Home Automation
Industry Analysis
Home Automation

Introduction

With so many Home Automation product launches this year jostling for the attention of the general public, how do brands launching a new product ensure

- They stand out?
- Their product is the most eagerly anticipated?
- The best regarded?

This report will analyze the Home Automation industry and will look at couple of different companies who are already having success in this industry to understand what they’re doing right. Specifically, we take an in-depth look at how brands can effectively use social listening and sentiment analysis at all points in the process.

Contents

1. Executive Summary
2. Overview
3. Sentiment Analysis
4. Key Concepts
5. Sources Analysis
6. Major Trends
7. Competitive Analysis
8. Spotlight: Google Nest & Control4
9. Conclusions
10. Recommendations
Key Takeaways

- The Home Automation industry is at its inception, with over 9.4 billion dollars of estimated revenue by 2017
  - there are a lot of products and services entering into the market.

- The role of social media in the Home Automation industry is made evident by the case of Google Nest and Control4.
  - Understanding the financial overview of the market is important; however, understanding what people are saying about the market and the major players within it is fundamental.

- The overall “who”, “what”, “where” and “when” of the Home Automation industry will allow marketers to understand the market and to create successful financial and social media strategies.
Overview

Bringing you up to speed

- The global home automation and control market was worth $5.77 billion in 2013 and is expected to reach $12.81 billion by 2020;
- The stringent regulations being imposed by various governments for the conservation of energy have played a substantial role in the growth of the home automation market, especially, in the European region.
- The Asian region is expected to grow at a relatively higher rate due to the presence of developing countries such as China and India.
- The market for home automation and security control is segmented into lighting control, security control & access control, HVAC control, entertainment control, and others.
- The lighting controls regulate and save power through devices such as dimming systems and sensors. Among all the products, HVAC controls is the most mature market segment followed by the security and access controls market; due to increasing concerns related to safety and security.
- Home automation has dominated the overall automation and controls market, due to the early adoption of control products in this segment¹.

¹ MarketsandMarkets Home Automation and Control Market by Lighting Control Global Report (2014)
A multi-billion dollar industry

- The Home Automation industry is growing at an extremely fast pace.
- Large companies, such as Google Nest, Control4, Honeywell and Philips have already launched Home Automation products over that past two years.
- Other emerging companies have started to understand the trend of the Home Automation market;
- The vast majority of consumer electronic makers have not.
- In 2014, investors have started to focus on certain key areas of the Home Automation market.

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A multi-billion dollar industry

- Sales of Home Automation systems in North America are forecasted to quadruple over the course of the next four years.
- The growth is exponential rather than linear.
- This indicates that companies will be producing hardware and software for Home Automation systems.
- In 2013, 73.4 percent of the global online population accessed the internet from their mobile phone.
- This figure is expected to grow to 90.1 percent in 2017.
- Growth in the market is also driven by declining complexity and costs of Home Automation products.

This turn towards mobile technologies has opened to door to the concept of remote controls for Home Automation technologies.
Sentiment Analysis

The good the bad and the automated

- The public's perception of the industry is a fundamental factor.
- Understanding the public and listening to their needs can play a big role in determining what business strategies and marketing tools need to be used in the Home Automation industry.
- Sentiment analysis is a social media-monitoring feature that can help listen to the pulse of an industry's target market.
- Sentiments regarding the Home Automation industry are twice as positive than negative. Understanding this overall perception of the Home Automation industry will allow marketers to cater their services to the needs of their target market.

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Sentiment Analysis

The good the bad and the automated

- Understanding the “when” is the second layer of social listening.
- The positive peak was on February 17th 2014 when MarketsandMarkets reported that:
  “Home Automation & Controls Market worth $48.02 Billion by 2018”.
- The negative peak occurred on April 17th 2014 was:
  “the lack of effective product differentiation could pose a challenge to the growth of this market”.

Sentiment analysis clarifies when an industry has an impact on people’s perceptions. The “when” is business intelligence that can be useful in creating timelines for marketing campaigns.
Various topics have emerged but the underlying problem is that consumers are reluctant to adopt new products do it being more of a hassle than a convenience.

- While the first two layers of listening are the sentiment analysis and sentiment timeline, the third layer is the “what”.
- Understanding what an audience is saying about an industry is how businesses can strategically position their products and marketing campaigns.
- Since the Home Automation industry is still in bloom, there is a lot of buzz surrounding product launches and new innovations.
- One example is:
  - “It remains to be seen, though, whether marketing efforts on behalf of these retailers will raise the interest of a large pool of customers who are not already planning to replace an existing thermostat”
What are they talking about?

- There are significantly more positive sentences such as
  - “tech giants get ready for the smart home revolution”, “Smart thermostats to realize 1.4 billion in revenue by 2020”,
  - “APAC Smart Homes Market to Reach US$9.28 Billion by 2020” and “Home Automation & Controls Market worth $48.02 Billion by 2018”.
- The negative is centered upon consumer purchasing trends

Understanding the concepts that people are talking will allow marketers to design and position their products in a way that will persuade consumers to adopt Home Automation products.
It’s important to create strategic partnerships with tech bloggers, start using Social Media Management tools to create new content surrounding Home Automation industry on Twitter, Facebook and Google+. Sources can help marketers focus their SEO and Social Media strategies.

Conversations regarding Home Automation are on **tech blogs** and **forum sites**.

The leading source is Raging Bull with thousands of sentences analyzed.

Industry is still in development, hence the positive buzz about new technologies related to Home Automation.

It’s clear that currently there isn’t a strong presence on Twitter, Facebook and Google+, meaning that there is a large gap on the social conversation.
Major Trends

5 Key Areas

- The tech industry is undergoing what some like to refer to as the "smart home revolution".
- There are many different areas within the Home Automation industry where companies have started to develop products and software for.
- The issue is that not every company is able to compartmentalize these ideas and find the right area to focus on.
- The main trends in Home Automation can be broken up into 5 key areas as seen on the right.
- The use of mobile devices as a remote for smart home technology is one of the major reasons conversations are centered upon Remotes/Controllers.
- Google’s support for Android OS for electronic devices is driven by its strategy to expand the footprint and create a robust ecosystem of interconnected devices.

Analyzing the major players in the Home Automation industry can give marketers and investors insights into how they can direct their business endeavors.
Competitive Analysis

Look who’s playing

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- Start using Social Media Management tools to create new content for the Home Automation industry on Twitter, Facebook and Google+.
- Analyzing the major players in the Home Automation industry from their success and avoid their mistakes.
- Consider that a financial gain is extremely important for the short-run; whereas, looking at what people are saying during a financial gain can help sustain growth over the long-run.
- Track sentiments during mergers to understand the public’s perception and modify PR strategies if necessary.

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In order to gain business intelligence ask yourself if social media engagements are because of intents to purchase or are people engaging because they are influencers?

Consider that a lack of presence online impacts growth in revenue.

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Google Nest

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Spotlight

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Insights

Google Nest Vs. Control 4

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In a nutshell

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In a nutshell

- The sources of the conversations surrounding Home Automation stem from blogs rather than social media. Tech bloggers have a significant impact on what is being said about Home Automation online.


- Although there are many companies creating products and services for Home Automation, Google Nest and Control4 are driving the conversations; whereas all of the other companies combined make up for a mere 18% of the total conversations.

- Google Nest is the market leader with a strong online presence, a successful social media management strategy that in turn has helped it maintain financial growth.

- Control4 is a major player in the market, however their weak online presence and their weak sales have caused them to dwindle over the course of the past year.

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Recommendations

Some stuff to take home

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