

IDC: Double-Digit Growth for All Smart Home Devices

Written by Marco Attard
02. 10. 2018

According to IDC, the global smart home device market is set to grow by 31% in 2018 to reach 643.9 million units shipped, before growing to reach nearly 1.3 billion devices by 2022 at a CAGR of 20.8%.

The analyst puts smart speakers, video entertainment products, connected lighting, smart thermostats and home monitoring/security products under the "smart home device" umbrella. The fastest growing product category is, perhaps unsurprisingly, smart speakers, accounting for 100m units in 2018 and 230.5m by 2022 with a 5-year CAGR of 39.1%.

Smart Home Devices by Category, 2018 and 2022 (Shipments in millions)				
Product Category	2018 Shipments*	2018 Market Share*	2022 Shipments*	2022 Market Share*
Home Monitoring/Security	97.7	15.2%	244.9	19.4%
Lighting	37.7	5.9%	104.6	8.3%
Others	84.5	13.1%	189.3	15.0%
Smart Speaker	99.8	15.5%	230.5	18.2%
Thermostat	13.6	2.1%	37.5	3.0%
Video Entertainment	310.5	48.2%	457.5	36.2%
Total	643.9	100.0%	1,264.5	100.0%
Source: IDC Worldwide Quarterly Smart Home Device Tracker, October 1, 2018				

* **Note:** All data represents forecast values.

"While dedicated smart speakers with built-in voice assistants will be prevalent throughout the forecast, we're already seeing a notable shift in this market," the analyst adds. "Many new types of devices, both inside and outside the home, now include built-in voice assistants. Not only do these help to increase the number of touch points available to end users, but it also helps each assistant to grow by expanding reach and gaining a deeper understanding of what, when, and how users approach various tasks."

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A key inhibitor for smart home device adoption remains privacy and security, but IDC maintains a positive outlook for the market-- after all, the convenience of such devices frequently outweighs concerns. That said, vendors should put adequate security solutions in their products, as well as address consumer concerns on built-in safeguards. Vendors can also educate customers on how data sharing can provide better devices, services and experiences over time.

When it comes to other product categories, video entertainment products-- consisting of smart TVs and digital media adapters-- are also set for growth, reaching 457.5m units by 2022 with a CAGR of 10.9%. Products such as the Google Chromecast, Apple TV and Fire TV serve as a gateway into the smart home ecosystem, and as such IDC predicts the category will see "immense" competition in both content and pricing.

Home monitoring/security products are to make 19.4% of the smart home market by end 2022. The category promises a 5-year CAGR of 27.6%, but it is limited in terms of customers, since it appeals solely to homeowners. After all, apartment dwellers do not find much value in most security products.

Smart speakers are the 3rd largest category in 2022, as many vendors will launch products with support for Amazon Alexa or Google Assistant. Alternative assistants, such as Siri, Cortana and Bixby, should also establish widespread availability, even if they will fail to challenge the dominant position (in shipment terms) of Google or Amazon. Many of the non Google/Amazon-powered smart speakers will ship in China, where Xiaomi and Alibaba already have a good chunk of the market.

Connected lighting, thermostats and "other" devices round out the market to provide a complete ecosystem of products and services. These categories should grow with a 5-year CAGR of 26.9%, with lighting accounting for around 30% of shipments.

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