Smart Technology – the category everybody seems to be talking about

Recently, one of my colleagues wrote about feeling left out because he seemed to be the only person who didn't get a Smart Technology device for Christmas. A few months on and I am beginning to understand how he felt. Whether I am standing at Waterloo and being presented with the benefits of Nest via a giant billboard or having my mum tell me all about how Alexa has changed her life, it seems there is no escaping that we are heading to a more connected, Smart Technology world.

As more and more brands seek to take advantage of this rapidly expanding category, and estimates suggest the average home by 2022 will have 500 Smart devices (https://www.digitalnewsasia.com/digital-economy/500plus-smart-devices-in-a-typical-home-by-2022-gartner), we thought it would be valuable to look at how the UK consumer currently feels about all of this.

Are we all embracing the opportunity to live in a more connected home or are many of us still waiting to be convinced? And what does it all mean for the brands operating in one of the fastest growing sectors? We asked 2,000 consumers from our in-house panel what they thought…

As a starting point, the good news for companies is that most consumers are now aware that Smart Technology is out there: 91% say they have heard of it, with 47% claiming to use it. Even better, only 10% say they are prepared to reject it.

How then, can brands make the most of this interest from consumers?

First, there are 3 key factors which are driving uptake:

1. Saving money
2. Making life easier
3. Improving security

Not surprisingly, saving money motivates all groups of consumers and is an easy message to use to promote products. However, it's interesting to look at how differences emerge beyond this, as it can guide marketing teams in how they think about engaging consumers.

The under 30s are more likely to realise that Smart Technology is a great way to make life easier, whereas the older a consumer gets, the more interested they are in Technology which improves security and conserves energy. Social media messaging can place more of a lifestyle focus on how convenient Smart Technology is, but media channels aimed at the older consumer will get more traction promoting functional benefits. Alternatively, brands could create momentum by having influencer groups as a key part of their strategy: getting younger audiences talking to their parents about how great Smart Technology is for making their lives easier.

There are also barriers to overcome. Despite many consumers recognising that Smart Technology can help save you money, cost of purchase is the top issue. Brands will need to prove the value of investing in Smart Technology, based on all the perceived benefits above. Potentially, they could learn from other sectors such as mobile phones and offer a lower entry price with a pay monthly model. This might ease the financial commitment for some. After that, consumer concerns all focus on privacy and the use of personal data; much more than anything around choosing, installing and running the product.

This raises a real challenge for companies – how to reassure consumers without trying to focus too much on the issue of data. Our advice: go for the simplest option and just let consumers know 'it's safe', and at the same time dial up positive benefits around convenience, cost saving, and, in fact, improved security. Brands need to let the product speak for itself and its ability to bring real benefits, not get side-tracked by explaining about data privacy, usage and protection. This is where more established brands, even those currently outside the category, might have an advantage in that their heritage and reputation could help prove credibility and engender trust. If Volvo can be trusted to make kids cycle helmets (https://www.morarhpi.com/post/what-if-haribo-did-cycle-helmets-for-kids), then brands well known for reliability and a commitment to security could take advantage.

Brands themselves were the next focus for our survey, and it's no surprise that the early mover US Technology firms currently hold an advantage in the category. Top of mind brand associations are dominated by Google, Apple and Amazon, with Samsung just behind these three. However, when asked about who would be seen as credible to offer Smart Technology, consumers are open to brands from a broad range of sectors: automotive (78%); transport (70%); grocery (63%); financial services (66%); retailers (72%). There is huge potential opportunity for an array of brands, not just the US giants. It also indicates that consumers increasingly see Smart Technology moving out of the home: Smart Cars, Smart Supermarkets, Smart World! Key to success will be proving credibility and trust to deal with those data concerns, as highlighted above. Beyond this, it's also about being aware of what benefits and outcomes the consumer is looking for and the extent to which these impact the purchasing journey and decisions.

Finally, we also asked consumers about the impact Smart Technology might have on lives in future. There is clearly a concern that Smart Technology risks making us lazier; 67% of consumers agreed this would be an outcome. In the era of increasing obesity, brands may have to be prepared to highlight the positive impact Smart Technology can have on health and wellbeing. When asked, 24% agreed that Smart Technology being able to help improve health would be an appealing benefit.

We said it last time and we'll keep making the point: with consumer research, companies can have confidence in their knowledge of buyer sentiment around Smart Home products and leverage this to create compelling product propositions and brand communications.

At Morar HPI we are experts in turning data and insight into tangible growth and performance improvements. Our specialist Home and Family division already works with companies such as Argos and Barratt Homes helping them understand topics such as Smart Home and what it means for their business.

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