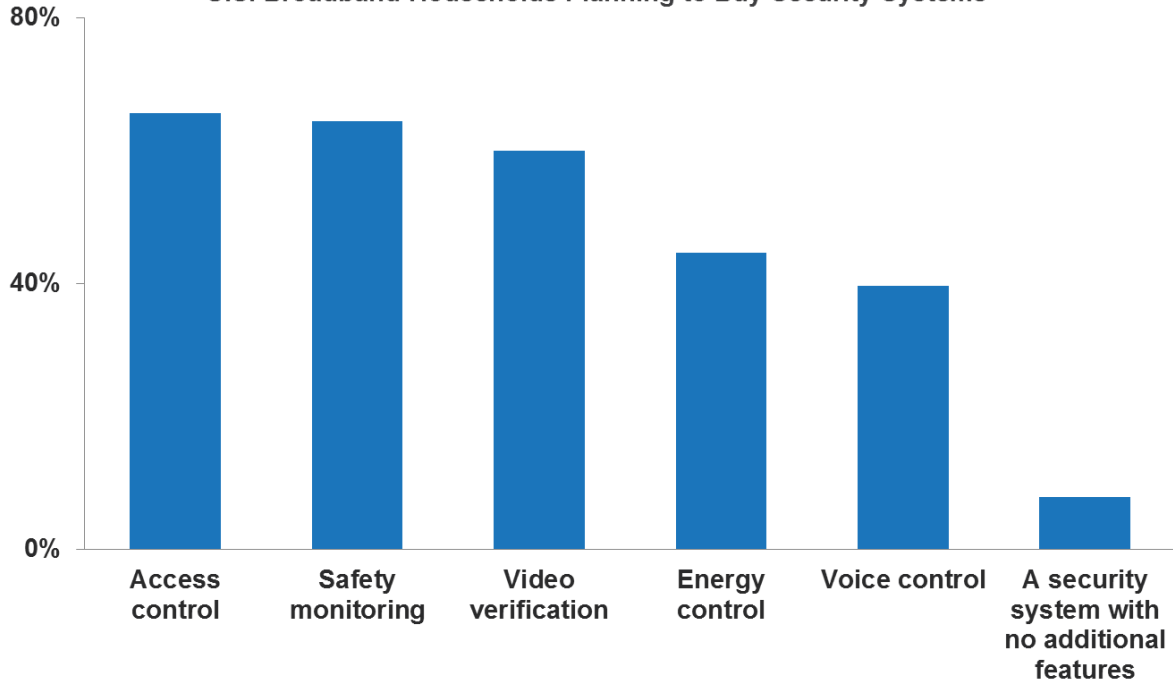


Desired Capabilities of a New Security System
U.S. Broadband Households Planning to Buy Security Systems



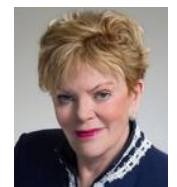
© Parks Associates

Consumer Analytics Team



Yilan Jiang, Director

Industry Analyst



Tricia Parks, CEO

SYNOPSIS

Financing, discounted upfront pricing, monthly fees, value added services, and contract lengths are all variables that can be used to drive adoption, revenue, and profit. This research quantifies price sensitivity of demand for upfront and recurring prices and contract lengths and evaluates package combinations that can drive sales.

ANALYST INSIGHT

“The entry of low-cost, DIY security offers with professional monitoring fees priced well below the current market is not new. However, new players are combining aggressive pricing with significant marketing investment, making the potential for disruption more likely. Low-cost solutions certainly can help the industry by expanding the market, but at the same time, low-cost solutions have the potential to drive considerable churn among current subscribers.”

— Tricia Parks, CEO, Parks Associates



Number of Slides: 63

CONTENTS

Consumer Analytics: Home Security Track

- Table of Contents
- Definitions and Abbreviations
- Key Questions Answered
- Methodology, Charts, Statistical Information

Executive Summary

- Industry Insight
- Key Findings and Market Impact

RMR Trends

- Professional Monitoring Monthly Fee Trend
- Pro-Monitored Security with Interactive Service
- Professional Monitoring Monthly Fees for National Providers
- Incremental RMR for Add-on Services (Q2/18)
- Basic Professional Monitoring Service Trend
- Professionally Monitored Security Systems with Home Controls
- Monthly Fee for New Professional Monitoring Accounts (2008 - 2018)
- Monthly Fee for New Professional Monitoring Accounts by Channel (2009 - 2017)
- Incremental RMR for Add-on Services Among New Customers (Q2/18)
- New Professional Monitoring Security Systems with Interactive Service
- New Professional Monitoring Security Systems with Home Control

Adding Home Controls via Smart Home Devices

- Desired Home Control Capabilities of a New Security System (Q1/18)
- Intention of Adding Smart Home Device to Security System (Q2/18)
- Number of Smart Home Devices Intended to be Part of Security System (Q2/18)

Financing

- Hardware Payment Preference (Q2/18)
- Preferred Payment Method for Home Control Capabilities (Q1/18)
- Preferred Payment Method for A Package of All Home Control Capabilities by Demographics (Q2/18)
- Minimum Duration of Financing for Security Equipment (Q2/18)
- Maximum Duration of Financing for Security Equipment (Q2/18)
- Maximum Monthly Payment Amount for Security Equipment (Q2/18)

Low Cost Competition

- Intention to Purchase Security Products and Systems (Q2/18)
- Security System Intenders by Demographics (Q2/18)
- Security System Installation Preference (Q2/18)
- Monitoring Preference (Q2/18)

Price Sensitivity

- Security Services Conjoint Analysis
- Value of Access Control (Q2/18)
- Value of Video Verification (Q2/18)
- Utility Scores for Security Package Attributes

- Security Services Conjoint Analysis – Preference Share
- Monitoring Preference Share for Security Package Options (Q2/18)
- Equipment Preference Share for Pro-Monitoring Options (Q2/18)
- No-Contract, Pro-Monitored Security Preference Share by Housing Type (Q2/18)
- No-Contract, Pro-Monitored Security Preference Share by Area (Q2/18)
- No-Contract, Pro-Monitored Security Preference Share by Technology Adoption (Q2/18)
- Share Modeling - Security Package with 3 Year Contract (Q2/18)
- Share Modeling - Security with Access Control, 3 Year Contract (Q2/18)

Estimating Lifetime Value

- Attrition Modeling, Net Present Value of Revenue, and Overall Revenue Estimation
- NPV for Security Package (Q2/18)
- Estimated Revenue for Security Package (Q2/18)
- Estimated Revenue for Security Packages vs. Low Cost Competitors (Q2/18)
- NPV for Security with Access Control (Q2/18)
- Estimated Revenue for Security with Access Control (Q2/18)
- Estimated Revenue for Security with Access Control vs. Low Cost Competitors (Q2/18)

Appendix

ATTRIBUTES

Parks Associates

5080 Spectrum Drive
Suite 1000W
Addison TX 75001

parksassociates.com

sales@parksassociates.com

PHONE 972.490.1113

Toll free 800.727.5711

FAX 972.490.1133

Authored by Yilan Jiang and Tricia Parks
Executive Editor: Jennifer Kent

Published by Parks Associates

© 2019 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.