



Smart Speaker Shipments Reached a Record Breaking 7.5 Million Units in Europe in 4Q18, Says IDC

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LONDON, April 11, 2019 — In the fourth quarter of 2018, the smart home market in Europe (Western Europe and Central and Eastern Europe) reached almost 33 million units, representing 15.1% growth annually, according to research by International Data Corporation (IDC). In the full year 2018, smart home shipments increased 23.1% compared to 2017 to 88.8 million units, the highest volume ever for smart home devices.

"Last year, fierce competition between Amazon and Google reached a peak over the Black Friday and Christmas periods, with heavy sales promotions from both companies," said Antonio Arantes, senior research analyst for smart home devices in Western Europe. "Moreover, Amazon launched its first Echo products in Italy and Spain, while Google expanded availability of its home products into five new countries in Western Europe. The Echo Dot was the top-selling item on Amazon.com on Black Friday, exceeding all expectations as it became out of stock in several markets. The adoption of smart speakers will continue to expand rapidly, as purchases are no longer driven by curiosity or impulse buying, but by the increasing presence of several speakers in the household."

The Western Europe (WE) smart home market grew 14.4% YoY, while the Central and Eastern Europe (CEE) region recorded 22.7% YoY growth, with smart speakers increasing 127.8% in CEE. "Demand for smart speakers is growing in CEE, but the adoption rate is lower when compared to Western Europe," said Jan Prenosil, senior research analyst for smart home devices in CEE. "One of the main reasons is the lack of local language support, which is crucial for faster adoption in the region. Google plans to support more than 30 languages by the end of 2019 and translation into different languages will increase the demand for smart speakers even more."

By 2023, the smart home market is forecast to reach 187.2 million units, with a compound annual growth rate (CAGR) of 16.1% between 2018 and 2023. Lighting will experience the highest growth, while smart speakers will become the second largest category, as shipments reach 48 million units by 2023. Video entertainment will remain the largest category, with 41.2% of the total number of smart home products shipped in 2023.

"Although video entertainment is the most mature category in this market, we will continue to see the replacement of TVs to smart TVs, driving growth in the category," said Arantes.

"Smart TVs in CEE are still a very small percentage of the total video entertainment category, and therefore we expect adoption to continue to grow rapidly in the forecast period," said Prenosil.

Category Highlights

Video entertainment devices, which include smart TVs and digital media adapters, shipped 19 million units in the last quarter of 2018, representing 57.7% of the smart home market and growing 6% annually. Smart TV vendors are shifting their focus from volume to revenues, which is driving the average selling prices up. Devices with an embedded voice assistant accounted for 16.4% of the market in 4Q18, but this number is expected to grow to 65.6% in 2023.

Smart speakers represented 22.9% of the smart home market in the last quarter of 2018. Amazon was the biggest winner, with 59.8% market share in the segment, while Google came second with 30.7%. Nevertheless, it is expected that Google Assistant will surpass Alexa in 2022 as the number one IA in smart speakers, reaching 18.5 million.

Home monitoring and security, lighting and thermostats were responsible for 16.7% of the market in 4Q18, growing 15.1% YoY. Different brands have been releasing door bells, while smart bulbs are expected to spread in households in the coming years. The three product categories combined are expected to reach a market share of 28.7% by 2023, growing at a CAGR of 28% between 2018 and 2023.

Europe Top 5 Smart Home Vendor Shipments, Market Share and YoY Growth, 4Q18 (Shipments in Thousands)

Figure 1

Vendor	4Q18 Shipment Volume	4Q18 Market Share	4Q17 Shipment Volume	4Q17 Market Share	Year-Over-Year Change
1. Amazon.com	6,056	18.4%	5,536	19.3%	9.4%
2. Google	5,066	15.4%	3,798	13.2%	33.4%
3. Samsung	4,527	13.7%	4,175	14.6%	8.4%
4. LG Electronics	3,616	11.0%	3,399	11.9%	6.4%
5. Sony	2,025	6.1%	1,876	6.5%	7.9%
Others	11,697	35.4%	9,880	34.5%	18.4%
Total	32,987	100.0%	28,664	100.0%	15.1%

Source: IDC Worldwide Quarterly Smart Home Device Tracker, March 2018

Europe Smart Home Devices Forecast by Category, 2018-2023 (Shipments in Thousands)

Figure 2

Product Category	2018 Shipments	2018 Share	2023 Shipments*	2023 Share*	CAGR 2018-2023
Video entertainment	54,348	61.2%	77,124	41.2%	7.3%
Smart speaker	16,074	18.1%	48,242	25.8%	24.6%
Lighting	4,229	4.8%	27,844	14.9%	45.8%
Home monitoring/security	9,101	10.3%	20,054	10.7%	17.1%
Thermostat	2,320	2.6%	5,837	3.1%	20.3%
Others	2,682	3.0%	8,141	4.3%	24.9%
Total	88,754	100.0%	187,242	100.0%	16.1%

Source: IDC Worldwide Quarterly Smart Home Device Tracker, March 2018

*Forecast data

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