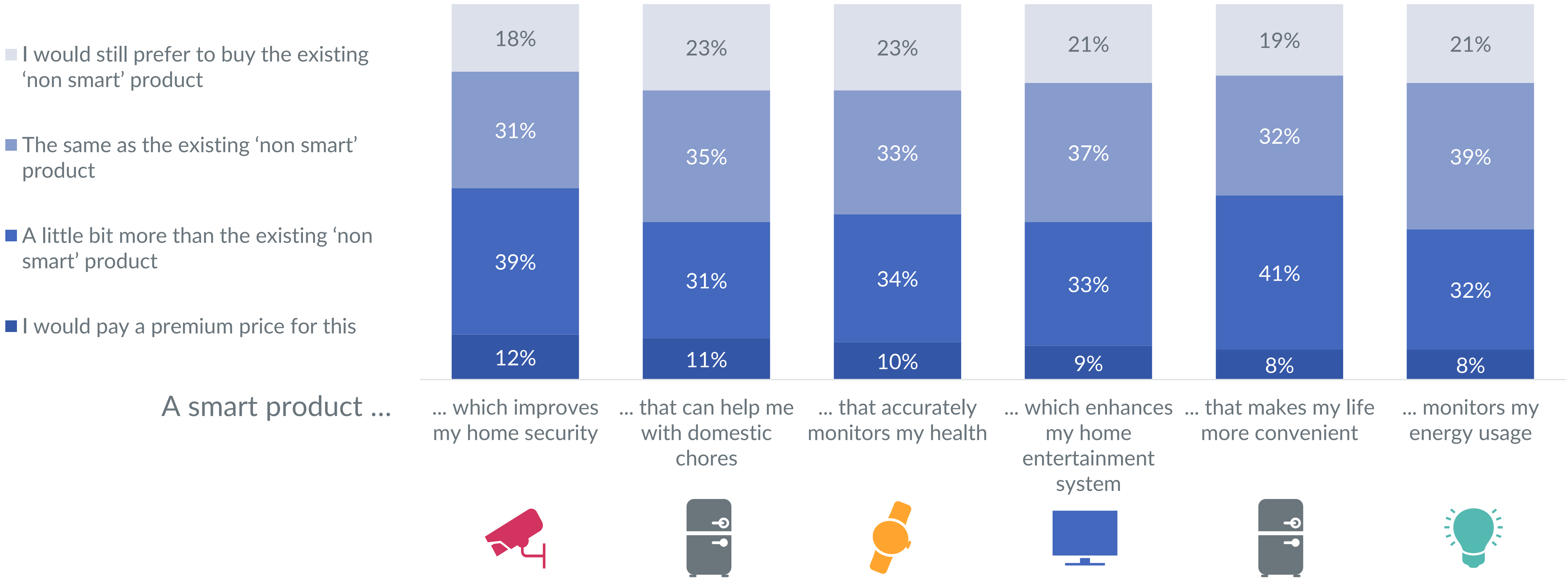
I don't believe this technology could meet my needs / expectations

INFRA-STRUCTURE

Base: D07. Please use the scale provided to show how much you think each statement applies to smart home technology. Base: All respondents: 1002 in 2022

Willingness to pay a small premium for smart products is widespread, and has increased a little over time

How much are consumers willing to pay?

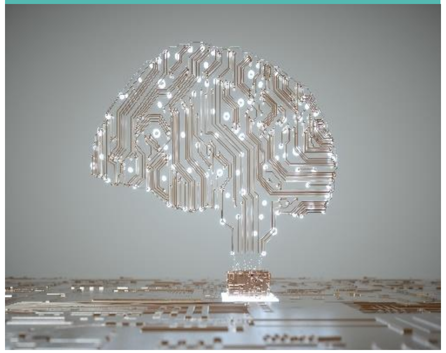


Base: D10 Thinking about the following hypothetical situations, how much would you be willing to spend on each smart product? 1000 in 2022,

