

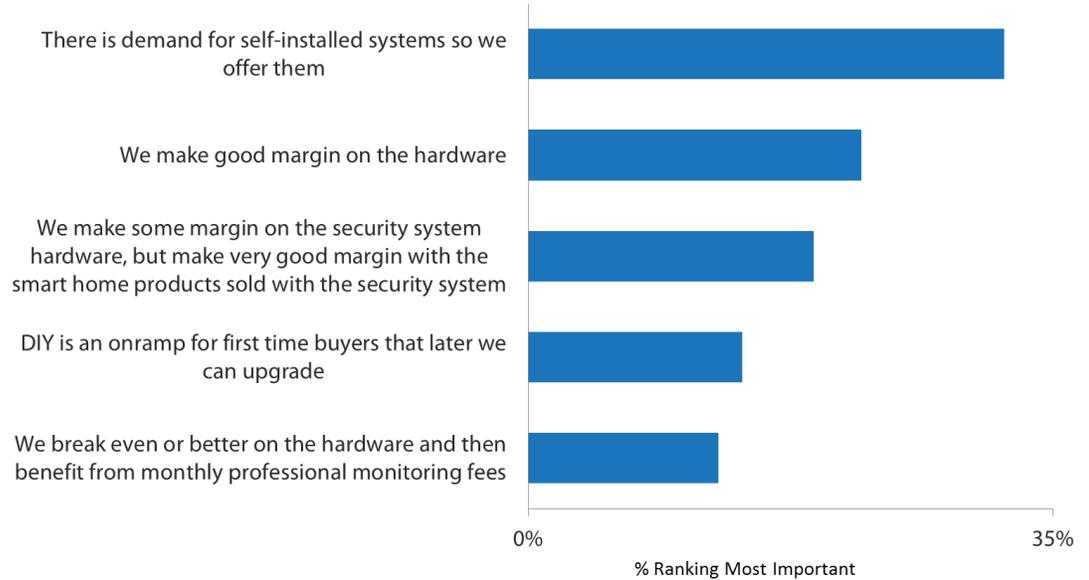
By **Tricia Parks**, CEO; **Yilan Jiang**, Director; **Keshav Jaiswal**, Consumer Insights Analyst II; **Xiaofan Tan**, Consumer Insights Analyst I; and **Sharon Jiang**, Research Analytics Intern, Parks Associates

## SYNOPSIS

This research presents and analyzes the results of a survey of installers/dealers employed by security firms installing security systems in US households. It quantifies the dealers' view of security market performance, with data compared across multiple surveys, and analyzes competitive pressures, industry conditions, and new trends, including the addition of smart home and interactive technologies.

This is Parks Associates' eighth year completing its **Security Dealer Survey**. Part of the survey provides trend data for questions asked year over year while new sections that hit pertinent new areas (COVID-19) or new concerns are also present.

## Reasons for Selling DIY Security Systems



© Parks Associates

## Key questions answered:

- What are the basic metrics for 2019 and 2020 to date?
- What do trends show in key areas such as sales of smart home devices, interactivity, and DIY security systems?
- How do security dealers report that COVID-19 affects their business?
- What are key features and factors as dealers select their hardware and interactivity providers?
- What are the specific issues surrounding dealers' selling DIY systems?

## CONTENTS

### Methodology & Timing

- Notes on Methodology

### Executive Summary

- Industry Insight
- Changes in Residential Revenues
- COVID-19 Impact on Business
- Installation Percentages for Various Security System Panel Types

CONTENTS

- Dealers' Security System Installations Including Smart Home Devices
- Household Intentions to Acquire within 12 months (Q2 2020)
- Method of Installation: Residential Security Sales
- Percentage of Firms Selling Specified Service
- Must Haves for Independent Living System (Q2/19)

## **2020 Basic Firmographics & Screening Notes**

- Residential Security System Unit Sales as a Percent of Total Sales
- Average Residential Sales vs. Non-Residential Sales as a Percent of Total Sales
- Type of Residential Security System Sold
- Top Five Business Regions
- Role in Selecting Monitoring Affiliations
- 2019 Annual Revenues
- Annual Revenues
- Expected Changes in Residential Revenues: 2020 vs. 2019
- Changes in Residential Revenues
- COVID-19 Impact on Business
- Residential Security System Unit Sales by Housing Type
- Average Number of Residential Security Systems Installed Per Month
- Annual Revenues

