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15. 04. 2019

The European smart home market reaches nearly 33 million units in Q4 2018, IDC reports-- an increase of 15% Y-o-Y. Meanwhile full year 2018 shipments are up by 23% over 2017 to 88.8m, the highest volume yet.

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

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

"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," the analyst says. "Moreover, Amazon launched its first Echo products in Italy and Spain, while Google expanded availability of its home products into 5 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 W. European smart home market shows 14% Y-o-Y growth in Q4 2018, while CEE records 22.7% Y-o-Y growth, with smart speakers increasing by 127.8% in CEE. IDC points out smart speaker demand is growing in CEE, even if the adoption rate is lower compared to W. Europe. The chief reason is a lack of local language support, although the situation might change sooner, not later, as Google plans to support over 30 languages by end 2019.

By 2023 the smart home market is forecast to reach 187.25m units, with a CAGR of 16.1% for the 2018-2023 period. Lighting will experience the highest growth, while smart speakers are the 2nd largest category with shipments of 48m units by 2023. Video entertainment (covering smart TVs and digital media adapters) remains the largest category, making 41.2% of total 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," IDC remarks. "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."

Video entertainment shipments total 19m in Q4 2018, making 57.7% of the smart home market with 6% Y-o-Y growth. Smart TV vendors are shifting focus from volume to revenues, driving ASPs up. Devices with an embedded voice assistant account for 16.4% of the Q4 2018 market, but the analyst expects the total to grow to 65.6% by 2023.

Smart speakers are the 2nd largest category in Q4 2018, making 22.9% of the market. Amazon is the top vendor, holding 59.9% of the segment, followed by Google with 30.7%. That said, IDC predicts Google Assistant will beat Alexa in 2022, with shipments reaching 18.5m. In 3rd place are home monitoring and security, lighting and thermostats, with 16.7% Q4 2018 market share. The 3 product categories combined are expected to take over 28.7% market share by 2023, growing at a CAGR of 28% during the 2018-2023 forecast period.

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