Reducing friction for users is key to uptake

Energy efficiency and long-term cost saving are also prominent benefits

CONFIDENCE



51%

I am confident I will be able to use it

COMPATIBILITY

49%

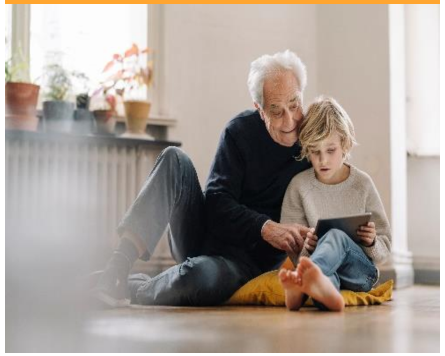
It's really important that it works with other devices in the home

SAVINGS

45%

It can help make my household more energy efficient

CONVENIENCE



43%

It would make my life easier

PERSONALIZATION

39%

It will be fun to own

Base: D07. Please use the scale provided to show how much you think each statement applies to smart home technology. Base: All respondents: 1001 in 2022, 1000, 2021

Energy efficiency and long-term ROI relate particularly to energy management products and home appliances

How well does each statement apply to the category?

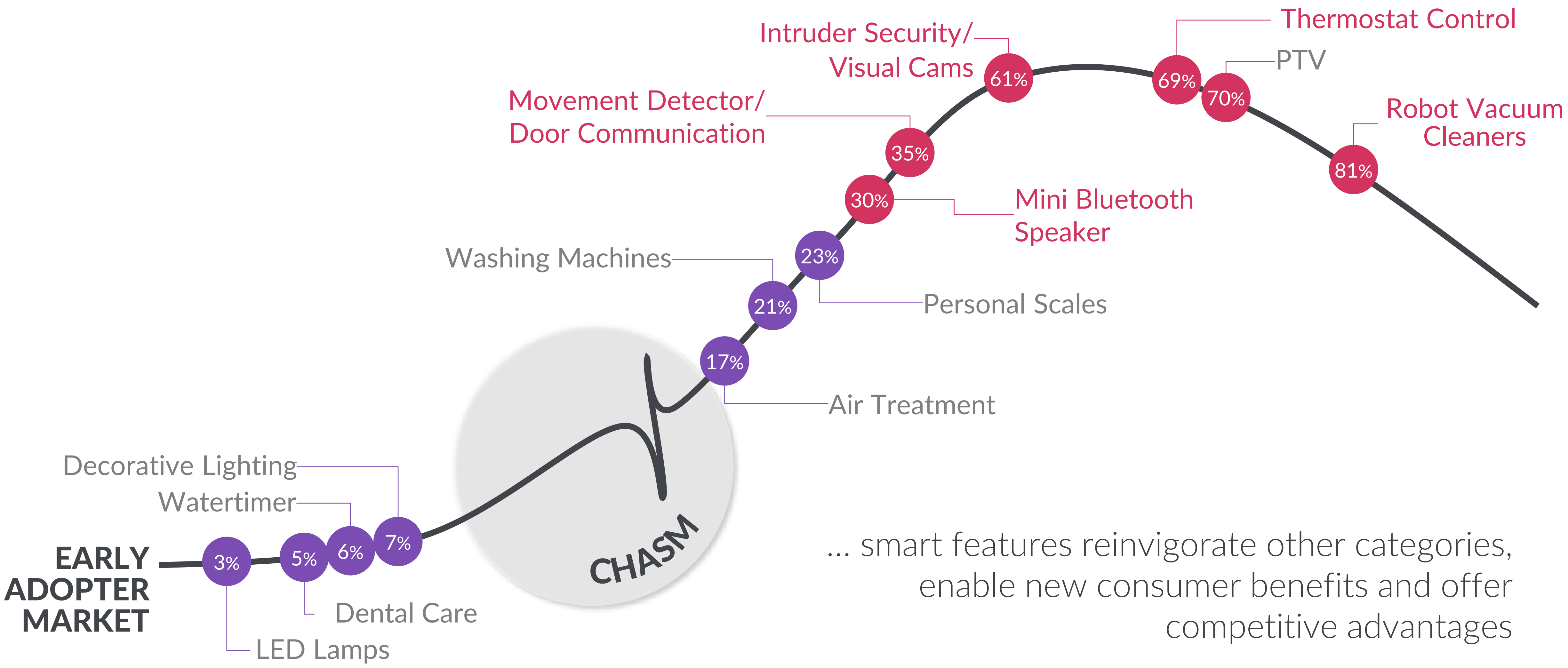
Top 2 box Agreement

	Total					
I am confident I will be able to use it	**51%**	54%	50%	53%	50%	46%
It's really important that it works with other devices in the home	**49%**	54%	55%	53%	47%	37%