## **Effects of COVID-19**

- COVID-19 Impact on Unit Sales
- COVID-19 Impact on Average # of Security Systems Installed
- COVID-19 Impact on Average Number of Security Systems Installed
- COVID-19 Impact on Preferences and Activities (July 2020)
- Percentage of Truck Rolls Decreased Due to COVID-19
- Tools Developed to Support Customers Remotely Since COVID-19
- Smart Home Device Sales Increased Due to COVID-19
- Lowered Professional Monitoring Fees Due to COVID-19

## **Monitoring, System Pricing, and Interactive Services**

- Professional Monitoring Service Provided
- Offering Professional Monitoring Services
- Professional Monitoring Service ARPU

CONTENTS

- Contract Term of Professional Monitoring Services
- Percentage of Firms Selling Specified Service
- Average Monthly Fees for Professional Monitoring Services
- Percentage of Residential Security System Sales
- Security System Installations Including Smart Home Devices
- Installation of Smart Home Devices
- Numbers of Smart Home Devices Installed with Security System
- Security System Integration with Customer Owned Smart Home Devices
- Difficulty of Integrating Smart Home Device with Security System
- Smart Home Devices Impact on Support Costs
- Methods Used to Resolve Inbound Smart Home Support Cases
- Smart Home Device Sales Increased Due to COVID-19
- ADT/NEST Partnership Impact on Smart Home Sales
- Average Upfront Price by Type of Security Systems

## **Serving Existing Customers and Gaining New Ones**

- Average Cost of Acquiring a New Residential Customer
- Incentives That May Reduce Professional Monitoring Churn Rate
- Average Annual Service Costs per Residential Customer
- Residential Customers: Average Tenure
- Increase in Cancellation of Professional Monitoring Due to COVID-19 Crisis
- Leading Methods of Acquiring Sales Leads
- Frequency of Contacting Customers for Non-Billing Purposes
- Reasons for Contacting Customers for Non-Billing Purposes
- Attrition for Year 2019

## **Infrastructure & Ecosystem**

- Channels to Provide Professional Monitoring Services
- Top Ranked Considerations in Selecting a Central Monitoring Station
- Primary Communication Path for Security System Alerts
- Primary Communication Path for Security Systems
- Installation Percentages for Various Security System Panel Types
- Installation % of Various Control Panel Brands
- Top Ranked Considerations in Selecting a Security Control Panel Vendor

CONTENTS

- Importance of Control Panel Features
- Most Commonly Used Interactive Service Providers
- Top Ranked Considerations in Selecting a Interactive Service Provider
- Top Reasons for Partnering with an Interactive Service Platform Provider
- Importance of Integrating Video Analytics Capabilities for Partnership with Interactive Service Platform Provider
- Average Costs per New Residential Installation by Service Type

## DIY/Self-Installed Security System

- Most Commonly Sold DIY Security System Brands
- Reasons for Selling DIY Security Systems
- Percentage of Monitoring Service Types Sold with DIY Systems
- Top Reasons for Offering DIY Systems
- Perceived Impact of DIY Systems on Security Dealers
- Loss in Security System Sales Due to Low Cost Alternatives
- Change in Sales of DIY Security Systems
- Method of Installation: Residential Security Sales
- Consumer Installation Method for Home Security Systems Acquired within the Past 12 Months

## Security Dealer Intentions

- Likelihood to Offer Interactive Security Service with Smart Home Devices
- Top Reasons for Integrating Video Analytics Capabilities with Interactive Service
- Top Reasons for Offering Smart Home Services
- Likelihood of Changing Suppliers in Next 12 Months
- Likelihood of Offering Add-On Services in the Next 12 Months
- Likelihood of Offering DIY Security Systems
- Influence of COVID-19 Crisis on Offering DIY Security Systems
- Reasons for Not Offering DIY Systems

## Appendix



# Home Security Dealers: View from the Front Line

CHANNEL RESEARCH

TABLE OF CONTENTS

4Q 2020

## ATTRIBUTION

Parks Associates  
5080 Spectrum Drive  
Suite 1000W  
Addison, TX 75001

TOLL FREE 800.727.5711

PHONE 972.490.1113

FAX 972.490.1133

parksassociates.com  
sales@parksassociates.com

Number of Slides: 94  
Published by Parks Associates

© 2020 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.*