It can help make my household more energy efficient	**45%**	47%	43%	52%	38%	n/a
It would make my life easier	**43%**	45%	46%	45%	42%	36%
It will be fun to own	**39%**	38%	44%	40%	35%	36%
It has a significant benefit over traditional alternatives	**37%**	35%	37%	41%	38%	35%
It can save me money in the long run	**36%**	38%	36%	45%	34%	26%
I trust the brands that promote it	**34%**	34%	36%	35%	36%	31%
I read and hear a lot of good things about it	**33%**	32%	35%	36%	32%	32%
I've seen advertising that really stimulates me to buy it	**23%**	24%	24%	22%	23%	21%

Base: D07. Please use the scale provided to show how much you think each statement applies to smart home technology. Base: All respondents: 400 per category 2022

Strong use cases and convenience are key to adoption

In places, smart features enable new categories to emerge …



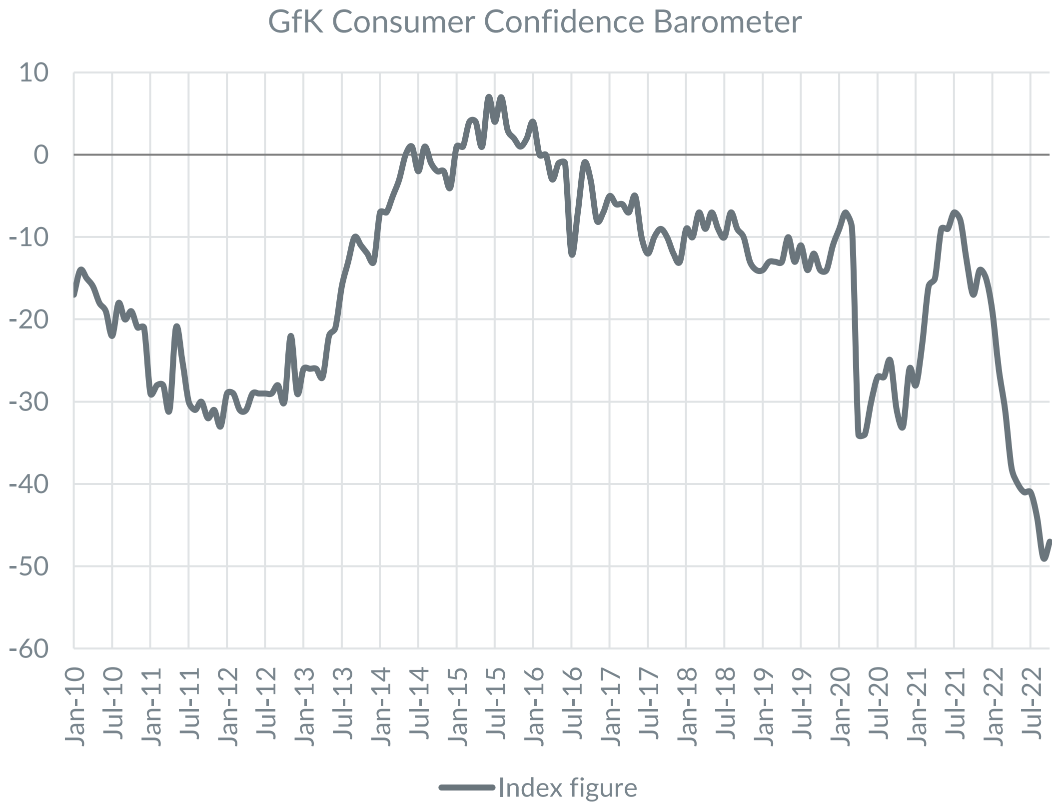
… smart features reinvigorate other categories, enable new consumer benefits and offer competitive advantages

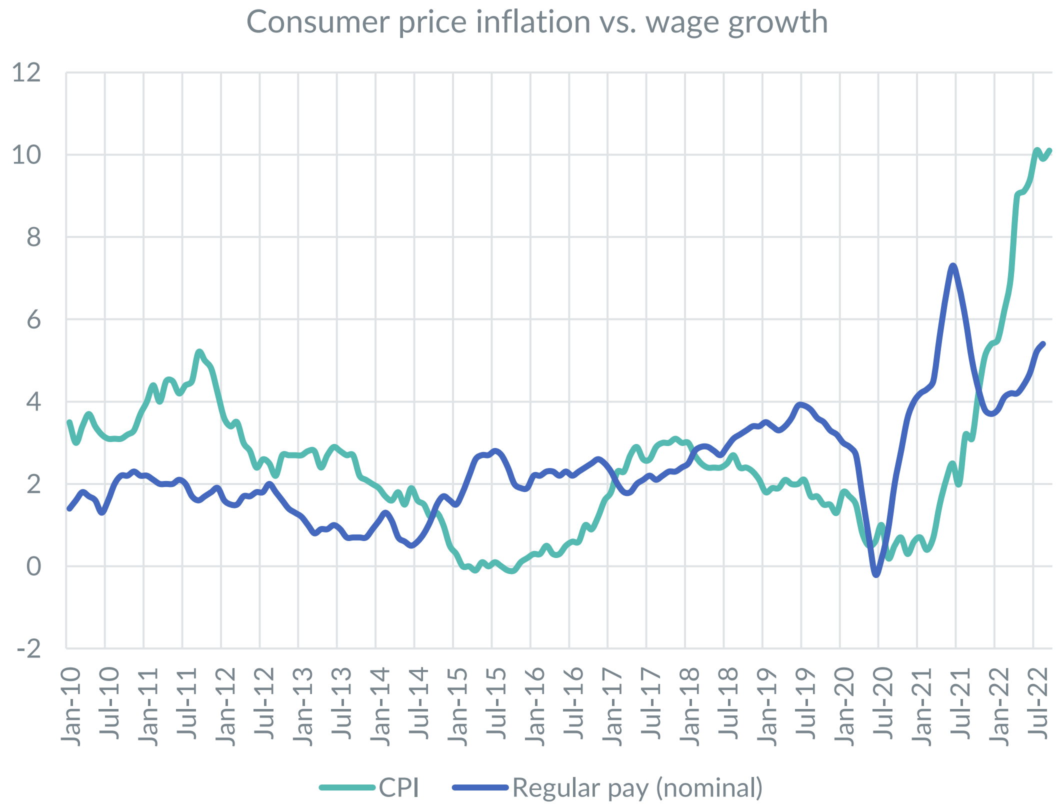
Source: GfK Market Intelligence: Sales Tracking, Jan-Dec 2021 (EU7)

Smart Connect is based on App and Voice control and only includes diagnostics for MDA categories. All the % are unit share within a category

Rising inflation means standards of living will fall in 2022

This is reflected in record-low consumer confidence

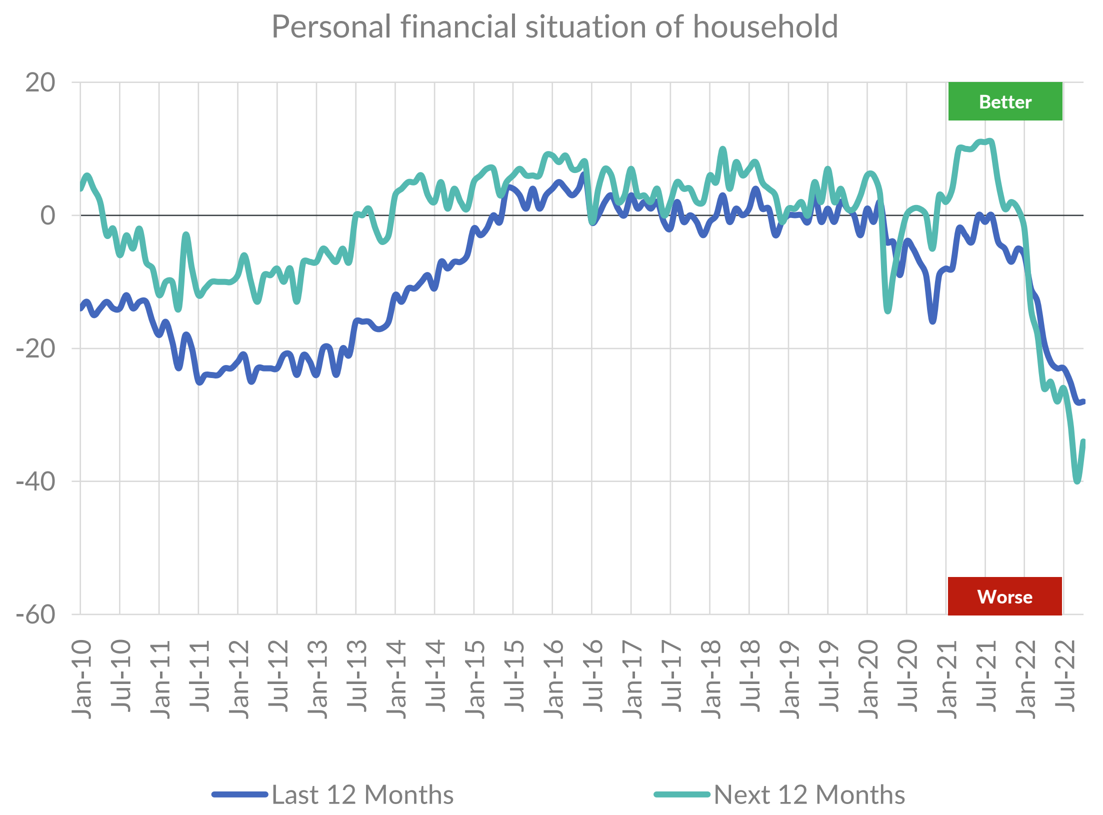


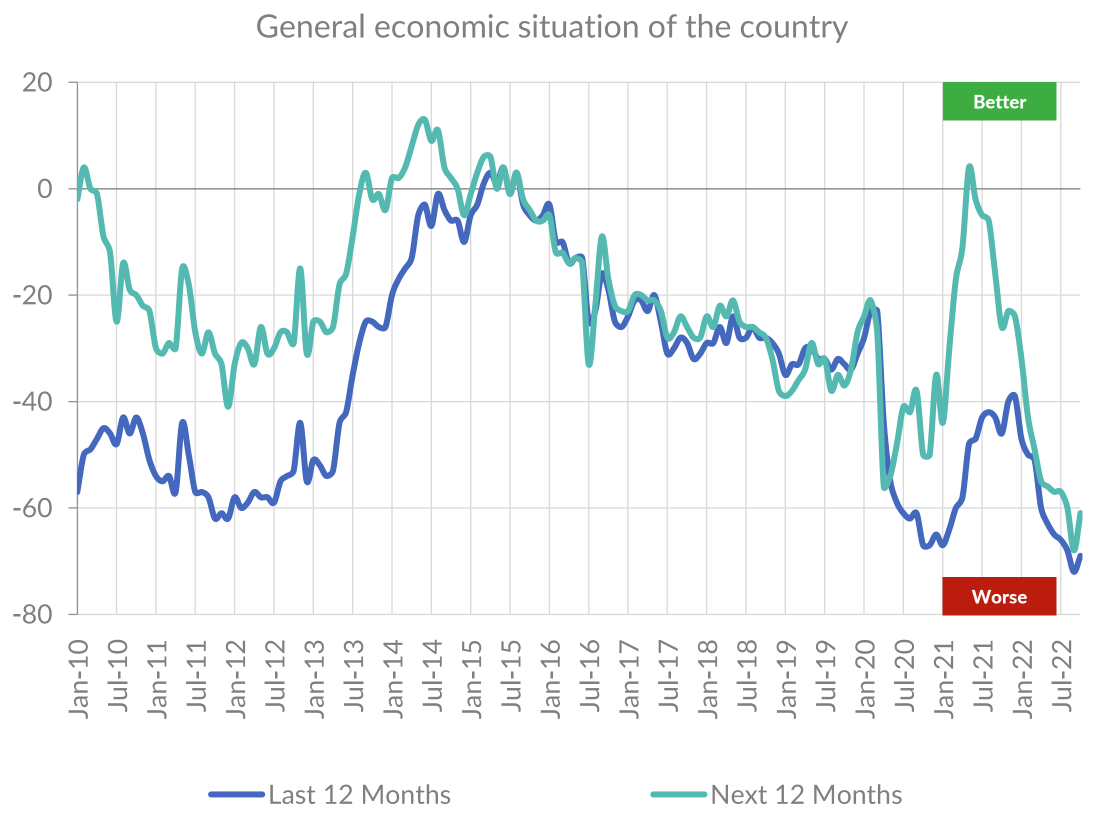


Source: GfK Consumer Confidence Barometer & ONS

Consumers are concerned about what the next year will have in store

Consumers anticipate a painful year ahead and are likely to spend carefully





Source: GfK Consumer Confidence Barometer

Sales have slowed in 2022

But remain relatively healthy compared to the pre-Covid trend and with some pockets of strong growth

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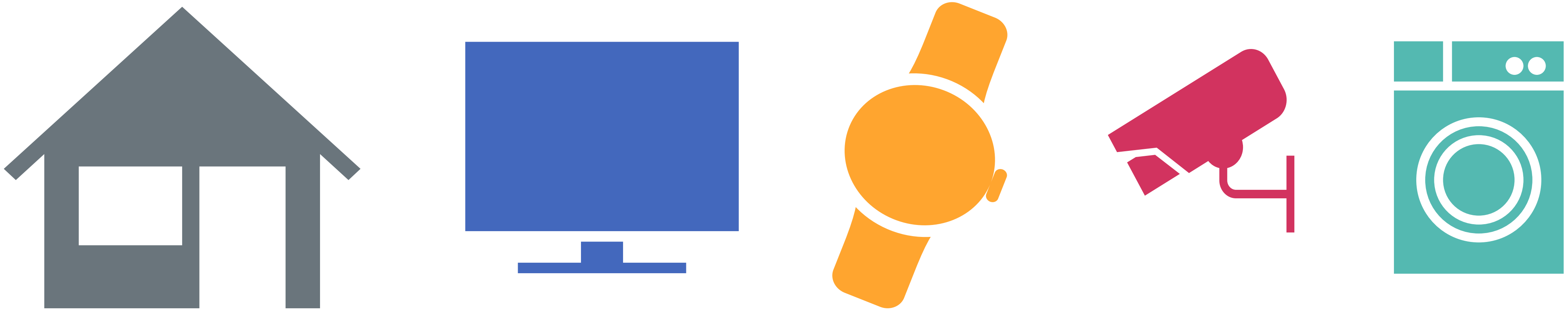

Volume	-8.5%	0.0%	-16.6%	+10.4%	-3.0%
Value (£)	-1.2%	+0.3%	-15.0%	+31.6%	+3.0%
Year to Sep 2022 vs. prior year		Smart TV	Core Wearables	Visual Cams	Washing machines

Headlines: A healthy market, but facing economic headwinds

Articulating added value of smart features is key to supporting overall performance

Device sales remain buoyant – though not quite at Covid peak

- GfK panels show 20m unit sales (-8.4%) and £4.8 billion value (+1.1%)
- Smart TVs essential to overall value – based on volume and pricing
- But more recent trends show impact of cost of living crisis

Growth across a variety of smart home categories

- 26% of consumers have >3 smart home devices (vs. 17% in 2020)
- Strong familiarity lends confidence to consumers
- Strongest momentum arguably in smart security – smart speakers losing impetus

Cost of living crisis presents a difficult background for 2023

- "Premium" products (including smart) have been relatively resilient, particularly where purchases feel like an investment
- Energy efficiency and long-term cost-saving is a key driver of smarthome take-up – along with confidence and ease of use

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